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ABSTRACT

The purpose of this book is to provide background information on administration of financial aid and financial aid resources. Sections are written by experts in financial aid who represent various geographical areas as well as the various sections of postsecondary education. Sections cover: (1) history of institutional aid in the United States; (2) role and functions of the financial aid officer; (3) organizational structure of a financial aid office; (4) how an institutional aid office really works; (5) history of federal involvement in financial aid; (6) federal programs; (7) history of state involvement in financial aid; (8) state programs; (9) student resources; and (10) institutional financial aid resources. (Author/KE)

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Foreword

More than a year ago, the College Scholarship Service Committee on Financial Aid Guidance and Publications commissioned a resource book for financial aid administrators. Experts in financial aid who represented various geographical areas as well as the various sectors of postsecondary education were assembled. Each one of these representatives was asked to write about a particular aspect of financial aid administration. We are grateful to the individual authors for their outstanding contributions which are presented here.

The purpose of this book is to provide background information for the many new financial aid administrators who enter the field each year. It will also be useful as an assigned text in graduate courses in departments of student personnel, guidance counseling, or higher education administration. In addition, experienced financial aid administrators will likely find it profitable to compare their own thinking with that of other members of the financial aid community.

The College Scholarship Service continually seeks to serve financial aid administrators through the development of financial aid services and through contributions to the literature that directly benefit those already working in the field and also those who are preparing to enter it.

Gerald S. Coutinho
Chairman, CSS Committee on Financial
Aid Guidance and Publications

March, 1975

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History of Institutional Financial Aid in the United States

by Rexford G. Moon Jr.

Higher education and charity have always gone hand in hand, and no student in American higher education has ever paid the full cost of his or her education.

No matter how sophisticated, well-organized, and institutionalized programs of student financial aid ~~in colleges~~ and universities appear to be today; no matter how extensive the rules and regulations may seem; no matter how discriminating and precise the philosophies, rationale, and practices—student financial aid originated in the eleemosynary attitudes of the early sponsors of institutions of higher education. Every institution that was ever founded had plans to admit students who could not pay, to forgive students later who would not pay, and to keep its charges low, even if it meant payless faculty, impecunious administrators, and unheated buildings.

No matter how high its charges may be today, no institution started out, even in the earliest days when higher education was considered a privilege only for the few, with an intention to set records in the fees they charged, nor do any of them feel very comfortable with the high charges they must currently levy. Over the years, higher education has been a victim of national economic circumstances on the one hand and long-standing charitable instincts on the other. The real dilemma of American higher education is that we want so many to go to college but must charge them so much to do so. The history of the development and change in student financial aid in institutions of American higher education is the history of 300 years of struggling with this problem.

Today the United States is unique in the world in terms of the complexity of motives, practices, procedures, plans, and aspirations that guide its postsecondary education system; it is no wonder that the student aid programs that are underwriting a lot of this education should be equally confusing and complex.

Why should one be interested, other than from simple curiosity, in the history of student financial aid in higher education institutions? One of the main reasons this book has a chapter on this subject is to suggest to student financial aid administrators that they should become more familiar with the history of student aid developments in their own institutions. Student aid traditions go back to the beginning of the institution itself; student aid was one of the earliest ways in

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which institutions went about trying to serve their basic objectives and purposes. If one studies the history of a particular institution's financial aid activities, it is usually possible to establish a timetable of institutional responses to changing constituencies and to shifting social pressures and concerns. Until very recently student aid served institutional purposes, and student aid money was institutional money. Not until the GI Bill was enacted at the end of World War II did other than "college money" play a very large part in the nation's student aid efforts.

An important point to keep in mind is that the history of student aid in American colleges and universities was made by hundreds of institutions acting independently of one another. Institutional development in student aid matters evolved very irregularly and haphazardly; it has never lacked a spirit of competition and a strong desire for self-survival. This means that a great deal of the history of student aid must be generalized not only because of the unique character of each institution but also because there are few published accounts of what went on in student aid in the early days. Anyone who desires to know more of the history and development of financial aid should first be his own historian, and also read Frederick Rudolph's book, *The American College and University: A History* (New York: College Entrance Examination Board, 1962).

Any history of student aid must start with the fact that the first endowment gift to Harvard College, and therefore the first in American higher education, was to establish scholarships. The gift was 100 English pounds. *College Management* magazine recently estimated that 1.5 billion dollars would be paid to students in one academic year through the colleges from their own and other sources to help students with their bills. One half billion dollars of this money is unfunded—that is to say, colleges are more than ever spending money they don't have for student aid—one of the oldest traditions in American higher education. In this respect history has repeated itself over and over for more than 300 years.

One of the greatest dangers in writing a history of student aid is oversimplification. Student aid has usually been a very practical educational tool, centered in an institution that has a specific purpose it wishes to achieve with money allocated to help students. The purposes have not always been altruistic. Various biases, prejudices, and parochialisms have all been supported at one time or another.

The main purposes of higher education in general have gone through numerous developmental stages. The earliest included prep-

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aration for certain careers that were deemed especially important to a developing nation: in religion, in education, and in public service. Student aid had a practical role to play. Money was given to colleges and by colleges to assure that the young nation did not want for leadership in political and spiritual matters, although careers in these fields were not always open to all comers on a completely egalitarian basis. Gifts to colleges in these early days provided many restricted types of grants for students who chose the professions; students who came from certain religious or ethnic backgrounds; those who came from certain areas of the country; and those who agreed not to do a great many of the things that were disapproved of at the time. It was believed that finding and educating such people was the colleges' responsibility. The colleges accepted the job and the money that was needed to do it—usually regardless of what other conditions were laid down by the donors of the money.

Colleges also had their own ways of creating instant student assistance. They still do. There were scarcely any limits to what was done to help students during the initial wave of Jacksonian democracy. Every conceivable type of task has provided opportunities for student support including the actual building of the college, waiting on tables, tending the fields from which food for the colleges' students came, as well as the teaching of fellow students. The early period of social concern in America was also one in which many new colleges were funded; the competition for students began to influence the unorganized but resourceful student aid practices. Ingenuity played a great part, but so did the eagerness of presidents to find students. If colleges had student aid officers in the early nineteenth century they most often carried another title as well: that of president!

One of the most resourceful practices that persisted throughout much of the 1800's was the sale of what became known as "perpetual scholarships." For $500 a donor could buy higher education for one person in perpetuity. Many did. The eagerness to get students to fill colleges took an important place alongside concerns for "equality of opportunity." Student aid money—and gimmicks—played important roles.

The pressure to find students felt by the emerging independent institutions became more acute with the advent of widespread and low-cost public higher education. Public higher education was itself a scholarship, and independent institutions developed loans, employment opportunities, and programs of special giving for scholarships and other student aid purposes in order to maintain their competitive

position throughout the nineteenth century. There has been no end to this battle—it goes on to this day.

While state governments gave tuition money to veterans of the Civil War and during the following 75 years started programs to support education for certain needed professions, student aid during the nineteenth century came primarily in one of two forms: low-cost or no tuition at public institutions, or in numerous grants, prizes, jobs, and occasional loans in the private institutions.

A description of the evolution of institutional student aid would not be complete without including institutional special-interest student aid efforts aimed at securing not just the numbers of students but the particular types of students the institutions wanted. There were strings attached, of course: students received awards because of their athletic ability, musical talent, beauty, brains, professional interests, and so on; and the scholarships were continued as long as the students' special talents and interests held out, and no longer. This type of award still exists in significant numbers of instances in both public and independent institutions. Some are well funded and are also restricted; others come from the great pool of unrestricted income. Athletic scholarships especially are still quite numerous and in some colleges have become a terrible drain on resources.

Probably the greatest discovery in the development of student aid was that a college did not have to have scholarship money to give scholarships. Reducing the cost to the student and calling it a scholarship was all that was needed. This practice, which is still prevalent, may account for more than half the money given in scholarships and other aid by independent colleges. In many colleges today the student aid program is completely unfunded except for state or federal money.

The shape of recent events in our colleges and universities relating to student aid has been greatly affected by external influences. The laissez-faire days of student aid were coming to a close during the 1930s. External events, not the least of which was the Depression, began to affect education institutions. Other influences included: simple agreements that colleges negotiated with other colleges—mainly with respect to athletes; the philosophical and administrative conditions that donors have passed on with their gifts; the social pressures of a changing society; the fall, rise, and now again fall in the numbers of students seeking to enter college, and the competition for them that has resulted; the administrative requirements related to federal and state programs and the relative importance of public

vs. private money; the advent of cooperative membership services such as the College Scholarship Service and of administrative services such as the American College Testing Program; the development of financial aid administration into a recognized profession, and of professional associations and activities as well as professional literature; and massive federal and state efforts to deal with student aid issues.

While the beginning of the modern era in institutional student financial aid cannot be pinpointed exactly, it probably occurred sometime right after World War II when millions of veterans returned to some kind of education institution or training program, largely at the federal government's expense. While this and related happenings did not alone shape subsequent events in our colleges, they were highly significant. Millions of students attended college or other postsecondary institutions, and a kind of student financial aid had made it all possible. Conditions for receiving the grants were minimal. A unique kind of equality of opportunity for higher education had finally been realized, and a standard of access had been established against which subsequent efforts are judged even today.

The new era (what we might call the modern history of institutional student financial aid) has been shaped more by external events than by internal institutional needs and decisions. To a great extent external events ~~have overtaken~~ the colleges, and it is in responding to them that many of the energies and resources of our colleges are now directed.

Although institutional student aid practices slowly evolved for more than 200 years—though not always in an orderly way and certainly with great variation among institutions—a real revolution has occurred in the last 25 years. A whole series of events have, to a very great degree, determined the modern history of institutional student aid.

The first of these events has been the gradual shift of student enrollments in higher education from the private to the public sector. As this shift began after World War II and accelerated with the growth of community colleges and the development of comprehensive state systems of public higher education, colleges became more geographically accessible to the vast majority of people. Physical barriers to college attendance were broken down. It became easy to get in, inexpensive to attend, and one could do it close to home.

A second event has been the onset of inflation, and particularly inflation in higher education. Costs have risen faster than has family

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income. At some private institutions, costs have increased as much as six times since the late 1940s. Although costs have also increased quite sharply in the public sector, the proportionate differences in total costs between the public and the private sectors continue to be substantial.

Especially since World War II, going to college has increasingly become the accepted goal for most young people. Repeated studies have shown that parental aspirations for college attendance by children run even higher than those of the students themselves. A combination of changes in values and in national circumstances has kept interest in college-going extremely high to this day. First, there was the Depression of the 1930s when college was a place to be if you couldn't find a job. After having been there you might not only get a job, but a better one than you might have had. Then came the postwar period when going to college, at least for millions of veterans, was a way to "adjust" to civilian life. The college-going pressure and promise of the early and mid-1950s was to get a better job and earn more money; repeated studies had shown that with every year of additional schooling above the twelfth grade total lifetime income increased by thousands and thousands of dollars. When the Russians sent up Sputnik, Americans moved quickly to accelerate college attendance and strengthen teaching and science education. The first major federal program of student aid—in the form of low-interest loans—was offered in the name of national defense. Student aid through the colleges had become a direct instrument of national purpose.

By the early 1960s it was an established fact that only one large segment of our society had not really been able to share in the benefits of higher education in proportionately reasonable numbers. These were the members of the major ethnic minority groups in the United States who had been excluded from higher education for reasons of both poverty and prejudice. The change in attitude of our colleges toward this later development was possibly the most dramatic positive event in higher education since the Morrill Act.

These events created increased demand for postsecondary education, and institutions were built in great numbers to accommodate this demand. Colleges expected to increase enrollment each year as a matter of pride and practical economics, and in most cases they did so. Scholarships, loans, and jobs secured students for private institutions; the federal government increasingly accelerated its use of student aid to promote national objectives and expected public and private institutions first to be part of the educational cold war, and

then the war on poverty and prejudice. The institutions responded affirmatively to these challenges.

All these events, and others less dramatic, influenced institutional efforts, practices, problems, and procedures in student aid. College budgets for aid went up and up. Loans and jobs became part of organized aid efforts because there just was not enough scholarship money to go around.

In private institutions, aid funds became an important element in balancing the student body between rich and poor when there were more of both kinds of applicants than the colleges could accept. Corporations became involved and dramatized the glamour of going to college. State governments entered the field on the side of private institutions, of the poor, of the gifted and the able, of the special professional interest groups, and many others.

Institutions of higher education, naturally slow to respond to changing times, found themselves being overtaken by external events of mammoth proportions. Unlike past events, these were fast and frequent, and they were new and different. Student aid became big business on every campus—public or private. Some of the biggest issues were no longer uniquely public or private sector problems—they were everybody's problems.

The degree to which these problems are significant is not clear because we still have to view many of them from too close at hand. But again, and with the danger of oversimplification always being present, these problems stand out as having provided the colleges with the greatest challenges in the period of revolution in which we now live. They include:

- The selection problem, which is an age-old one: how to determine who will receive financial aid and the relative importance that should be given to need, deprivation, ability, and so on, in making the decision.
- The management problem, which began to confront institutions when half or more of their students were getting aid, when loan money had to be collected from students who had left the institution, when the often conflicting regulations of widely varying public and private agencies had to be observed in daily administrative practices.
- The accountability problem, which has assumed that all institutions—public and private—have a public service role that has made them accountable to public authority and public opinion for the administration of student aid money, for the recruitment and admission of certain kinds of students, and for specific performance levels.

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- The professional problem, which was a very natural development resulting from a large number of people in colleges and universities all over the country taking on demanding jobs for which there was no training; very little warning of the need; and a lot of responsibility—especially ~~for~~ following government regulations, for getting the greatest number of students with the least amount of money, and for making judgments about people's wealth or lack of it.

While events, dates, programs, procedures, plans, and promises all run together to make the modern history of student aid in institutions somewhat blurred, there is one aspect of recent times where the image is clear—the advent of the College Scholarship Service in 1954. Initially the CSS grew out of the desire of private institutions to act in a frugal and orderly way with respect to interinstitutional competition for students—a very expensive business. The CSS's earliest purpose was to establish standards for measuring need. It was reasoned that if colleges and universities gave awards on a need basis the widely sought-after student would receive from ~~all to~~ which he applied comparatively equal awards and would choose his or her educational institution for reasons other than the amount of money each was willing and able to make available to him.

The CSS's methods and messages provided a lot of good news to both public and private colleges that were caught up in the events of the times. Within a few years the CSS had over 1,000 member colleges—as many public as private. The CSS became an informal and indirect regulatory body by establishing criteria for need analysis, processing family financial statements, and passing on to the colleges the recommended need figures. But the CSS turned out to be much more than an agency for collecting and evaluating forms, and then sending out the results. It became a training center for the untrained and harried aid officer; its committees began to issue statements of philosophy that affected both institutional practices and national policy; and professional financial aid administrators found that for at least 10 years their own needs and those of the institutionally oriented and chartered role of the CSS often overlapped. The CSS also turned its attention to improving public information and understanding and even to getting some public sympathy for the colleges in matters of student financial aid. Much of what had previously been done in secret was brought into the open. Special attention was given to increasing the role of the school counselor in advising students on financial aid matters; interpretive data increased; predictive information about admissions and student aid was made widely available on an institution-

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by-institution basis for hundreds and hundreds of colleges. Research relating to the processes and problems of administrative matters in student aid and also to the dimensions and dynamics of family financial circumstances was undertaken.

What came to be known as the "system" (the CSS need analysis system) prompted an ever-increasing emphasis on the use of "need" as the major criterion for the distribution of all forms of student aid—jobs and loans as well as scholarships. This is true for the funds that have come from the government as well as those from the private sector. This criterion has been continuously maintained, although today in the present desperate race to stay alive, some colleges are now reverting to "merit" awards in order to secure a student body. To the colleges and the aid officers that have been integral parts of the CSS belongs the credit for this breakthrough in improving practices and knowledge in this very important field.

Although the colleges and universities still play an important service role in the nation's efforts to equalize higher educational opportunity, it is the major federal programs that are increasingly awarding and determining aid funds outside the institutions. Although the colleges are still very much involved, they are increasingly regulated by government rules and standards. Institutional approval of the actions of others (for example, service banks and agencies) has replaced the power of selection and determination of awards. However, along with this loss has come a great deal of money—never enough, of course—but still a great deal, and it is helping to sustain high levels of college attendance and open the doors to higher education wider than they have ever been open before. There has been a decided trend in the evolution of student aid: more and more of the money is coming from sources other than college and university ones at the same time that less and less of the decision-making responsibility with respect to process, procedure, or selection of recipients is lodged in the institutions of higher education. The institution may pay out, monitor, report, receive, and collect, but the decisions about "who gets what aid, and how much" are now being made most frequently in legislative halls at the national and state levels.

The role of the college or university in financial aid matters is still undergoing significant change. Where the change will lead is not yet clear. However, previous trends suggest a declining influence for the colleges or universities except as they act as service agencies for government. The trends also suggest that other purposes will be served. This is not all good or all bad. If one has continuing inflation

along with a national commitment to equality of educational opportunity, this issue is much less important than the fact of having the money when and where it is needed. The federal and state governments are indeed providing the money. Equality of opportunity is very difficult to achieve, but education institutions and government bodies working cooperatively in student aid matters is probably the best way to bring it about.

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Role and Functions of the Financial Aid Officer

by Walter North

Before considering the role and functions of the financial aid officer, it will be useful to examine the basic framework in which he works. Some conclusions may be drawn from considering how financial aid to postsecondary students has developed over the years and how the role and duties of today's aid officer have emerged.

Historical Development of the Role and Its Functions

In the late fifties and early sixties the character of student aid changed dramatically. This happened primarily because of the emergence of financially significant state and federal student aid programs and the proliferation of those funded by foundations and corporations—although these latter have recently begun to dwindle away, their influence is still felt.

- Where education institutions had once determined student aid policies and practices almost alone, other groups assumed the dominant role in determining who had access to aid and defined the terms of eligibility.
- An emphasis on social action goals in preference to the traditional goals of education institutions emerged and has continued to be dominant.
- These changes reduced the effectiveness of student aid as an instrument of institutional recruitment and retention of students or as a means of supporting other institutional goals and plans.
- In demanding the designation of a single institutional representative for their programs, outside aid sources contributed significantly to the centralization of all student financial aid activity in one administrative office within education institutions.
- Especially recently, and particularly among the federal programs, the use of funds to support education and training beyond high school has been extended to include proprietary and vocational-technical institutions in addition to the "traditional" two- and four-year colleges and universities. This fact is likely to influence significantly the role of student aid in higher education. It will also likely influence the character of the proprietary schools.
- One of the primary goals of publicly funded aid programs was to change the pattern of educational access in the United States in order to help solve a wide variety of social problems. As a result, enroll-

ments in postsecondary education institutions from the lower income segments of the population increased. Concurrently, a steep rise in the cost of education occurred.

- A need emerged, and continues to exist, for full-time attention, on a sophisticated basis, to the subtle and crucial complex activity that is financial aid administration in order to provide information and services to students seeking and needing assistance in financing their education; to serve the needs and meet the requirements of noninstitutional aid sources; and to provide institutional administrative personnel with an expert to advise in decision- and policy-making matters related to student economics.

The contemporary aid administrator, then, occupies a role that is a result of certain internal needs of education institutions as well as of forces that impinge on the institutions from outside.

No job description existed for the position of financial aid officer at the beginning of the sixties when institutions were first called upon to administer significant amounts of money in the form of student assistance, and it was necessary to develop one gradually over a period of several years as new requirements developed and functions of other administrative offices began to be taken over by the aid office. Also there was neither rule nor custom for placing the position in the organization and relating it to other jobs within the institution.

Events moved much too rapidly to wait for a consensus to develop or to design a theoretical model and test it by study and discussion. Government and other outside agencies that most influenced the creation of the position within the administrative structure of the colleges and universities originally refused to stipulate what qualifications financial aid personnel should have, where or how they should be placed within the organization, or the facilities and prerogatives aid officers should be given in order to do the job that was needed. Consequently, a number of different administrative patterns developed. And still other patterns will likely emerge as a result of the newly established eligibility of proprietary school students for federal programs and their potential eligibility for state programs.

Institutions have usually improvised designs that seemed logical locally without any real understanding of all the functions and processes that were involved. Subsequently, attempts were often made to refine the initial assignment by copying from other institutions in whole or in part in an effort to reorganize; and by creating ad hoc relationships between the aid officer and other institutional administrative personnel that frequently deviated from the opera-

tional pattern implied by the official, formal position of the aid officer as specified in the institution's organizational chart. Such informal patterns were usually rooted in the personal characteristics of the individuals involved, and sometimes when personnel replacements occurred, these informal patterns could not be continued but new patterns had to be established. And they were often quite different from the original.

Surveys have yet failed to identify any conclusive, dominant pattern of placement, rank, salary, competence, or qualifications for financial aid administrators. In some education institutions today aid officers function as vice presidents (with or without the title) while in others they function as little more than clerks. Perhaps the most frequent placement—though by no means the one most logical and proper in relation to what the aid officer does—is within the jurisdiction of either the chief of student personnel or the student services officer. However, other placements are found frequently enough to prevent a generalized acceptance of the idea that placement within student personnel is altogether appropriate. Aid officers are sometimes structured within the admissions office; they can be affiliated with the chief financial officer, or associated with the office of the academic dean, with the alumni office, with the development office, or elsewhere. Some financial aid officers report directly to the chief executive officer of the institution.

A specific recommendation for placement within the educational administrative structure, or for prerogatives the office should have, must await more "clinical" research than has yet been done as well as more stable circumstances. For many reasons the approach to the role has been one of responding to a continuous flow of new developments rather than a deliberate, planned effort to determine what the needs are and then provide for them as effectively as possible. In spite of all this, however, one must accept the job as now being clearly established within educational management and administration rather than as something temporary. The question is not "Is it here to stay?" but rather "What should the office be like to meet adequately today's requirements as well as those likely to develop in the future?" Although it seems reasonable to suggest that the role of the financial aid officer will be as different in the 1980s as its 1970 form is from that of the 1960s, its future form is difficult to delineate with much precision. It is probably safe to say that it will be a growing role of increasing significance and having greater influence and power. Although a clearer general definition of the role than now exists is needed, each

institution should develop a concrete concept of the role that is appropriate for its own needs, character, and requirements today.

In accepting variations in the formal definition and placement of the role of the aid administrator, there are certain needs that the aid process, the students, the institution, the sources of the aid funds, the financial aid personnel, and other administrators all have for which adequate generalized provisions must be made regardless of how these are dealt with in any particular institutional structure and process.

As the position of financial aid administrator has developed in contemporary postsecondary education—the demands of the job having become increasingly more diversified—it has become more difficult to place it in terms of conventional educational administration and management classifications. Of course there are many positions in educational administration that cut broadly across several areas of the organization, but few if any cut across so many and with such deep, pervasive effect on the entire fabric of the institution. The aid officer cannot effectively serve the many interest groups involved if compelled to operate through narrow channels. In the absence of a generally accepted definition and model for placement, a free-ranging role that is very flexible and broad with ready access to colleagues above and below should be established.

Administrators should recognize the great diversity that exists in the functions that fall within the range of work of the aid administrator in comparison with the specialized nature of most other administrative assignments so that special attention will be paid to the need for freedom of movement and action as well as to the various qualities, skills, and competences needed by individuals chosen as financial aid officers. Although from a superficial point of view student aid administration may seem to require few talents and skills, if all its diverse activities are considered along with their far-reaching implications and consequences it will be clear that the work is very demanding and requires as much talent and management ability and as much knowledge and understanding of the whole educational process as does any position in educational administration. The selection of personnel is, therefore, highly important, and because there is no training program from which to draw prospective appointees, administrators within whose jurisdiction the position falls should encourage and support continued professional development by the person given the assignment.

At the same time, it is necessary for personnel already in the job or

preparing to come to it to develop an awareness of its dimensions and demands and try to respond to them imaginatively and creatively. An attempt should be made to relate the specialized duties and goals of financial aid to the larger function and objectives of the institution, the students, postsecondary education in general, and the role of education in the larger society. Few financial aid officers undertake their assignment with such a large concept of the role, and few survive unless they develop it. The future promises to be even more demanding in this respect than the past has been. Clearly, these premises are so extensive in their implications that it is impossible to develop them fully here. But the absence of such exposition should not be interpreted to mean that the propositions are invalid or untested nor to minimize their importance. Nor should the absence of a complete discussion be interpreted by aid officers to mean that aid personnel can ignore the principles or succeed by paying only cursory attention to them.

It is likely that newly appointed aid officers will find these observations meaningful only as they accumulate experience in the performance of their duties and as their contacts with other aid officers develop.

Major Functions

The various functions in which the aid officer is involved may be grouped into three broad categories. These may also be thought of as student aid areas of purpose or as groups of goals toward which the aid process is directed. While these functions, areas of purpose, or groups of goals are often interrelated, they are by no means totally compatible and mutually supportive. In fact, they conflict in many ways, producing numerous dilemmas the aid officer must try to resolve. They also influence significantly the attitudes of the people with whom the aid officer works.

For the aid officer to neglect one set of these obligations in preference to another reduces his overall effectiveness. On the other hand, the effort to keep in balance the various purposes or goals of student aid usually produces certain antagonisms in people who have vested interests in student aid, because even when their goals have been served well they are inclined to think they might have been served even better if their own wants had been attended to exclusively.

The basic title "student aid administrator" or "student assistance officer" is misleading as a description. It is not so much inaccurate as

it is incomplete, for it emphasizes one set of functions, failing to identify the others. The functions and responsibilities that have been grouped together in the position have created a much more diverse and subtle enterprise than labels such as these indicate. Its complex activities carry obligations that extend far beyond the individual student. Frequently, people administering the programs that are the source of much financial aid money tend to forget the campus scene with which the aid officer is seeking to cope and make demands on him that are unreasonable in view of his other equally important responsibilities.

The aid officer presides over a great tangled web of activities that extends far beyond the campus. This requires that he know more than need analysis technique and that he do much more than determine awards, forward information to the business office for credit to students' accounts, and conduct occasional examinations to determine continued student eligibility.

Job titles generally used to designate financial aid officers imply that the student is the central point of the process. The student is the most important concern, but the aid officer is the focal point. In his office the forces all come together in a great swirl of conflicting and blending interests and objectives. His skill in working these all together and in resolving conflicts as they develop can make the position a very influential one. The ability to do this depends on the aid officer's having a variety of skills as well as having—along with that of his colleagues—a wide concept of his role.

The conflicting elements of the aid officer's role and the demands placed on aid personnel, in terms of tasks to be accomplished and skills required to perform them, may be illustrated as follows:

1. The sources of student aid funds view the aid officer as their "agent on the campus" to see that institutions use funds in a manner conforming to the terms of the particular programs and to execute certain operations locally that the donor cannot carry out on a national basis. Most donors do not see their operation as being of service to institutions, at least not directly, and do not judge the aid officer by how well he serves the institution or even by how well he serves students; instead, they judge him by his degree of success in meeting their own particular requirements. A federal or state auditor is not very impressed by the fact that institutional goals, or those of students, have been met when there has been deviation from the terms of the publicly funded program.

2. The institution, on the other hand, identifies the aid officer as its

agent. He performs services for students and for aid sources but always in terms of and toward goals of the institution. Administration and faculty colleagues, as well as others affiliated with the institution, promote their wishes rigorously and judge the performance of the aid officer strictly in terms of measuring his contribution toward achieving them. Not unlike a state or federal auditor, colleagues are little impressed by the performance of the officer in serving students or outside programs if, in the process, the school fails to get the number or the quality of students it hopes for.

3. Caught between these two forces in such a manner, the aid officer generally finds both the institution and the donors explaining their actions in terms of "genuine concern for the student and the parents." While there is little to acquaint the student and the parent with the other prevailing sets of obligations and purposes, there is much to encourage them to believe that the aid officer is there to serve them exclusively. Any failure to do so on their own terms is, of course, inconvenient, frustrating, and a cause for dissatisfaction. If, as a result of eligibility as determined by the donor or the institution, a student is denied as much help as he desires, it is the aid officer who is perceived as having denied the "needed" assistance. The aid officer becomes accountable, whatever the explanation, because ~~he is~~ the one directly involved and directly available.

While these three potentially conflicting expectations describe a large part of the role and function of the financial aid administrator in postsecondary education institutions today, they do not exhaust the important relationships in which the aid administrator finds himself the center.

4. The student aid officer has emerged as a new kind of fiscal officer in colleges and universities, and the experience of higher education suggests that the same will also be true in other kinds of postsecondary institutions as they become more and more involved in student aid. This is not to say that the aid officer has already replaced (or that he will do so in the future) the traditional fiscal officer. But the aid officer does perform certain fiscal duties that the traditional fiscal officer cannot be expected to undertake.

The financial aid officer should understand completely the institution's fiscal operation and establish an effective relationship with the institution's fiscal officer early in his tenure so that each understands the problems and potentials of the other. To extend the explanation of the fiscal role of the aid officer, note should be taken of the audits that aid programs must undergo. Time was when there were no reg-

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ular audits and those that did occur were focused on tracking the dollar to make certain it had not been stolen. With the advent of outside programs, however—especially state and federal ones—audits have become a regular procedure. Now they not only track the dollar but also seek to ascertain if funds were used for the purpose stipulated.

5. In his work with outside aid sources the aid officer emerges as a new kind of fund-raising or development officer for the institution. He is raising funds for the institution just as surely as is the gift-development officer. By filing an application for federal student aid funds, for example, many student aid officers secure more money for the institution than is produced by any one of the school's gift-raising personnel during the whole course of the year. But that is not all. Although institutions do not make applications for funds in most of the state student aid programs, proper attention paid to the potential relationships of students to these fund sources can also produce substantial amounts for the institution. In fact, the total amount from state sources in a year can also exceed that secured for the institution by any one member of the fund-raising staff.

Although owners of proprietary schools may think this irrelevant, the fact is that by deciding to participate in student aid programs they have actually introduced the fund-raising function into their operations.

6. In his normal routine, the aid officer serves as the second most important public relations officer of the institution. If his role is realistically conceived in its largest dimension, the aid officer will influence the public image of the institution as much as will the formally designated public relations officer. Not only will he deal with questions relating to the financing of an education at the institution of which he is a part but he will communicate to others a quality and character for the institution, encourage or discourage benefactors of the school, and reassure or discourage the cooperating outside aid sources.

7. The aid officer is obviously involved with the admissions and retention effort, but he or she is by no means just an auxiliary to or a subordinate of admissions officers, the faculty, or academic counselors. One is not likely to work in student assistance very long before becoming aware of the extent to which others rely on student aid to carry out the institution's recruitment goals. The fact is often neglected that the entering student expects (or should do so) to be with the school all the way to the completion of his educational program

and that financial aid is an important factor in determining retention rates. Because of the long-term implications of financial aid decisions, it is important to determine whether or not the institution can honor the obligation it undertakes when it makes an award to a student for the full period of his educational program.

8. The student aid officer is an integral part of the school's entire student personnel effort. In the course of his duties the aid officer will encounter numerous problems that are related to the institution's other student personnel activities. He must be able to work with student economic problems and aid questions in the context of widely varying concerns without making judgments regarding what some students do in their personal lives. He must always attend to the specialized functions of student aid independently of his own personal attitudes, feelings, or prejudices. Also it is extremely important for him to be able to recognize the limit of his abilities and resources and be willing and able to call upon others to advise and help students with problems he is not professionally competent to handle himself.

In the process of carrying out his primary duties, the aid officer should also act as a "listener" for the administration. He can become a barometer of the climate on campus and its changes. In the 1960s many aid officers failed to do this; both students and institutions would have been served better in the complex set of conditions that existed on campuses at that time if more attention had been paid to this part of the aid officer's role.

The relationship of the financial aid office to many of the other operations in a typical education institution—the registrar's office, the alumni office, the buildings and grounds department—could be examined with profit. Perhaps it is enough to say here that the competent aid officer tries to keep himself informed about developments in all areas of postsecondary education and how these are specifically relevant to the institution he serves, and that he should also develop a detailed overall picture of what is going on within his own institution.

The aid officer should understand the implications for financial aid and for aid-related questions in the areas of concern of each one of his colleagues. He should make recommendations in a way that will assure appropriate attention is paid to them, and he should try to resolve all questions to the general benefit of the institution and its students. At the same time he must maintain the integrity of the aid funds he administers.

This broad concept of the financial aid administrator's role in edu-

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cation institutions is not likely to be realized unless the aid officer dedicates himself to developing his own skills and competencies. The aid officer must keep constantly in mind that to perform adequately in his job he must be a professional educator, not an aid technician. Although this concept of the aid officer's rôle is disturbing to many educational administrators and to some financial aid officers, past experience has shown that it is only when such a concept is widely accepted on campus that financial aid becomes an effective instrument of institutional policy. It should be noted also that this has occurred only where the aid officer has functioned as an educator and educational administrator instead of as a technician or clerk. The aid officer must not only accept his role as the institution's expert on student economics with all that implies but must also devote much effort to attaining the several skills and competencies needed to do that well.

What are the aid officer's obligations to the sources of the aid funds that he uses to assist students? There is no way that aid officers or institutions can shirk responsibility to aid sources unless they can do without the funds or are not concerned about what amount of trouble is likely to develop as a result of ignoring the responsibility.

9. Regardless of the source, the manner in which it operates, or whether it is aid in the form of gift, loan, or work, there are functional responsibilities on the part of the aid officer that he cannot escape but in which students and colleagues usually have little or no interest. There falls to the aid officer an obligation to manage the funds placed at his disposal so that maximum results may be achieved for all parties concerned. Aid resources are far too scarce in every institution to be lavished recklessly. In fact, they should always be used very frugally. But the meaning of frugal must be clearly understood. One is not being frugal with aid when one skimps on the award and provides a student with some assistance but not enough to reach his long-range goal. In fact, such action is, instead, a waste of aid because it does not achieve the whole purpose for which it was awarded. Aid should be offered in amounts large enough to allow the student to carry his educational program through to completion, and in this sense it is better to aid one student sufficiently than to aid two insufficiently. At the same time, one is not frugal in the use of funds when awards in excess of need are made and some students go without because there are not enough funds to go around.

10. There is an obligation on the part of the aid officer to assure equitable consideration of applicants for the funds placed at his disposal. The officer is expected to administer student assistance accord-

ing to the terms of the funds' donors without introducing special additional qualification tests of his own or of his institution. All students should have equal access to consideration for assistance. Obviously, when a donor has stipulated that funds are to be used to assist a woman student, men are not being dealt with inequitably if they are not considered for an award from that source. But to deny the funds to a woman majoring in history because the institution prefers students majoring in other subjects would not be appropriate.

11. The financial aid officer is accountable to all aid sources to use the funds as instructed and to be prepared to demonstrate that fact to the satisfaction of the donor. The officer should seek out eligible students and describe what assistance is available to them. He is responsible to the donor for spending the funds as the donor intended.

Clearly, these functions cannot be performed without hard work on the part of the officer—hard work in becoming familiar with the details of multiple sources of funds having many diverse functions, thoroughness in evaluating the applicant pool to find eligible candidates, and care in assigning the funds to achieve the goals intended.

The student is important, not only for his own sake but also because he is the means for attaining certain social goals desired by both the fund sources and the institutions. In other words, all the responsibilities described in this section may also be thought of as responsibilities to the student. But the aid officer is also accountable to the student in other ways.

12. The functions of the aid officer should be conducted in such a way that the student's sense of dignity and respect are preserved.

While no one is really oblivious to this duty, it is nonetheless true that much aid activity takes place under circumstances that do not protect the student's dignity.

13. Aid should not be used to exploit the student. Because of enrollment problems or other institutional concerns, students should not be encouraged to borrow excessively in the absence of sufficient aid funds. As the student's educational finances counselor, the aid officer must be trusted to advise the student wisely and to the student's ultimate interest and well being. It is easier to illustrate this point with reference to loans than to other forms of assistance. If the student is enrolled in a program in which he is not successful in a manner consistent with the indebtedness he is accumulating, he should be consulted even at the risk of offending institutional colleagues. If, after examining the situation, the student wishes to continue, the decision must be respected, but he should not be encouraged to continue to

borrow heavily in the face of the possibility of dismissal or withdrawal for academic reasons. Although retaining the student may well solve some financial problems for the institution, it should not be done if it means breaching the faith the student places in the aid officer to advise him wisely on financial matters.

Summary

The role of the aid officer requires that he create and maintain relationships of mutual trust and respect with all parties concerned with financial aid and keep in balance all their conflicting interests. It is not a role to be performed in a whimsical manner nor one that should be carried out with any prejudice in favor of one party over any other. Nor is it a role that can be filled adequately on the basis of good intentions alone. It demands great skill from a person working as a professional educator with rigorous concern for human values in the whole vast context of postsecondary education.

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Organizational Structure of a Financial Aid Office

by Eunice L. Edwards and James E. Ingle

The general organization of the financial aid office must be developed and designed in relation to the role and functions of the administrator and the financial aid program within the framework of the goals and objectives of the particular institution. Although different institutional objectives will require different organizational arrangements, some aspects of office organization will be common to all.

Staff Size, Selection, and Training

Staffing the financial aid office is necessarily related to the size and scope of the responsibilities of the office. These will vary considerably from one institution to another. Ideally, an institution's financial aid office should administer all types and forms of aid available to students. In order to do this, the staff must be large enough to allow sufficient time for counseling students and parents, consulting with members of the administration and other colleagues, for fund development and utilization, for selecting recipients and making awards, maintaining records, preparing reports, evaluating results, and research and planning.

Because of the variety of tasks and responsibilities of the financial aid office, it is difficult to state precisely the numbers of professional and clerical staff needed to operate the office most effectively. Decisions regarding the number of staff people needed and the training and competencies they should have must be made by each institution in relation to the volume of aid applicants and the responsibilities and programs that have been assigned to the aid office. *A Design for a Model College Financial Aid Office* (College Entrance Examination Board, 1973) suggests the following minimum levels of staffing for institutions having various numbers of applicants for aid:

"Under 500 applicants: a full-time director, one full-time secretary or administrative assistant, and two half-time student assistants or equivalent.

"Between 500 and 1,000 applicants: a full-time director, one full-time administrative assistant, two full-time clerical workers, and four half-time student assistants or equivalent.

"Between 1,000 and 2,000 applicants: a full-time director, one assistant director, two secretaries, and six half-time student assistants or equivalent.

"Between 2,000 and 4,000 applicants: a full-time director, two full-time assistant directors, one full-time administrative assistant, three full-time secretaries, three full-time clerical workers, and eight half-time student assistants or equivalent.

"Over 4,000 applicants: a full-time director, three full-time assistant directors, one full-time administrative assistant, five full-time secretaries, four full-time clerical workers, and eight half-time student assistants or equivalent."

Some large institutions have defined staff responsibilities along program lines: for example, an assistant director for gifts and grants, an assistant director for loans, one for work-study, and so on. Other large institutions have focused on operational aspects: an assistant director for administering freshman awards, another for returning students, another for graduate students, and an assistant director for research whose responsibilities include keeping records, writing reports, and so on.

Regardless of the specific organizational structure, staff responsibilities should be defined clearly. In developing job descriptions, a number of factors must be kept in mind. Care should be taken to provide adequate time for student counseling by the professional staff members who are given that responsibility—students should always find counselors easily accessible; decision-making powers regarding awards should be clearly described; program responsibilities should be defined and clarified; lines of communication with other offices should be provided for. The ultimate responsibility for all of the office's activities and the coordination of the work of all the staff members should rest with the director of the office, whose primary concern must be how the office can best meet the needs of worthy and deserving students.

Once the responsibilities of the professional staff have been defined, attention should be directed to those of the clerical staff. Appropriate assigning of secretarial and clerical responsibilities to provide adequate support for each professional staff member and to assure the smooth overall functioning of the financial aid office should be the goal.

Perhaps more important than the number of staff members needed is the characteristics and previous training and experience they should have. As noted, it is difficult to establish the size of staff needed; it is equally difficult to deal specifically with particular qualities staff members should have, although some general observations do appear relevant to the selection of financial aid personnel. Very

few institutions have established training programs specifically for financial aid administrators.

Financial aid administrators should be as carefully selected as are directors of admissions, deans of students, placement directors, or any other professional administrators of education institutions. They are not only involved with students as directly as are other student personnel administrators, but are often called upon to deal with students in a more confidential manner. Although the financial aid administrator must be able to manage large sums of money in a businesslike manner, the primary concern should be the student. Student financial aid is a student personnel function not a business function.

Financial aid administrators should have had some experience in working with students and a fundamental understanding of their needs and objectives as well as of the education process in general. They also need to be able to work cooperatively with the institution's other administrators as well as with its faculty.

Too many institutions are still slow to recognize the tremendous amount of long-range planning, record keeping, research, reporting, counseling, and public relations activities engaged in by aid office personnel and fail to provide funds for staff training. This in turn prevents efficient operation of the programs, with the students and the institution the long-run losers.

The training needed by staff members will vary according to the particular position's major responsibilities. The National Association of Student Financial Aid Administrators is currently engaged in identifying the core courses and experiences that professional aid administrators or financial aid counselors should have had to function effectively. In the meantime, however, several studies of the training of those already serving as aid administrators have been made.

In 1968, George Nash[1] found, in a nationwide study of aid administrators, that their training ranged from those who had doctor's degrees (17 percent) to those who had no baccalaureate degree (7 percent); more than 50 percent had completed a master's degree. It would seem that a master's degree is probably a desirable requirement until the particular courses and experiences required for certification as an aid administrator have been established. Experience indicates that knowledge of bookkeeping, counseling techniques, organizational

1. George Nash and Paul F. Lazarsfeld, *New Administrator on Campus: A Study of the Director of Financial Aid*. New York: Bureau of Applied Social Research, Columbia University, 1968.

skills, awareness of cultural and economic backgrounds of ethnic minorities, good communication skills, and some basic courses in psychology, sociology, and economics are all of value to financial aid personnel.

Effective counseling of students is a major function of the professional staff of the student aid office. It is especially important when the aided population has large numbers of historically financially distressed, low-income/minority students who need help in understanding how to make a budget, how to manage their money, the real purposes of loans, and so on. Counselors should be able to recognize hidden problems and know how to refer students to appropriate outside agencies. It is therefore crucial that counseling is included in the training of professional staff members of student aid offices.

In addition, the workshops for aid administrators sponsored by the College Scholarship Service, the federal government, student financial aid associations, and others are of inestimable help, especially to new administrators. Attendance should be a "must" for new staff people preferably before they begin their service—or at least as soon thereafter as possible.

Mastering the federal regulations and guidelines that govern federally supported student assistance programs is, of course, of major importance.

Minimally, the semiprofessional workers should have had at least three years of college, should have a thorough knowledge of the basic principles and practices of student aid, and also of their particular institution's policies and procedures that apply to it, along with a working knowledge of federal student aid regulations.

Each professional and semiprofessional staff member of the student aid office should be encouraged to keep abreast of the constantly changing field of student aid administration by reading professional materials, current books, magazine articles, and so on. New officers, as well as those who are more experienced, should participate in workshops, seminars, conferences, and other meetings devoted to the examination of the problems of student aid administration and financing and become actively involved in the effort to find workable solutions.

Recent studies of salaries of administrators in postsecondary education show that the compensation of the aid administrator is shockingly inadequate. This probably contributes significantly to the failure of many institutions to secure and/or retain well-trained, full-time administrators. In its 1972 survey, *The Chronicle of Higher Education*

found that the salary of the aid administrator, when compared to other college administrators, ranked just above the lowliest officer—the bookstore manager—and the 1973 survey did not show any significant improvement.

Office Administration Budget

One of the primary responsibilities of the director of financial aid should be the development of an adequate budget for the administration of his office. He must be able to define his needs, document them in terms of cost-effectiveness, and present a case for adequate funding in the face of often conflicting institutional priorities. The aid officer must be able to demonstrate the returns to the institution through his operations—that the monies allocated to financial aid program administration are in fact generating income to the institution in the same way that those allocated to the development office or to the admissions office produce institutional income.

Salaries of personnel, inadequate as they may be, are generally outside the control of the financial aid administrator and fixed by institutional salary schedules. Consideration must be given to the following cost categories in order to develop an adequate operating budget:

1. Supplies. The cost of paper, materials, forms, etc., must be developed in relation to the size of the aid program, volume of applications, renewal policies, and so on.

2. Printing. Must include the cost of application materials, records forms, public information brochures, and other publications.

3. Postage and mailing. Estimates must take into account the volume of mail (this should be documented on the basis of past experience), and increases in postal rates should be allowed for.

4. Travel. Adequate funds should be provided for visiting secondary schools and community colleges, attending professional meetings, and for conferences with donors and sponsors.

5. Memberships and subscriptions. Allowance should be made for subscriptions to professional periodicals and journals, weekly information sources such as *Higher Education and National Affairs*, and the *Chronicle of Higher Education*, as well as certain types of institutional memberships.

6. Equipment. The financial aid administrator should plan for the purchase and replacement of office equipment in view of any anticipated changes in staff size.

7. Data processing. Internal charges for institutionally provided

services or billings from commercial data-processing centers that provide assistance in research, reporting, and record maintenance should be taken into consideration.

Work Scheduling

Whether the financial aid office operates on a rolling basis, applications being accepted, processed, and awards made throughout the year or on a fixed cycle with award decisions being made only a few times during the year, the administrator will need to develop and maintain an annual office calendar. Careful planning is absolutely essential if all operations are to be completed successfully. An example of the type of calendar that should be prepared is outlined below.

Although timing and sequence may vary from institution to institution, most of the activities will be necessary at all institutions. For illustrative purposes, the calendar follows the fiscal year. It is worth noting, however, that activities of the aid office usually fall into an award cycle that is continuous and do not necessarily follow a set parallel such as fiscal or calendar year. An office calendar will serve to focus on major priorities. The calendar outlined below does not attempt to include all activities.

A Representative Annual Office Calendar

July—

Consider late applicants
Continue processing awards
Begin preparing for fall term
Complete institutional annual reports
Follow up on summer school awards
Review awards for coming year; adjust for outside awards
Review previous year's operations in order to plan for next year

August—

Process fall term authorizations
Prepare specific work-study assignments
USOE Fiscal Operations Report due
Begin preparing materials for revision and/or updating of financial aid application, announcements, brochures, etc.
Review awards and fund balances to determine amount of available funds remaining

September (fall semester begins)—

Coordinate disbursement of awards with appropriate offices (for example, the business office and the office of admissions)

Assign work-study employees to specific jobs

Follow up on awards and actual enrollment of recipients

Continue adjusting awards and making new ones

Print applications and announcements for year ahead

Distribute information to secondary schools

Set up alphabetical files (application, PCS, FNAR) for next processing year

Review fall term awards to see that necessary forms have all been executed and all necessary records completed

Coordinate application procedures for coming year with admissions office

October—

Begin secondary school visits

Follow up on awards and conduct conferences with first-time recipients

Prepare federal application for funding

Revise and print student information brochure

Conduct preliminary review with departments using or needing work-study students

Annual CEEB meeting

November—

Distribute applications for spring semester

Check mid-term academic reports (if applicable)

Produce profiles and other reports required for the fall semester

Forecast, with admissions department, candidate volume for coming year

Financial aid committee meeting

Review policy and procedure statements and manuals

Review procedures for awarding aid to include potential packages

Continue secondary school visits

Review record files for completeness

December—

Make new awards for spring semester

Review fall semester awards for continuation

Compile fall grade reports

Send donors fall grade reports

Process spring term authorizations

Obtain approval of policy procedure statement for coming year
Set up potential work-study jobs for spring semester
Attend financial aid need analysis workshop

January—(spring semester begins)
Complete authorizations for spring semester
Complete awards for spring semester
Coordinate disbursement of awards
Make specific work-study assignments
Conferences with recipients having academic problems
Check on school enrollment or recipients
Prepare office operational budget for coming year

February—
Review files for completeness
Act on pending cases for spring
All freshman applications for coming year due
Check for completeness
Start processing freshman applications
Write donors on continuing awards
Attend regional Financial Aid Association meeting
Submit operational budget for coming year
Submit request for institutional scholarship and aid funds for coming year
Advertise application period for returning students for coming year
Continue secondary school visits

March—
Determine availability of funds for coming year
Start awarding or denying aid to entering freshmen on continuing basis
Distribute applications to returning students for coming year
Financial aid committee meeting
Act on any pending cases
Distribute applications for summer session
Organize for summer and next year's College Work-Study Program
Coordinate selection of awards by special committee

April—
Begin processing applications from returning students for next year
Begin processing summer school applications
Establish priorities and policy for summer school awards

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Notify all entering freshman applicants who completed financial aid applications for next year
Examine records for completeness of information
Begin compiling statistical data for annual reports
Complete final review of office operational budget for coming year

May (end of spring semester)
Begin assigning awards to returning students for next year
Begin to check freshman acceptances against offers
Assign summer school awards
Review satisfactory progress of aid recipients
Attend spring meeting of state association
Prepare status report for financial aid committee

June
Complete assignment of awards to returning students
Send donors annual progress report of fund and academic reports of recipients
Notify donors of newly selected recipients
Complete summer school awards
Begin adjusting following year's awards resulting from changes in resources (outside awards and so on)
Financial aid committee meeting—status report and review of year's activity
Begin preparing annual reports
Assign summer College Work-Study Program jobs

Physical Resources Needed

In planning the schedule of office activities, the financial aid administrator should consider the physical resources required.

It is imperative, even in the smallest offices, that the director and any others responsible for counseling students have private offices. This is necessary to maintain rapport and confidentiality while counseling students. Students and parents are very sensitive about discussing matters as personal and confidential as their finances.

The financial aid officer must also give attention to the actual placement of workers within the office and to the arrangement of office equipment. Adequate space must be provided for a reception area. This area should be at the entrance to the office and the receptionist should be assigned duties not adversely affected by frequent interruptions such as answering the telephone and receiving callers. Secre-

taries and staff responsible for major clerical functions should be located where there are few interruptions. Files should be easily accessible to those staff members who have the major responsibility for maintaining them. Staff members should be able to move easily throughout the office without unnecessary loss of motion.

Care should be taken in choosing the location of the office. It should be located near the main flow of student traffic where it can be reached and found easily. It is also helpful to locate the financial aid office near other offices that serve students such as the admissions office, the registrar's office, and the business office.

Forms and Publications

The forms and publications used in the office must also be considered carefully. These, too, will vary according to the size of the operation.

Regardless of the numbers of kinds of aid available, it is wise to use one basic application form for all financial aid awards rather than different forms for each kind of aid. If a national needs analysis system is used to gather financial information, information collected through the national form should not be duplicated on the institutional application. The financial aid officer, however, should be certain that the basic application is sufficiently comprehensive to gather all information needed to make fair and equitable decisions. The aid officer may wish to utilize an abbreviated form for renewals and may wish to color code the application to make it easily identifiable.

In addition to the basic application form, other forms are needed to maintain accurate and up-to-date records of the financial aid operation. The actual forms needed will depend on the size of the aid program, kinds of aid awarded, availability of data processing facilities, and the overall scope of the aid officer's responsibility. The functions of an aid office demand that good comprehensive records be kept. It is the aid officer's responsibility to determine what forms are needed to produce and maintain the required information and develop methods for storing it conveniently.

The aid officer should also be concerned about the quality and kind of publications produced by his office. These include a printed statement of policies governing the aid program; a brochure that provides information about what aid is available; renewal procedures, eligibility criteria; and flyers or brochures for use in secondary schools. Publications should be attractive in appearance and also be clear and easy to read. Aid officers should also examine any other institutional publications that include descriptions of the financial aid program or that

relate to it in any way. All publications should be checked annually for accuracy and completeness and to determine if changes in text or format are desirable. A manual of procedures and practices for student employment is also necessary to inform student employees and their supervisors about the operation of this program.

Essential to the operation of any financial aid office are the development and maintenance of procedures adequate for the determination of student eligibility, fiscal reporting, research, and evaluation. In addition, thorough auditing must also be provided for.

The efficient, smooth operation of an aid office will be achieved most readily if procedures for its operations are developed carefully and are clearly understood by all office personnel. To this end, an indexed "Manual of Procedures" should be prepared that includes, in addition to descriptions of all office procedures, copies of all form letters used in correspondence as well as copies of all forms and record-keeping instruments used by the office. The "Manual" should be updated regularly, and samples of any new forms used by the office should be inserted as they are adopted. Staff members will find such a manual very useful, especially when personnel changes occur.

The office should also maintain notebook binders in which are kept copies of the regulations and procedures that govern each of the federal, state, and private programs in which the institution participates. This information should be indexed for quick reference and should be easily accessible to anyone who may need it.

Research and Reporting Responsibilities

The underlying purpose for the preparation of reports is to summarize activities, provide an accounting of funds, supply information for the institution and other agencies, and for evaluation of programs. The maintenance of good, concise, usable records also provides a sound basis for conducting research on various aspects of programs, students, and institutional goals in financial aid.

The extent to which reports will be required will be determined largely by the institution and by the agencies that provide funds. Most financial aid administrators will find it desirable to prepare an annual report of the year's activities. The annual report should be shared with the president, the vice presidents, other administrative personnel such as the dean of students and dean of admissions, the financial aid committee, the alumni and development office, and other members of the faculty. The annual report will serve as a record of the year's activities, provide the aid administrator with an oppor-

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tunity to comment on the strengths and weaknesses of the financial aid program, and may provide a basis for projecting and substantiating future needs. The annual report should include brief statements regarding each of the following: purpose and functions; volume of applicants; number of awards made—both cumulatively and in each program; total dollars awarded in each program and cumulatively; number of applicants with unmet needs and amounts needed to meet these needs; demographic information on students receiving aid and on denied applicants; brief comment on staff responsibilities and activities; the financial aid director's evaluation of operations; and projection of future needs (financial aid resources, staff, and operational budget). Even though preparation of the annual report may be time-consuming, it is of immeasurable value as a means of informing key administrators within the institution of the role of the financial aid office, the extent of its service to students and the institution, as well as its needs.

Almost all financial aid administrators will need to prepare yearly reports to donors. Such reports should be brief but should include names of all recipients, amounts awarded, and a report on the recipients' academic progress.

Federal and state agencies require annual fiscal operations reports. The types of information these must contain is determined by the various agencies. Aid administrators should familiarize themselves with the most recent reports of each kind so that appropriate records can be maintained to provide easy access to the material when it is needed.

Maintaining a good record-keeping system and systematically preparing reports will enable the office to conduct various types of research that are likely to be requested. Such research is invaluable in evaluating the effectiveness of the total program as well as specific aspects of the program. In carrying out its research function, the financial aid office should conduct studies on:

1. The impact of the aid program on students, as a group and as specific subgroups
2. The extent to which the aid program is meeting the goals and purposes of the institution
3. The relationship between kinds of aid and academic progress
4. The effectiveness of the selection process
5. The actual costs of attending the institution
6. The availability of summer jobs and a reasonable expectancy from this resource

7. The availability of resources outside the institution

8. The allocation or availability of resources as compared with other similar institutions

9. Management and operations, including cost-effectiveness

Listing of potential studies and research topics could go on ad infinitum. Those enumerated above are merely representative of the types of research that would be helpful to any financial aid office. In determining specific studies or research topics, a financial aid officer should give priority to those particularly needed to enhance the services at his own institution.

Data Processing

In recent years there has been a significant growth in student aid activity—in the kinds of student aid available, in the requirements for the various funds, and in the number of information-gathering forms students must file. As a result, the responsibilities and the work load of the aid office have increased significantly so that it is wise to use computer assistance as much as possible.

Computer use may not be suitable if an institution's student aid program is rather small, processing only about 500 applications of which only 300 to 400 students will receive aid. However, numbers significantly larger than this may indicate economies of time and money can be made by using a computer service. If an institution does not have the necessary computer equipment available on its campus, it may wish to consider renting the services of a system located nearby.

Many service agencies can assist the financial aid officer in determining the need for and in establishing an automatic data processing system. National public accounting and management consulting firms can provide guidance and assistance in systems analysis and design problems. Manufacturers of automatic data processing equipment will also provide assistance in developing, implementing, and operating such systems. Service operations are available on a contractual basis for the institution whose data processing needs are small and for which an internal system would be uneconomical. Such service operations will prepare the programs, undertake the processing, and provide the finished information at the request of the institution. They offer one way in which a small-volume operation can obtain the advantages of a large-volume system without buying equipment. It will be necessary for financial aid officers to improve and develop the skills and techniques of automatic data processing. A systems analysis must be undertaken to determine whether an automated

system will result in an improvement of the processing and a savings in expenditures of time and money; he must analyze the type of automated system that will best meet the needs of his institution and of his program; and he must assist in the design of a systematic procedure for the implementation of such automated systems. Outside assistance is available, but it is the financial aid officer who has the best grasp and the closest contact with the ongoing operations of the financial aid program, and it is he who must take the lead in developing the program to meet anticipated needs.

One of the advantages commonly cited for the use of automatic data processing systems is that they are less costly than are manual operations. This is generally true in the long run, although initial expenditures to establish the system may far exceed the cost of maintaining present operations. The cost advantage of automatic data processing systems derives from their ability to handle increasing volumes and complexities at minimal additional costs. The long-range expenditures for expanding a system will be reduced by automation, even though the immediate expenditures may increase; for instance, a program designed to handle 1,000 aid applications can accommodate 4,000 without increasing the cost fourfold.

Another advantage of machine operations in financial aid programs is the opportunity to integrate the aid program with the institution's other automated procedures. When a college has developed an integrated system, much of the information needed by the financial aid officer may already be available in the system from other sources within the institution. The admissions office will have made available complete information concerning an entering freshman's high school performance, test scores, vocational goal, extracurricular activities, and predictions of his academic success. The records office will have added information about the student's actual performance in college, his progress toward his degree, and other schools that he attends after graduation or withdrawal. The business office will have data on his past financial record, his other current obligations, and his repayments following graduation. Utilization of this information can reduce the demands on the financial aid officer for the maintenance of records and the demands on the student for the duplication of available information.

The research potential of an automated system is a major factor to be considered in evaluating its usefulness. Information can be retained over an almost indefinite period of time, and can be made available for any anticipated or unexpected future need. Manipulations of

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large amounts of data, which are not physically possible in a manual operation, can be accomplished without difficulty by an automated system. Longitudinal studies can be conducted, and the entire population rather than a small sample can be surveyed. Many of the questions now unanswered in day-to-day operations of the financial aid office can be resolved through research conducted with the assistance of automated data processing systems.

Concern is frequently expressed that the increased reliance on objective and automated procedures has depersonalized the administrations of colleges and universities. Computers are frequently singled out as responsible for the problem. Actually, automatic data processing can result in increased personalization of the services of the financial aid office. With time-consuming, routine tasks handled by automated systems, the financial aid officer has more time to deal with the personal problems of his students. He can spend the time formerly given to preparing reports in talking to students. He can be aware immediately if a student encounters an academic or financial problem and can arrange to deal with the problem in a personal way.

How an Institutional Aid Office Really Works

by Norman E. Beck and Donald R. Ryan

The actual tasks to be performed by the personnel of the financial aid office will vary according to the specific responsibilities assigned to it and the programs under its jurisdiction. However, there is a central core of activities that is necessary to achieve successful administration of the obligations that are basic to any aid office. The most common of these include:

- Counseling about typical student expenses, financial aid opportunities, and money management

A. Conducting regularly scheduled meetings to provide needed information to specific groups
   1. prior to admission to college
      a. potential students, both first-time freshmen and transfer students who request information
      b. applicants for financial aid
      c. parents' groups
      d. local scholarship donor groups
   2. during the students' college years
      a. aid applicants
      b. aid recipients
      c. students planning withdrawal or transfer
   3. prior to graduation
      a. aid recipients
      b. potential applicants to graduate and professional schools who request information

B. Conferring with individual students, on the initiative either of the student or of the financial aid administrator
   1. student expense budgeting
   2. personal and family situations that might be related to financial aid needs and opportunities
   3. money management

- General administration

A. Supervising office functions
   1. developing and reviewing financial aid applications and forms used in the administration of aid programs
   2. establishing office routines and procedures to be used in maintaining and storing records
   3. assigning duties and supervising office personnel
   4. organizing and implementing an in-service training and devel-

opment program for office personnel

B. Reviewing state and federal legislative changes to assure institutional conformity with provisions

C. Reviewing applications for financial aid
   1. evaluating financial status of the applicants in connection with aid programs that require demonstration of financial need
   2. evaluating supporting records of the applicants; e.g., personal, academic, etc.
   3. determining eligibility of the applicants for consideration for the several types of programs within the three major forms of aid

D. Allocating resources of those students who are to receive assistance
   1. selecting applicants to whom aid will be awarded
   2. determining the amount of aid to be awarded each successful applicant
   3. deciding for each successful applicant how to package two or more forms of aid, and in what combination of amounts
   4. notifying successful applicants of the amounts and the forms in which aid is being offered to them and any conditions of the offers
   5. informing the successful applicants who accept offers regarding the procedures they must follow to secure disbursements or to have awards properly credited to their accounts at registration; how to continue to remain eligible; and how to request renewal awards
   6. notifying unsuccessful applicants why the applications were denied, suggesting alternate means of meeting expenses, and explaining procedures for reapplying for aid in the future

E. Authorizing the disbursement of funds
   1. reporting to the appropriate fiscal authority on the campus the amount and form of each award made
   2. authorizing the transfer of funds to the student or to the student's account

F. Reviewing and planning
   1. evaluating the functions and activities of the aid office
   2. preparing planning memorandums for aid office activities in future years
   3. preparing proposed budgets of student aid funds
   4. preparing budget requests for the staff and the operation of the aid office
   5. preparing recommendations on the institution's policies for student financial aid

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6. attending and participating in meetings concerned with developing institutional policies on financial aid

- Student motivation and resources development (in cooperation with the admissions and the development offices)

A. Visiting secondary schools and community colleges
1. participating in meetings and discussions on the general topic of attending college
2. assisting in programs and activities designed to stimulate interest in attending a particular college

B. Conducting workshops and other informational activities on financial aid
1. faculty and students within postsecondary institutions
2. secondary school and community college administrators and faculty
3. secondary school and community college students and their parents
4. community, civic, patriotic, and fraternal organizations

C. Developing resources of aid
1. continuing to cooperate and to consult with representatives of existing sources of funds
2. meeting with potential donors and sponsors of funds

- Research and evaluation

A. Initiating and continuing to evaluate the aid program of the institution

B. Conducting and encouraging studies on the impact of the aid program on the institution

C. Summarizing applications
1. at the close of each awarding period, or at least annually, reviewing applications for financial aid
2. gathering data on such characteristics of the applicant group as sex, ethnic background, family size, income and assets

D. Preparing necessary reports
1. annual report to the institution
2. reports to agencies of the state and federal governments both to recapitulate activities and to initiate requests for additional funds
3. annual report to the donors or sponsors of funds

Some of the activities included in this itemization will be common to nearly every financial aid office. Some require special skills and abilities that are quite different from those needed by other administrators on the campus. Therefore, specific suggestions are included in

order to help the administrator develop plans for talent search, recruitment and selection of recipients; administration of private scholarship and grant programs; employment program development; "packaging" graduate and professional student aid programs; and assistance for foreign students. Some comments about the legal aspects of financial aid administration are also included.

Employment Programs and Job Administration

Student employment has become an increasingly more important part of student self-help. In addition to part-time employment opportunities provided by the institution there is also part-time work available in off-campus businesses and in community agencies. The College Work-Study Program, established under the Economic Opportunity Act of 1964, has also made student employment opportunities available both on and off the campus. The decision about whether or not a student should be employed during his time in college should be made when the initial financial aid packaging is being worked out. Such factors as whether or not a student can afford the time to work (taking into consideration his academic schedule) and if the work that is available would constitute a useful educational experience are decisions that can be made only after careful study of the student's social, economic, and educational history. The amount students can earn will, of course, depend on the hourly wage rate and the number of hours the student is free to work. In public institutions part-time earnings are often large enough to cover the total cost of the student's education; however, in many instances, especially in institutions where expenses are high, such employment may meet costs only partially.

Some institutions consider student employment a form of financial aid only when the jobs are paid for from the funds of the college or from funds administered through the financial accounts of the institution. However, many institutions have broadened the meaning of employment as a form of aid to include all work opportunities for which the college assists in job placement or where the applicant receives preferential treatment because of his status as a student. For example, some colleges have standing agreements with certain local employers for placing a given number of students each semester in part-time jobs. Other institutions may have large cooperative educational programs that provide for employment one semester and study the next. The kinds of jobs that students have been and can be di-

rected to are limited only by the economic conditions in the campus community and the ingenuity and imagination of the financial aid administrator and the students. Eligibility for employment and the amount of remuneration may be determined, as with grants and loans, either with or without requiring the student and his family to report financial data in order to show a need for funds. Employment may be for a specific and announced duration, controlled by a number of hours to be worked each week, or it may be for an unspecified duration limited by the time needed to complete a given task.

Many institutions make such employment available to any student who wishes to work, whether or not he has financial need. In those colleges, it is usually held that employment itself is an educational experience that will provide a worthwhile supplement to formal classroom instruction. Many institutions set aside a number of positions or a certain payroll dollar amount to be used for students who demonstrate financial need. Among such positions are term-time jobs assisting members of the faculty, administration, and service staffs; vacation employment; student agency arrangements (through which students operate service enterprises on the campus for profit); and what might be termed casual labor jobs (such as baby-sitting and gardening) that can provide income in small amounts to meet unanticipated expenses.

Where possible, emphasis should be placed on institutionally controlled and financed work. These jobs are the most accessible to the financial aid administrator and the most convenient for the students. Developing an employment program to meet the need of the greatest number of students, however, also requires effort in assisting students with employment during summer and other vacation periods, off the campus as well as on the campus. The primary approach to employment must be as part of the financial aid package, although it is clear that a student also benefits from working both as part of his maturation process and as a means of exploring various jobs.

The financial aid administrator is concerned with part-time employment for students during the academic year, and full-time employment during the various vacation periods. The placement office devotes its activities to assisting students in finding jobs that begin upon graduation or permanent withdrawal from the institution. The personnel office has as its responsibility the selection, employment, and evaluation of the regular, full-time employees of the institution itself. The personnel office may be concerned with both academic and nonacademic employees or only with those that are nonacademic.

Many studies have been made of the effect of employment on academic performance. Generally these studies indicate that more students can work (both during the academic year and in summer vacations) where programs of assistance are provided by the institution. If the employment program offers help in planning student schedules, if jobs are arranged in segments of 8 to 15 hours per week, and if counsel is provided to individuals as problems arise, students may earn a substantial share of their college expenses without undue academic strain.

Measuring the Potential Contribution from Employment

Student employment has perhaps become the most promising element in the financing of higher education today. It merits particular attention from colleges and universities because it has shown great potential for growth. It has been suggested that combined vacation and term-time yearly earnings of students can range from $2,000 to $3,000 where strong, effective, year-round employment assistance is available.

In a normal academic year of 38 weeks, students might be expected to work 34 weeks at 10 to 15 hours per week, or a total of 340 to 510 hours. Assuming that students might also work 12 of the 14 weeks of the summer vacation at 40 hours per week, one finds that needy students might work 450 to 480 hours in the summer, for a total of about 800 to 1,000 hours per year. At wage rates of $2.50 per hour, students can earn $2,000 to $2,500 per year, and in areas of higher hourly rates they might gross $3,000. Income taxes and the cost of living during summer employment must then be deducted from earnings to arrive at the amount available for college expenses.

It is clear, therefore, that potential earnings are significant and that colleges and universities have much to gain from the development of employment programs.

Organization of Student Employment

The following elements appear to be common to most successful employment programs:

1. The institution must accept the responsibility for creating a climate in which employers within the college or university are receptive to the idea of employing students. Without question, the most severe limitation on the ability of the student to work during the aca-

demic year is the number of hours per week and the particular hours in any day that he can work. Unless employers within the university are willing to accept the extra effort involved in supervising, training, paying, and scheduling student workers, no program can be successful.

2. In addition to creating a favorable climate, it is essential that the institution accept the financial commitment for establishing an employment program and that it provide salary for staff to develop work opportunities. Any institution could benefit from a full-time staff member to administer its employment program. It is important that one person be given the responsibility for securing work and the freedom to develop jobs wherever he sees fit. Real assistance to students requires offering the widest possible variety of job opportunities and the highest possible rates of pay. To reach this goal, the student employment officer must develop new areas of job opportunities, fill requests from employers for student workers, and educate students in the responsibilities and benefits of employment.

The comment is occasionally heard that students do not want to work. This comment is generally related to the fact that some jobs are going unfilled. It is significant that similar comments were made about the early loan programs of the 1950s. They simply were not attractive enough for students in terms of cost, repayment procedures, or convenience. Students and parents needed to be educated to accept this form of financial aid. A similar job of educating students in the advisability of employment is also necessary.

In his efforts to persuade employers to work out convenient schedules for students, adequate rates of pay, and opportunities to utilize or develop skills, the employment officer will find it advantageous to exert effort in understanding and meeting the problems of the employer.

It is only reasonable to expect that employers will want the support and assistance of an employment officer in whom they have confidence, if they are to risk their own prime responsibilities by taking on that task with student help. The employment officer must be available to consult with employers, to counsel students who are not meeting their employment commitments for one reason or another, and to secure immediate replacements when necessary. For instance, he must be able to handle the likely situation that up to 10 percent of the students working will have to leave their jobs before completion of the work contract, for any number of reasons, including academic problems and schedule changes.

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3. It is important that student employment be an integral part of the financial aid program. In nearly every instance in which a strong, year-round employment program has been developed, the major impetus has been supplied by those concerned with helping students meet the expenses of education.

4. The employment officer will want to establish close working relationships with a number of offices including:

The academic advisers. The process of helping students to make reasonable work schedules, and the anticipation of potential academic problems can be greatly eased by consultation with advisers, who are generally well aware of the difficulties of combining study and work, of the demands of extracurricular activities, and of the problems caused by heavy laboratory commitments. Early consultation about particular students can avoid problems of exam panic and mass exodus from jobs during other periods of academic pressure. Few problems alienate employers more than the sudden departure of members of their work force. The advisers will also be familiar with the social or cultural problems faced by students in adjusting to a new community.

The personnel office. The personnel office staff can be extremely helpful, not only as a source of information on new work opportunities, but also as the office responsible for establishing wage rates and hiring policies. The personnel office can be instrumental in selecting and promoting department supervisors sympathetic to the use of student workers, and it can perform a valuable service in negotiations with unions by maintaining the right of the institution to employ students.

The career placement office. The placement staff can help students obtain career-oriented summer jobs as well. If both offices are helping students find summer jobs, an arrangement can be worked out to avoid conflict and embarrassment of employers. One such arrangement is for the placement office to administer placement of students in work of a career nature, and to have the financial aid office administer the remaining summer jobs. A free exchange of information between the two offices can lead to advantages for both, and particularly for the students.

Many other offices within the university may from time to time be utilized as a source of special assistance in developing job opportunities. For example, the business or service departments may provide help in the establishment or operation of the small sales agencies that exist in some form at most institutions.

Organization within the Financial Aid Office

Organization of the employment program can be effectively established in a number of ways. One of the simplest is to divide the effort according to the needs of the employers into regular part-time employment during the academic year (hereinafter referred to as term-time employment); and summer employment.

This division takes into account the time the student has available for employment, the season of the year in which he seeks work, and the kinds of employers he will be dealing with. The bulk of term-time employment will likely be found within the university, whereas most of the students will have to find work elsewhere during the summer vacation.

Term-time employment. This form of employment may be further divided according to whether the jobs call for a regular weekly commitment of time throughout the academic year, such as work in the dining halls, or are occasional opportunities calling for a few hours of work, such as snow shoveling, babysitting, or lawn mowing. Somewhat different procedures and effort are called for in administering these term-time programs.

As has been indicated earlier, a prime source of term-time jobs is the personnel office. The personnel staff will be able to indicate which jobs could be broken down into hourly segments small enough to be managed by students, and which jobs could be mastered by students. Other valuable sources of information about job possibilities are the secretaries to department heads who generally know what types of personnel are required by their departments.

Major sources of unskilled labor opportunities are found in the dining halls, libraries, janitorial services, grounds-keeping departments, and in clerical duties such as filing and mailing. Virtually every office will have some need for routine, unskilled help.

Although most of the work open to students in an institution may be unskilled, a constant search for semiskilled and skilled job opportunities should be made. Additional jobs supervised by the office may include research aides for the faculty, teaching aides, and student sales agents.

Faculty aides. These jobs are often the most exciting and useful for students desiring to work with faculty members on projects close to a student's field of concentration. Because of the academic implications of this work, jobs of this nature are among the first to be selected for inclusion in the College Work-Study Program. Particular

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care must be exercised in selecting students for these jobs, since faculty members usually require that the students meet certain criteria, including interest or background in the field and relatively high academic standing.

Teaching aides. This popular job gives undergraduates who are considering teaching as a career an opportunity to explore the field while earning money teaching at the elementary and secondary levels. Students must be selected with considerable care for this work which is carried out under the supervision of the local school authorities.

Student sales agents. Enterprising students have sold newspaper and magazine subscriptions to their fellow students for generations. In recent years the trend has been for the colleges to organize student sales agencies, partly as a means of controlling the access of salesmen to the student body and partly as a means of providing useful jobs for needy students. These agencies operate both on and off the campus, and they have numerous advantages. They often provide a very high income per hour of work. Good salesmen often earn $5 to $8 per hour. They provide flexible daily and seasonal work schedules. Often a student can sell enough items in the early fall to permit him freedom from work for the remainder of the year. Total earnings possible for student sales agents are generally higher than any other student occupation. Agency operations provide a great variety of jobs and work experience for students who may desire a career in business. These jobs may include small business management; bookkeeping and accounting; selling by direct call, by advertising, and by telephone; writing for publication; market research and report writing; and collecting accounts receivable.

Generally such special jobs require particular attention and separate records. Most often these jobs are experimental in nature and are intended to meet the needs of a particular segment of the student body. They often involve a particular skill, occasionally provide more flexible work schedules, have higher wage or income possibilities, or are closely allied to the student's field of concentration or career goal.

Off-campus employment during the academic year is less satisfactory for many students because employers generally require longer hours, and work locations are less convenient. Availability of off-campus employment opportunities will depend a great deal on the location of the college. Unskilled labor opportunities in nearby communities may include maintenance and delivery work of various sorts, retail sales opportunities, jobs as guards in buildings or as attendants in parking lots, jobs in restaurants, and so on. Particularly

useful sources of jobs will be retail stores at holiday seasons and during odd hours on evenings and weekends. Excellent results can be obtained if the employment service is organized so that it can locate a specific number of student workers on short notice.

Summer employment: Employment during the summer is the other major subdivision of activity in the student employment office. Financial aid officers have become increasingly aware of the contribution made from term-time jobs. While they have also expected a contribution from the student's summer earnings, too little effort has been made to help students find summer employment. The assumption has been that students have been able to obtain employment in the past and that they will continue to be able to do so. Unfortunately, many students are without experience in job hunting and in the face of increasing unemployment are finding it extremely difficult to obtain useful employment.

By organizing summer employment programs to assist students in finding work, the institutions will both protect a source of funds they have depended on and take advantage of a resource that has considerable room for growth.

While it is true that students are facing severe competition and increasing unemployment in the unskilled labor market, it is also true that labor is in short supply in many skilled and semiskilled areas. Thus the function of the employment office in helping students obtain summer jobs is quite different from placing students in term-time jobs. Many colleges have been able to control numbers of jobs that could be guaranteed to students during the academic year, but most summer jobs must be sought from nonuniversity sources. The burden of obtaining employment in the summer must therefore be shifted to the student. Instead of supplying him with a specific job, the employment officers must provide the student with job leads, with information about potential sources of work, and with guidance in evaluating his needs and making a strong presentation to employers. The employment officer must, in effect, educate students in developing skills that will appeal to employers.

Perhaps the most important part of the summer employment program is that of helping students to discover talents and to develop skills that will enable them to find employment in any labor market. Skilled students can usually secure jobs that pay higher wages than can students without such skills.

The college itself provides a great range of facilities and people who may help students develop skills that will be in demand by em-

ployers. Professional or vocational training departments could offer short basic courses in various skills to students who may be enrolled in other departments. For example, a hotel management program might assist in training waiters, bellhops, desk clerks, and short-order cooks; a computation center could provide short courses in programming, data processing, and perhaps machine maintenance; the agriculture department could offer simple courses in lawn and garden care, landscaping, and tree pruning; the information or news office could give training in photography and news release preparation. The opportunities for special courses within the faculty and service departments are widespread.

In many instances students may improve or develop skills while working in these departments on a subsidy from the College Work-Study Program. To the extent that students may then obtain employment later at higher wages, the College Work-Study Program funds will have been used most efficiently as "seed" money.

Numerous types of businesses need additional unskilled and semi-skilled workers during the summer. Firms with seasonal activity, such as air-conditioning installation and service, marine supplies manufacture and sales, landscaping and lawn care services, and fruit and vegetable packing operations frequently can use students during the summer. City recreation programs, day and overnight camps, resort hotels, motels, and private clubs may also be sources of jobs if students have the appropriate skills.

Other summer employers may include property insurance companies, resort owners' associations, tourist information centers, and private and public historical or recreational facilities such as zoos, amusement parks, exhibits, and guided bus tours of the city. Information on the locations of tourist and recreational facilities can probably be obtained from the Junior Chamber of Commerce, tourist information bureaus, or state employment services.

Administration of Job Programs

It is in the administration of a year-round employment program that the need for an employment officer, with some staff assistance, becomes clearest. If the employment officer is to be of real assistance to the students he must provide help with both term-time and summer jobs; he must have some influence on wage rates; he should be available for counsel and advice; he should provide opportunity for special training courses for students; he must be constantly in touch with

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employers, both on and off the campus; and he should be able to develop experimental programs to provide the widest possible variety of jobs to meet the varied interests, abilities, and needs of the students.

In approaching any employer, the college employment officer should know the disadvantages as well as the advantages in hiring students. Increased supervisory time may be required to train, schedule, and oversee the greater number of part-time personnel required to do a job. Turnover may be high among students for a variety of reasons, including examination panic, academic difficulty, and simple changes in plans. Considerable effort must be exerted to maintain a stable work force. The employer may view students as unreliable because their primary concern is with their academic programs.

On the other hand, students can present real advantages to the employer. In some instances cost savings will result because the students can work odd hours, evenings, and weekends, when the employer might have to pay other employees for overtime. In the dining halls, for example, students can work only as needed at each of the three daily meals; otherwise, two shifts of full-time help might be required. Students can be extremely effective supervisors of other students, thus relieving the burden on the employer. By being conversant with all student problems they are often able to foresee and cope with difficulties that might arise and cause students to miss work. When a well-organized program provides counseling and evaluation of work performance, students are likely to be more reliable than are other part-time workers.

Significant elements in the administration of job programs include:

Coordination of jobs with other forms of aid. To provide students with a means of meeting their expenses and an overall view of resources available to meet their total financial needs, the financial aid office must treat employment as an integral part of the student assistance program.

Some employment programs will assist incoming freshmen in obtaining jobs for the summer immediately preceding matriculation. Since freshmen and sophomores generally find the job-seeking process most difficult, this service can be of real value to them.

Interviewing, counseling, and placement. The most important element in any successful employment program is unquestionably the amount of guidance given to students to help them plan reasonable work schedules, taking into account the many factors that may later conflict with term-time employment. These factors include class and

laboratory schedules, academic achievement, financial need, extracurricular activities, athletic schedules, and the adjustment required by the student's particular social, educational, or religious background.

So many factors are involved that affect the student's ability to work that the employment program should be designed to provide maximum flexibility in hourly, daily, and seasonal work schedules, and the greatest possible variety of job opportunities. Foreign students find certain kinds of work beneath their social status; black students often identify certain kinds of work with the limitations traditionally placed on them by society; and students accept work that conflicts with extracurricular schedules. Students have also been known to take work schedules that left no time in the day for lunch. Needy students have taken on too heavy work loads because of their financial need and have thus assured failure in the classroom. Students have accepted routine, low-paid work in the dining halls without realizing they possessed skills, such as bookkeeping or computer programming, that would have made them eligible for better jobs.

By interviewing students in the early fall of their freshman year, the employment officer can assist them in planning schedules that take advantage of any skills they possess, foresee problems they may encounter, and educate them in their responsibilities to their employer. The interview is an excellent time to explain to the student the expectations an employer has and the emphasis that the employment office will place on the student's meeting his obligations.

The interview is the appropriate time to consider whether to advise a freshman to borrow instead of working in his first semester if the adjustment problem is severe or the student has questionable academic preparation. It is also an excellent time to devise a schedule of work for the athlete who needs funds, but who cannot carry on a job during his sport season. Having jobs available that permit such schedules is a great asset. Sales agencies are excellent sources of such employment because many of them complete their program within a single season. For example, the small sales agencies often solicit only for a few weeks in the fall. Often they provide sufficient earnings to permit a student not to work the rest of the year.

Training and skills courses. The process of educating students in finding work, in taking advantage of any assets they have, and in meeting responsibilities to employers is one that is rarely paid attention to by the secondary schools or by parents. The fact is that the typical student knows nothing about the process. Consequently the

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employment office must play a major role in educating students in where to look for work; in how to analyze their interests, needs, and assets; in how to present their strengths effectively to an employer; and in developing further any skills that will generate better jobs, more convenient work schedules, or higher pay. In addition to personal interviews, an effective method of educating students is conducting seminars in job-hunting to discuss the preparation of résumés, the writing of letters of application, and hints for making a good impression during employment interviews.

One institution begins registering its students in September for both term-time and summer work. Seminars may then be given during the fall in preparation for summer work, so that students may apply for summer jobs during Christmas and spring vacations. Many summer jobs require application in November or December, and it is frequently found that the better summer jobs are filled by January. Because the student often is at an institution distant from the location at which he desires to work, the caliber and extensiveness of his correspondence may determine the kind of work he obtains.

An individual's résumé can also be an effective tool for the employment officer to use in opening up new job areas. By mailing several individual résumés to a prospective employer, the employment officer can often lead the employer to think of specific highly qualified individuals in more sympathetic fashion than is possible with a general mailing seeking "job openings."

Requesting that students supply information about past summer jobs they have held can also provide excellent additional job leads for other students. Some colleges maintain notebooks of jobs that have been held by former students as a source of job leads.

Courses in skills that students will find useful in locating term-time or summer work are particularly important in securing summer employment in areas where the student encounters severe competition.

Controlling, reporting, and evaluating student performance on the job. If the employment officer is to maintain good relationships with employers and if he is to provide information on the results of the program, he will need an effective system for registering students, controlling their referral to employers, and receiving information from employers on the student's work performance and tenure on the job.

Because the effectiveness of supervisors and their sympathy toward student workers vary greatly, it is important that the employment office take whatever steps are necessary to insure student job

responsibility. In particular, the employment officer should have final authority in allowing students to terminate jobs. This restriction is advisable because the employer may feel he must let a student employee leave his job whenever he thinks he needs time to study, and then the employer may complain to the employment officer that students are not reliable.

Some institutions have used job responsibility sheets that explain to employers the obligations of student employees. This statement usually includes such factors as what action to take in the event of illness, how to locate substitutes if an examination conflicts with work, whom to see if the student desires to leave a job, under what conditions a student may terminate a job, and to whom information about the student's job performance should be reported. Reports from employers on student performance provide an excellent basis for counseling and assisting students regarding future jobs. There is no question that the student is more responsible about meeting his job obligations when he knows a report of his performance will become part of his record in the financial aid office. Moreover, a report on the student's job performance can be an excellent recommendation for upper-class financial aid awards, because it is indicative of the effort the student has made to help himself.

Publicizing job opportunities. Prompt notification to the students of job opportunities for work during the academic year or during the summer can serve to educate them in the usefulness of the office and in the variety of jobs available, as well as to provide employers with prompt service. Publicity can vary from simple notices on office bulletin boards to notices in the dormitories and announcements in student newspapers. One institution publishes a weekly page of employment opportunities and information, and this is distributed to every room in the dormitories. Another institution broadcasts information about available jobs from the campus radio station.

Since the employment office is primarily a service operation for both students and employers, its ability to bring the two together as quickly and conveniently as possible should be its most important characteristic. Many employers advertise good jobs with several institutions, and the first students to reply to an opening usually have the best chance of getting the job. A major part of the employment effort lies in educating students in how to go about the process intelligently.

Finding the right student for the right job. The student employment branch of the financial aid office should not needlessly duplicate forms

and request information already provided in the student's admission and financial aid applications; at the same time, it is essential to keep records on student job applicants and what skills they have.

In addition, if a student with a special skill fills out a card naming the skill and indicating where he may be reached, the employment staff is then able to locate a number of students possessing a desired skill whenever the demand arises. The card may be kept in a file according to the type of skill designated. References or testing should establish the quality of the skills a student lists. A simple typing test, for example, can determine quality and speed in this skill.

Often students have no idea of the number of skills they already possess or can develop easily. One of the greatest services an employment officer can perform for students is to stimulate their thinking to see how many jobs they are really well-fitted to fill.

Loan Administration, Including Collection Activities

Loans are sums of money offered with the requirement that they be repaid in whole or in part with or without interest. In recent years, loans have become a more generally accepted method of financing higher education. Since 1958, when legislation establishing the National Defense Student Loan Program was passed, students and families have learned to rely heavily on loans to meet education costs. Application for loan assistance may or may not call for the applicant and his family to report information about their financial situation in order to show a need for funds, and the amount made available to the borrower may or may not be contingent on the amount of estimated need. Some loan programs require that interest be paid during the time the student is in college, others not until after he leaves. The major sources of loan funds are federal and state governments—these include loans made by commercial lenders and subsidized under the Federally Insured Student Loan Program.

Some student loan programs available from organizations and agencies other than the institutions of higher education do not require extensive on-campus administrative activity; for example, tuition loan programs available through commercial banks. The educational institution's involvement with such programs is minimal, frequently being limited to attesting to the lender that the applicant, or the applicant's child in the case of a bank loan to a parent, is a registered student. Other external loan programs, such as the Federally Insured Student Loans that are also available through com-

mercial lending institutions, require that the institution provide an assessment of the student's financial need that may be as detailed as that done by the institution for its own programs.

In addition to loan funds provided by sources outside the institution, many colleges provide long-term and short-term loans to students from their own resources. Long-term, low-interest-rate loans are repayable shortly after graduation or withdrawal although interest does not accrue as long as the student continues to be enrolled. Short-term or "petty cash" loan funds permit colleges to satisfy the emergency needs of students (for example, grocery or rent money until payday) in an efficient and economical manner. Typically, these funds provide small amounts for short periods of time, such as "$30 for 30 days."

Institutional Loan Funds

An institutional loan is one belonging to or entirely controlled by the college. Many colleges have had their own loan funds for years, but some colleges may have all or nearly all their own funds tied up in their contribution to the National Direct Student Loan (NDSL) Program. There is, however, read need for institutionally controlled loan funds.

With a large enough fund at his disposal, a financial aid officer has power and flexibility which he might not have with only NDSL Program loans available to his students. With long- and short-term loan funds from the institution he can make much needed loans for a few months or a few days. He can lend to a hard pressed student whose parents cannot technically be considered needy. He can respond quickly to sudden emergencies when there is no time to investigate need. He can support a college policy of encouraging an educational summer or year abroad. He can make loans to foreign students not eligible for NDSL Program loans. He can require earlier repayment or charge a higher rate of interest if appropriate.

In these and other instances, institutional loan funds will give the financial aid officer flexibility to meet genuine student needs and ideals, and to promote the educational philosophies and policies of his college.

Sources of Institutional Loan Funds

Granted the usefulness of an institutional loan program, the question remains: If such a fund does not exist, or is too small, how can

money be found for it? Obviously the financial aid officer's task is to set his own sights, and then try to set the sights of his superiors. If he can get the priority, a fund drive among alumni and friends can provide the capital for loans. Many colleges have found that a high priority can be given to a loan drive, and that a well-managed loan fund has a special attractiveness to donors because it is constantly being replenished by collections. A comparatively small loan fund can provide significant assistance to many students for a long time in the future. A loan suggests greater self-reliance than a grant and thus has additional appeal for many donors.

For short-term loans, another possibility exists. Many treasury portfolios have "loose change accounts"—liquid funds that are idle or are in special 30-, 60-, or 90-day accounts with a bank. Using these funds for short-term emergency loans to students can provide interest income comparable with other short-term investments, and can pay large dividends in preventing students from dropping out of school because of temporary shortages of funds.

Special Administrative Problems

Application forms for institutional loans will vary from those designed for the NDSL Program to the degree the institutional loan program varies. A brief simple application may be all that short-term, emergency, or high-interest, no-need loans require. An application for foreign students, however, may require the addition of questions about the home economy, the currency exchange rate, whether the currency is blocked or loans are unpayable, whether the student plans on practical training in the United States after receiving his degree, and whether he has a United States sponsor.

Different funds, interest rates, and due dates of notes require different, additional records. A "full-spectrum" loan program is time-consuming, complicated, and relatively expensive to administer.

The operation of an institutional loan program, especially when it parallels the NDSL Program, tends to pyramid loans on the individual borrower, with the consequence that repayment may be difficult. A young school teacher, for example, may have real difficulty in meeting two sets of loan payments running concurrently. On the other hand, a small loan fund at a community college can be tied up for a relatively long time if deferment is made for senior college and graduate school, and the college runs the risk of having the borrower give his first loan a low priority for repayment. Limits must be set, and clear and present danger of disaster to the student must be

established. The future ability, as well as willingness, to repay must be considered. A crucial administrative, not to say philosophical, question arises in judging the marginal effects of additional debt against the possibility of forcing a student to drop out for lack of funds.

In most respects, institutional loans will be administered in the same way as under the NDSL Program. Accounting and disbursement procedures should be exactly the same, for the care required in the handling of one type of loan is neither greater nor less than that required for the other. Application procedures can be the same, and if they are, the financial aid officer—who has a complete knowledge of available funds, special restrictions, and particular features of one fund or another—can decide which loan is most advantageous to the student.

Institutional Loan Collection

The risk in making student loans has generally been judged to be very low. One of the oldest institutional loan funds in the United States has a record of write-offs from all causes, including death, of only about one-tenth of 1 percent. For more than 30 years student borrowers have repaid their loans ahead of the date they were due to the extent of about 30 percent.

It can even be argued that student loans should show somewhat greater loss and delinquency, if colleges and financial aid officers are being sufficiently adventurous. Limiting loans to upper-class students with the strongest academic averages may improve collection rates, but it does not necessarily provide aid where aid is most needed.

But even when somewhat greater risks are taken, the college can anticipate a good collection record when sound procedures are followed.

The essentials of good collection are contained in good communication with the student both while he is enrolled and during the months or years he is repaying the loan. Withholding transcripts or referral to an attorney are extreme steps that should not often be necessary.

Institutional loans, like loans under the NDSL Program, need proper care and management by the aid officer and by the business office, which may manage the invested capital, if any, of the fund and which may be responsible for keeping accounts, maintaining fund records, and supervising collections. The loan officer, or financial aid officer, is also expected to keep good records and to be alert to the condition of funds. He should know the financial condition of his student

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borrowers, be aware of changing need, and note the incidence of unmet need. He should know how much he can lend at the present time, and be able to tell his superiors how much he will need or should lend in the future. He should be guided by the needs of his students, the requirements of efficient administration, and the purpose and philosophy of his institution.

Commercial Loans

Although today guaranteed loans account for the major part of credit arranged for college expenses, commercial loans also fill a smaller, more specialized need. These loans, which generally carry a higher interest rate, are designed to spread the bulk payment of college costs over a period of time.

For many families, these commercial loans represent a way to provide the parental contribution that may be considered available for annual postsecondary educational expenses but cannot be provided from current income. Because of growing inflation and the consequent "squeeze of the middle-class," these commercial loans to parents are becoming increasingly important. The financial aid administrator can recommend loans of this type to parents as an economically feasible alternative to too heavy student borrowing or student work schedules that are too demanding.

Many families reach the middle- and upper-income levels only a few years before the first child is ready for college and thus have no large accumulation of liquid assets that can readily be called on for college expenses. This type of family is often found to have most of its accumulated wealth invested in a home, an automobile, and similar nonliquid assets. With the discretionary income the family has available, however, it can pay for college expenses on a monthly basis if given a plan tailored to its needs.

Initially, colleges themselves developed and operated time-payment plans that usually involved deferred payment of college costs. However, as the demands for monthly payment programs grew as a result of increasing tuition charges, colleges found that their costs for operation of the programs mounted rapidly. They became particularly concerned about the cost of borrowing money for their immediate operations to replace tuition payments that were deferred. They also were faced with borrowing to cover costs of clerical, accounting, collection, and administrative procedures involved in the time-payment plans, plus the cost of losses resulting from bad debts and the death

or disability of the parent. These costs, which could be charged only to the general operating budgets of the colleges, produced further increases in tuition—and, in turn, more demands for deferred payment, and greater expenses.

To meet these needs, two major types of private plans were developed by commercial institutions. The first involves prepayment of college expenses by the family, with no loan involved. The parents agree to make monthly payments to the company, beginning some months before the student first enters the college. Throughout the four college years the parents will continue to pay the company sufficient sums to cover academic term charges before the money is disbursed by the company to the college. Insurance on the life of the head of the family, accompanied by a disability clause, guarantees that in the event of his or her death or disability, the student will receive the full amount of the contract.

In a program of this type the company has none of its own funds invested, for it is in reality a forced savings plan, which in addition provides the family adequate educational insurance. Costs under this plan normally include an initial membership fee, a monthly charge for the insurance, and a small service fee.

The second type of commercial plan consists of regular installment loans granted for payment of college expenses. Some of these require the participation of the college, while others enter into direct loan agreements with parents. Some are nationwide; others serve only families from the bank's customer area. Occasionally loans of this type have interest rates lower than comparable installment loans; others carry rates that are not advantageous to the family.

How is a financial aid officer to know which plan, if any, he should recommend for use at his institution? Clearly, a common basis for comparison is needed. Here the new federal Truth in Lending Act provides some assistance in making comparisons. The annual percentage rate, as required by this legislation, provides a common base for judging the cost of money as measured by a simple interest rate.

However, since many variables must be taken into consideration, it is impossible to make a quick calculation of true costs. Insurance charges may or may not be included in the cost, and actual coverage varies from company to company. Certain plans require total prepayment; others, partial prepayment; and still others, no prepayment. All these factors contribute to the overall cost.

Programs should also be carefully weighed in the light of the subjective requirements of a family. A parent who owns a small, highly

competitive business may not want a critical survey made of his personal credit standing, and would therefore favor a higher-cost plan that did not require credit review. A parent in failing health, unable to secure insurance through normal channels, would favor a program that included automatic insurance coverage, even at a higher cost. These personal, intangible benefits must be weighed before recommending a commercial loan program to a family.

A financial aid officer must, however, assure himself that the true interest charges of the program he recommends are at least as favorable as those involved in an alternative arrangement, such as refinancing a home mortgage. Other factors that should be included in the financial aid officer's evaluation are the availability of banks participating in the recommended plan, the amount and cost of the insurance coverage, the size of monthly payments (including interest) in relation to the total amount paid to the college, and any hidden charges (such as late payment fees and penalties for cancellation of the contract).

Typically, the effective rate of interest on commercial loan programs ranges from 12 to 18 percent. Consequently, other sources of educational loan funds should be investigated.

The diverse problems facing higher education today demand diverse resources. It would be unfortunate if the development of new programs were curtailed on the mistaken assumption that existing programs fully satisfy the needs of students and their families. Competition among the various lending institutions and the influence of the federal government have reduced the abuses that were present in some early commercial programs. National, state, and local agencies are continually refining their plans and offering new ones to help parents, students, and colleges in various ways. These developments should be encouraged by the colleges because they provide additional ways to finance the cost of their students' education.

Financial Aid Packaging

The term "financial aid packaging" and its underlying concept has become an integral part of financial aid administration. The *Statement of Practices of Financial Aid Administration* of the College Scholarship Service states that the financial aid administrator must: "Acknowledge and meet the full need through a combination of grant, loan, and employment determined through consideration of the student's individual circumstances and abilities to the extent possible."

The Higher Education Act of 1965 and this *Statement of Practices* mandate that the financial aid officer, after determining the need of an aid applicant, develop a financial aid package using a combination of all available resources at the institution to meet all of each student's individual needs.

Before an institutional aid administrator can construct a financial aid package for a student, decisions must be made regarding the amount of grant assistance and the amount of self-help the institution wishes to provide for various categories of students. Such decisions must include the consideration of the appropriateness of self-help for entering freshmen or for students from minority or economically disadvantaged backgrounds. Can such students afford to work in their initial year when they are trying to adjust to a heavy academic program? Does the student's academic program leave enough time for him to perform adequately in a job? Should long-term loans be given to "high risk" students in their early college years even though they may not be able to complete their education and never repay the loans? Will the reasonably expected future earnings of a potential loan recipient allow that student to repay the loan? In deciding on the makeup of the financial aid package, the aid officer must keep constantly in mind each student's needs.

So that all available resources may be considered in putting together student aid packages, it is essential that all student aid programs be centralized in one office.

In a study conducted by the General Accounting Office in 1971 of the coordination of the federally funded programs of financial assistance, it was found that administrative coordination continued to be a problem.[1] The report recommended that the Secretary of Health, Education, and Welfare "direct the Office of Education to . . . require institutions of higher education to establish procedures for coordinating assistance provided under federal student aid programs which require a sharing of financial need with any assistance provided under the Guaranteed Student Loan Program and other school-administered aid programs."[2] This recommendation was made after finding that financial aid administrators at nearly all the institutions surveyed awarded aid to students without regard to whether

1. Office of the Comptroller General, *Need for Improved Coordination of Federally Assisted Student Aid Programs in Institutions of Higher Education*. Washington, D.C.: Office of Education, 1972.

2. *Op. cit.*, p. 23.

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the student had requested or obtained loans under the Guaranteed Student Loan Program. The General Accounting Office also found that financial aid offices frequently were not provided with information about students who received aid from federal, state, or private programs that were administered by other offices on the same campus.

One way to determine proper proportions of aid is to make self-help a specific proportion of any award package, varying the proportions of job and loan according to the talents, credentials, and vocational goals of the student. This pattern, involving a more or less fixed proportion of self-help, works best when needs are not too great. It can do great injustice if applied insensitively, for then the heaviest burden of jobs and loans will go to those with the least financial security and often to those who need the most encouragement to try to gain a college education. Thus, if this pattern is used as a basis for packaging, it is important to establish a reasonable maximum for self-help and increase gift aid for the students with the greatest need.

Another approach is to begin with loans and jobs up to a maximum in relation to college expenses, before adding any gift aid. This pattern tends to provide only loans and jobs to students from the most favored economic backgrounds, on the theory that they are generally the best prepared for college and thus better able to work and to borrow. Gift aid is then reserved for those with the greatest need.

Another approach is to require self-help from students only after they have completed their freshman year. Then, after the student has demonstrated his ability to achieve academically, the amount of gift aid might decrease as each additional academic year is completed, the proportional amount of self-help being increased. Existing guidelines for participation in some student aid programs, however, might prohibit an approach of this type if participation is contingent on self-help from all aid recipients.

There seem to be three identifiable approaches to packaging financial aid. They are not fully differentiated, however, nor are they characteristically followed by any particular group of aid administrators.[3] They can be summarized as follows:

1. The "ladder" approach assumes that the BEOG assistance avail-

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3. Much of this discussion follows from the "Preliminary Report to the Deputy Commissioner for Higher Education" of the Department of Health, Education, and Welfare USOE Task Force on the Management of Student Assistance Programs. Washington, D.C.: HEW/USOE, December 1973.

able to needy students through the federal government is the "bottom step" on a ladder of financial assistance. The next steps are the other forms of grant assistance made available through the federal government, state programs, private sources, and institutional resources. These bottom steps of grant aid are followed by employment assistance, then by subsidized loans such as the National Direct Student Loans, and finally by more expensive types of borrowing such as the Guaranteed Student Loans. This approach implies a general philosophy that grant assistance normally should be exhausted before term-time work is expected, that work should then be added as necessary, and that loan assistance should be considered only as a last resort in filling the student's need gap.

2. The "combinations" approach more traditionally accepts the grant-work-loan student aid "ladder" as a point of departure from which the aid administrator constructs a package to meet a particular student's specific needs. The aid administrator who adopts this approach draws freely from all sources to meet the student's need. There is no particular order in which the various resources should be exhausted.

3. The "self-help" approach begins with the routine inclusion of a large portion of self-help as the bottom rung of the ladder. This may be in the form of student savings, summer jobs, term-time jobs, or loans combined with the federal BEOG as the basis on which all other aid is granted. This approach reserves grant aid for those students who would be financially unable to attend the institution even after having accepted reasonable amounts of loan and work assistance.

With all three of these working concepts, the Basic Educational Opportunity Grant is used as a "bottom step" and then all other student aid resources are considered in relation to it.

Foreign Student Aid Programs

The key to a good foreign student financial aid program lies in adequate financial planning by both the institution and the applicant before the student departs for the United States. Foreign student aid applicants require special attention because they are not eligible to apply under most state and federal financial aid programs. Advanced planning, however, requires a coordinated effort among several offices at the institution. Normally, the financial aid administrator, the foreign student adviser, and the admissions officer will all be involved. The process of administering financial aid programs for foreign stu-

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dents is quite different from that of administering programs for students who are United States citizens.

Resources for the support of foreign students come primarily from four sources. These are: the student and his family, the government (in this case the country of which the student is a citizen), various agencies that finance international education programs, and the educational institution itself.

As part of their applications for admission, foreign students should be asked to indicate the amount of monthly support, in United States dollars, that they can reasonably expect to have available from their own funds, from family contributions, and from monies donated from other private sponsors. Care should be taken by the financial aid administrator to evaluate as accurately as possible the contribution from these sources since many foreign students are overly optimistic about support of this type because of their eagerness to obtain admission to an American education institution. Any statement obtained from the student's family or sponsor should specify clearly the length of time for which the support will be guaranteed, as well as the exact amount of money that will be available. Arrangements must be made in advance for students to have access to the necessary funds at the beginning of each term as well as at regular intervals throughout the year. Despite every precaution on the part of the aid administrator, problems in the transfer of money to the United States must be anticipated. Various international economic developments will sometimes cause foreign governments to suspend the transfer of currency out of their countries, pledges made in good faith by their citizens to support students in American colleges and universities notwithstanding. The aid administrator must be prepared to find alternative sources of support for the foreign student when restrictions of this type are made.

In preparing a budget for the foreign student, the financial aid administrator must insure that the aid award will sustain the student completely for the entire period that he or she is in the United States. Special areas of concern include the need to provide for all incidental expenses, clothing, travel, and maintenance—including during vacation periods. When the budget is presented to a prospective sponsor a timetable should be attached that includes all dates on which large tuition and fee payments will come due. Estimated monthly maintenance costs should also be included.

Since institutional funds for the support of foreign students are usually very limited, the education institution should define clearly

the specific goals and purposes of its international student program. A policy statement defining the objectives of the international student program will help the financial aid administrator to establish priorities for award funds. For example, an institution may wish to use its international student program to aid foreign countries in increasing the number of professional and technical workers within their population. To serve this purpose, the institution may decide to award financial aid to foreign students who hold "j" visas only. A "j" visa requires that the student return to his native country on the completion of his program of studies.

With the difficulties foreign students encounter in obtaining employment and in repaying loans, institutional support to the foreign student aid program should be made primarily in the form of gift aid. Foreign students often have more difficulty in obtaining employment than the American college student because of the language barriers and because of the prejudicial attitude that many employers and their clientele hold against all "foreigners." Moreover, the formal policies of the Department of Immigration and Naturalization may actually prohibit employment of foreign students holding visas of certain types.

The intent of the student visa is to assist those who qualify academically and financially to proceed with a particular educational program. A person entering the United States on a student visa cannot accept employment without special permission from the United States Immigration and Naturalization Service. Failure to obtain an official clearance to work may endanger the student's immigration status. To be granted permission to seek employment, a foreign student must show that the intended work will not interfere with a full-time academic load, and that the work is necessary to provide additional funds for school expenses. Permission for employment during school vacations is also required.

The law also states that permission to hold campus employment can be granted to foreign students by the international student adviser acting as an agent of the Immigration Service. To work off-campus, however, the foreign student must personally obtain permission directly from the Immigration Office, and this must be done on a yearly basis. The status of the current labor market in the United States is also important since foreign students are often the last to be hired and the first to be released when the unemployment rate rises.

While short-term loans can be of real use to foreign students in meeting current expenses when payments from home or from sup-

porting agencies are delayed, longer term loans with payments delayed until after graduation should be awarded cautiously. The exchange rate between United States and foreign currencies can make the repayment of a loan overly burdensome if the student is trying to repay the loan from a salary earned in his native country upon graduation. Furthermore, the collection of any loan by a lending institution may be difficult or impossible if the recipient chooses not to cooperate after returning home.

Many foreign countries who have not yet developed adequate institutions of postsecondary education provide for all, or part, of the expenses of their citizens to study abroad. Arrangements for financing students from these countries are usually made through the foreign nation's Ministry of Education or its embassy in the United States. In addition to the direct payment of educational expenses by foreign governments, there are a number of private or quasi-governmental agencies that support educational programs for international students. Quite often these agencies seek cooperative arrangements with American universities. In the United States many service clubs and churches are also willing to support foreign students at a local education institution.

In summary, foreign students should not be admitted to an institution unless the financial aid administrator has reasonable proof that they will be adequately financed during their entire educational program. Since a foreign student must meet all expenses incurred while in this country, care must be taken to prepare adequate budgets and to provide for the receipt of funds from outside sources at the appropriate times. If the institution's foreign student aid program is to be effectively and efficiently administered, the goals and objectives of its international student program should be clearly stated. A policy statement of this type will also help the aid administrator to coordinate the institution's funds with resources provided by outside agencies.

Graduate and Professional Student Aid Programs

The evolution of graduate and professional student aid programs in the United States has not paralleled that of the undergraduate assistance programs. Perhaps the greatest difference between financial aid programs designed to assist students at the graduate and the undergraduate levels stems from the degree to which need is employed as a variable in the selection process. Historically, American

society has sought to provide free, or very low cost, education in the elementary and secondary schools and has heavily subsidized graduate and professional study, but for some reason the financing of undergraduate education has been left primarily to the parent and the student.

Some authors have suggested that there exists an historical lag in the introduction of the need factor into the awarding process of graduate financial aid. The necessity for a rationing device in the awarding of graduate aid, they argue, came later because the surge in graduate enrollments did not reach the colleges and universities until the 1960s, whereas the undergraduate colleges began to experience large increases in enrollments during the 1950s.

The donors of financial aid resources at the graduate and professional level pursue a variety of purposes and goals. For example, the federal government has used this vehicle for manpower development, to strengthen national defense, to promote international goodwill, to develop certain research capabilities and specific disciplines, to encourage teaching in special areas, to educate certain federal employees, and to provide general aid to students who seek an advanced education. The state governments have used aid to graduate and professional students as a way of rewarding individuals for services previously rendered or promised to the state or country, to attract persons with selected skills, to encourage the pursuit of certain curriculums, and to support education in general. Likewise, institutions of higher learning have sought employees as well as students, have promoted their graduate programs, and have attracted top academic talent with their graduate aid programs.

This apparent duplicity in the purposes of awarding graduate aid can also be seen in the terminology used to describe it. For example, the term fellowships or assistantships may be used to advertise gift awards for which no service is required of the recipient. On the other hand, these terms are also used for grants that are, for all practical purposes, employment contracts. In some instances differentiation has been attempted by inserting words such as "teaching" or "research" before the generic terms "fellowship" and "assistantship." In other instances, identical graduate financial aid stipends are designated as awards or traineeships. The point is that the terminology used in describing graduate financial aid is much more inconsistent than that which has been developed and adopted in the last 10 years for similar undergraduate aid programs.

It should not, therefore, surprise the financial aid administrator to

find that the various donors—the federal government, the various state governments, institutions, and private donors—are not consistent in the terminology they use or the selection process they employ. Whether the current differences in the awarding of financial aid at the graduate or undergraduate levels are the result of sound value judgments, whether they are the result of differences in the supply and demand of aid resources at the two levels, or whether the differences are historical accidents is perhaps an academic question to the practicing aid administrator. To counsel the graduate student properly, the aid administrator must be aware of the sources of financial aid available and the criteria to be used in awarding each type.

The aid administrator should be particularly cognizant of those programs that benefit students applying to graduate programs within his own institution. He should also have available in his office sources of information regarding aid available in graduate schools of other institutions. There are a number of these source materials available. Among them are the *Annual Registrar of Grant Support* which is published each year by Academic Media. The National Academy of Sciences in Washington, D.C., has published a brochure entitled *A Selected List of Major Fellowship Opportunities and Aid to Advance Education for United States Citizens*. For funds available at particular institutions, the aid officer may want to refer to the American Council on Education reference entitled *A Guide to Graduate Study Programs Leading to the PhD Degree*. Individual college catalogs are also an important source of information, and these are normally available in the college library.

In addition to being aware of the various sources of financial aid for graduate and professional students, or references to them, the financial aid administrator should be a willing participant in policy discussions within his own institution regarding the criteria used in the awarding of graduate aid. Historically, need has not been a major factor in the awarding of financial aid to graduate students; but the federal government has introduced this concept through such programs as the National Direct Student Loan Program, the Guaranteed Loan Program, and the Nursing and Health Professions Scholarship and Loan Programs. Whether the need factor should be used in the awarding of institutional aid to graduate students becomes a matter of institutional policy. However, the aid administrator should be prepared to indicate to graduate school deans and major administrative officers how a need analysis system could be employed to help the institution to aid a greater number of students. Such an assumption

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presupposes, however, that the aid administrator has investigated the graduate aid program on his own campus and can demonstrate by an institutional analysis that funds are being awarded to students who have no demonstrated need. The final decision will, of course, be made by the major administrative officers of the graduate program who must take into consideration a number of variables in their decision; but the aid administrator should be in a position to help them make this decision on a more rational basis.

If a need analysis system is to be employed to award, or to supplement the awarding of, institutional gift aid at the graduate and professional level, the aid administrator must prepare student budgets. Student costs (budgets) are as important to the need analysis process as the determination of student resources. The task of preparing budgets for graduate and professional students is made more difficult because a greater percentage of these students are self-supporting, are married, and have children. Furthermore, their educational expenses are normally higher and more varied than are those of undergraduates. This means that numerous budgets are required, with each having a considerable degree of flexibility.

Assistance in preparing student budgets may be had from several sources. The College Scholarship Service publishes budgets based on national norms. The aid administrator can sample budgets that his aid applicants have submitted or survey a portion of the graduate and professional student body. In addition, he can examine cost figures for books and supplies submitted by students receiving aid under state and federal rehabilitation programs. Institutionally controlled costs should be checked closely as should off-campus room and board costs. Preparing student budgets is not easy, but it is essential if financial aid is to be distributed equitably and efficiently.

The administration of graduate and professional financial aid programs is more difficult than that of undergraduate programs. But it is more challenging because the aid administrator is in a better position to affect the policies and procedures that govern it at his own institution.

Student Financial Aid and the Law

Financial aid administration has always rested on a legal foundation. The aid administrator assumes a fiduciary role in relation to the funds he manages. Various private and government agencies have entrusted the institutional aid officer with the administration of large

sums of money that are to be awarded according to criteria established by the donor. Since this trust relationship exists, the chief financial aid administrator and his institution are directly accountable for showing due diligence in executing the terms of agreement between the institution and the donor.

During the last 15 years, concern for the legal aspects of financial aid administration has increased as a result of several new developments, including a sharp increase in the dollar volume of aid administered, a greater percentage of that aid coming from federal and state governments, and the new legal climate that has surrounded higher education since the 1960s. State and federal financial aid programs must, of necessity, seek both their origin and their funding through legislative action. Thus, the aid administrator must look to the law itself, along with regulations based on the law, to determine how the monies entrusted to him should be spent.

The state governments have provided categorical aid to students (primarily those in higher education) for years. The list of groups eligible for this categorical aid is impressive and includes: veterans; widows; wives and children of deceased and disabled veterans; children of prisoners of war or soldiers missing in action; descendants of Confederate soldiers and sailors; medical, dental, and optometry students; paramedical trainees; nursing and practical nursing candidates; students of pharmacology; recreational therapists; school psychologists; future teachers; aspiring lawyers and civil engineers; students who are blind or otherwise disabled; children of disabled parents; members of certain races; the highest ranking senior in each high school senior class; and students pursuing courses not offered within the state. Although the list is extensive, financial aid officers are usually expected to identify eligible student recipients and to administer the program funds.

Despite this galaxy of categorical aid programs, the greatest increases in the financing of state programs in recent years has occurred because of the development of general scholarship and grant programs. Only California, Maryland, New York, and Oregon had state comprehensive, competitive aid programs in 1956. By 1974 this number had grown to 36 states and three territories. The District of Columbia, eight additional states, and one territory have received federal funding under the State Student Incentive Grant Program and have state programs pending but not yet operational. Each state program is founded on its own set of statutes, and the financial aid administrator must become familiar with the regulations governing

all the programs that relate to his students.

A strict interpretation of the Tenth Amendment to the Constitution would place responsibility for all levels of education with the various states, although educational historians have shown that the framers of the Constitution thought they had provided for a national university to be located in Washington, D.C. More recently, advocates of federal aid to education have maintained that the federal government not only has the right to promote postsecondary education, but that it has, under the general welfare clause, the duty to do so. The Supreme Court of the United States had established this interpretation of the Constitution in a series of decisions handed down prior to the integration battles of the 1950s and 1960s. [*Hamilton v. Regents* (1934), *Wickard v. Filburn* (1942), and *Oklahoma v. the U.S. Civil Service Commission* (1947).]

Federal support to higher education having been firmly established as legal, various programs were created including the National Defense Student Loan Program, the College Work-Study Program, the Educational Opportunity Grant Program, the Guaranteed Loan Program, the Health Profession and Nursing Scholarship and Loan Programs, the Law Enforcement Program, and many others. Each of these is based on enabling legislation, and the financial aid officer is obligated to administer the programs accordingly.

Federal and state programs were created by laws that were enacted in substantially different political climates. Thus, the goals and purposes of the programs are sometimes philosophically and operationally inconsistent, making the administration of a total aid program at the institutional level extremely difficult. No extensive review of federal and state programs of student aid has yet been completed, although the special Sub-Committee on Education of the House of Representative's Committee on Education and Labor is currently studying the interrelatedness of the various federal programs and is concerned with some of the problems inherent in their multiplicity. Similar studies are now being conducted by the National Task Force on Student Aid Problems and the Task Force on Management of Student Assistance Programs.

In the late 1960s, student upheavals on college campuses set off a wave of hysteria in state legislatures and in Congress. These bodies drafted a series of student unrest provisions that were subsequently enacted as part of enabling or appropriations legislation. In general, these student unrest provisions provided for the cancellation of aid on a permanent or temporary basis whenever a court or institution

of higher learning found the aid recipient guilty of participating in campus disruptions or guilty of a felony. Subsequently, these student unrest provisions have, at least in part, been declared unconstitutional. (*Zack Green v. Glenn Dumke et al.*, U.S. Court of Appeals, Ninth Circuit, 1973.) The imposition of student unrest provisions by various units of government and the subsequent challenge to regulations of this type in institutions of higher education illustrate two principles of financial aid administration.

First, the financial aid officer must administer a sponsored program according to the dictates of the donor—federal, state, or private—or initially decline to accept the sponsor's offer of funds. This does not mean, however, that the aid administrator, and the institution he represents, should be reluctant to seek changes in such programs through legislation, court decisions, or moral suasion when they feel that students' rights have been violated.

Furthermore, financial aid should not be employed as a disciplinary tool. If the courts fail to prosecute, or if the institution permits the student to matriculate or to continue to pursue a course of study, the student's right to equal consideration for financial aid should remain unchallenged. Any decision regarding a student's right to attend should be determined by the institution's disciplinary process, and that decision should be made independent of the student's financial need or award.

Under the current federal and state income tax laws, gift monies awarded to students as financial aid for the purpose of attending a postsecondary institution have not been subject to taxation. Earlier, reference was made to the inconsistent use of terminology in describing graduate assistantships and fellowships. In many cases, some performance is required of the recipient in the form of teaching or other administrative duties which is not demanded of all degree candidates. A recent court decision (*Michael J. Larsen and Debora Bernstein v. Commissioner*, 1973) has established that payments made under such circumstances are subject to federal income tax. The situation in relation to the various states that levy an income tax will vary, but generally, the states follow the lead of the federal government.

The confidentiality of student records has been a favorite topic of educators for over a decade, and a full discussion of the topic is not possible here. In making a decision about releasing student information that is not public, two common sense guidelines should be employed. The first is the "need to know" rule. Does the person request-

ing the information have a legitimate need to know it? Furthermore, was the request made in writing, or in person, by an official with proper credentials? Information about a student should never be offered over the telephone.

Because of the very personal nature of a family's income and expenses, the confidentiality of information required in the financial aid process is particularly significant. This caution extends even to the relationship between parent and child and is the reason for the statement on the Parents' Confidential Statement signed by the parent which enables the financial aid administrator to discuss the family's financial circumstances with the student.

Good judgment must be exercised in the release of information about a family's financial circumstances, and the same diligence should be shown in releasing information about financial aid awards since they are a mirrored image of the family's financial strength if the award was based on need. Faculty members have no need for such data in their teaching capacity, and other administrative officers will require this information only on extremely rare occasions. Perhaps the only exception to this general rule may be the special service program directors who work closely with the aid administrator regarding the finances of students they are called upon to help.

A similar prohibition against divulging information should be extended to all secondary school, talent search, upward bound, and other service agency personnel unless the parents and student are aware of, and approve of, such an exchange of information. Aid administrators are frequently requested by scholarship donors to provide copies of grades or by outside agencies granting financial aid (for example, state commissions) to discuss an award to a mutual candidate. Considerable clerical time can be saved by seeking permission on the aid application to share grades, to discuss the student's award, or to arbitrate the student's need with legitimate outside agencies that contribute to the student's financial aid package.

Agents from private businesses should not be given information without the student's and the parent's consent. This general rule may be violated when a written request is received from the student for an employment recommendation or a credit rating.

The right of parents and guardians to information about the finances of their children has long been recognized, but this should apply only when the child is in a dependent relationship. Aid applicants coming from broken homes where a separation or divorce has occurred present a more complicated, but not unusual, problem for

the aid administrator. Generally this situation can be resolved by requesting a financial statement from the legal guardian of the applicant. Such a statement should include as an income item the amount of financial support provided by the other parent. The financial status of the legal guardian or the amount of aid awarded should not be released, except under court order, to anyone other than the legal guardian without written consent.

The recent development of electronic data processing capabilities by postsecondary institutions has presented these schools with some unique problems in insuring the confidentiality of records maintained in the computer center. Care must be taken that access to this data is strictly limited to the financial aid office staff. For direct, online, teleprocessing systems, this normally involves the establishment of access codes known only to designated personnel within the aid office.

A basic assumption in the awarding of student financial aid, especially in need-based programs, has been that the student and his family must support the costs of attendance to the best of their ability. It is assumed that parents have the obligation to contribute to the educational costs of their children, the amount of the family contribution being based on the family's financial strength.

The fact of legal emancipation (students being no longer dependent on their parents) has, in general, been recognized in financial aid circles for some time. To be considered emancipated, the student needs to meet all three of these requirements: was not claimed as a dependent for federal tax purposes, has not received more than a specified amount of support (usually $600), and has not lived at home for longer than a specified period of time.

At this time, there are two forces working together that affect the status of student emancipation. First is the movement to lower the legal age of majority. Second, parents and students increasingly believe that society should pay the bill for higher education. Many parents are glad to be free from this expense, and many students are glad to be free from parental control of the purse strings. In spite of this, however, it is still true that the great majority of parents are willing to assist their children, and most students are not feuding with their families.

The lowering of the age of majority will mean that aid officers will not be able to defend the demand for parental financial information by simply stating: "You are under 21." However, it does not seem that the lowering of the age of majority will immediately result in the

elimination of the requirement for parental financial information in the awarding of aid although it may contribute to a general trend away from parental support of educational expenses. Over a period of time, the philosophical basis for relating financial aid awards to the family's financial status may be eroded.

Special attention must be given to the obligation of minors who are granted loans as part of their financial aid package. The age of majority will vary among states, and many states have enacted special legislation that obligates minors to repay educational loans, even though they may not be held liable for the repayment of other types of commercial loans.

One might conclude that a financial aid officer should be a lawyer, but that is not necessary if appropriate legal advice is consistently sought whenever questions arise that could involve the financial aid officer or his institution in a legal dispute. For the most part, a thorough knowledge and understanding of financial aid programs and an attempt to exercise prudent judgment at all times will enable the aid administrator to function effectively.

Private Scholarship and Grant Programs

In addition to the grant aid programs available from federal, state, and institutional funds, most institutions have access to monies from private sources. While these monies provide valuable additional resources to the aid administrator, they frequently require different administrative methods and procedures.

Soliciting Funds

On many campuses it is not the responsibility of the financial aid officer to initiate solicitations for funds. In such situations the aid officer should work closely with the development office in enlisting the interest of potential donors to whom the idea of giving scholarships or loan funds may appeal. The aid officer is in the best position within the institution to outline the financial needs of students and the aid officer can best describe the strengths and the present inequities of the college's programs. If the institution does not have a development officer, the responsibility for generating scholarship and loan funds may well fall to the financial aid officer.

Many corporations and foundations provide colleges and universities with unrestricted grants-in-aid to accompany their scholarship awards, thereby acknowledging the fact that college tuition charges

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do not cover all the actual costs incurred by the college. In addition, many corporations participate in the employee-employer gift matching programs. In such programs the corporation will match on a one-to-one basis any contribution made to the institution by the employee.

Direct Awards to Colleges

From the college's point of view, grants to be administered by the college are the most desirable in furthering its aims—provided their use is not unacceptably restricted. While care is necessary in selecting recipients and in keeping accounts, the college may usually select the type of student it wants and provide him with aid in accordance with its regular procedures. In addition, it can often count on such aid in making future plans, particularly if an endowment is involved or if the donor has announced a long-range program. Typical long-range programs include individual gifts from alumni and others, corporate and foundation programs.

Direct Awards to Students

Many donors prefer, for understandable reasons, to make their own selections and awards and to permit the winners to have at least some freedom in their choice of college. Although such programs occasionally create problems by using criteria for selection or for financial need different from those used by a particular college, in general they do assist students who would otherwise need college funds. They thus enable the college to help other needy students. This type of program includes the National Merit Scholarship Program, the National Presbyterian College Scholarship Program, and many corporate programs that help employees' children or residents of their own communities.

Colleges and universities recognize the great variety in purpose of private scholarship programs. A donor's principal motive for establishing a scholarship program may be a concern for or interest in education, public and community relations, recruitment for a particular occupation, benefits for children of employees or members, increasing opportunity for a particular segment of the population or community, or pure philanthropy. When a donor's purposes can be served best by providing funds to establish his scholarship program at a particular college or at a limited number of colleges, he usually does just that. Because this arrangement allows colleges to participate directly in the selection of scholarship recipients, it is naturally preferred by them. When a donor's purposes are best served by permitting a range

of college choices, he selects the recipients for aid under procedures that are independent, in varying degrees, of any college or colleges.

Colleges and universities are particularly affected by the way in which externally sponsored scholarship programs are administered. Their award winners may or may not be receiving financial aid from the institutions and may require special administrative services from the institutions. The financial aid administrator may be called on frequently to give guidance and direction to private donors interested in providing funds to students—either at his own or at another institution. Some of the elements that might be considered include:

An independent committee to advise the sponsor concerning the policies, procedures, and administration of the program. The use of an independent advisory committee in establishing and periodically reviewing the program to assure that the program's aims are being achieved, particularly when some of its members are familiar with the practices and problems of administering college financial aid programs. Such a committee can represent public and college interests to the sponsor and protect him in certain public relations aspects of the program.

Restrictions on candidate eligibility should be publicly and explicitly stated. Scholarship programs may have certain appropriate restrictions (such as limitations of geography) on eligibility for awards. These restrictions should be made clear to all potential candidates.

Selection of recipients without regard to their race, religion, or national origin or to their political, social, or economic beliefs. Restrictions based on race, religion, national origin, or political, social, or economic beliefs are appropriate only in programs established by organizations for their own constituents. In such circumstances, these restrictions apply only to the eligibility of the candidate and are not a consideration in the selection of recipients from among the eligible candidates.

Free choice of major field of study by recipients. Ideally, a student should be able to select his major field of study freely on the basis of his aptitudes and interests, not because of the availability of financial assistance. Where awards are restricted to students who have expressed a natural interest in a particular field of study, sponsors are urged to continue the financial assistance to students who change their field of study after selection, if the college feels that such a change is justified and in the best interest of the student. An acceptable alternative is for sponsors to express such curricular limita-

tions as preferences rather than as actual restrictions.

Absence of restrictions on recipients to a general field of employment or obligations to enter the employ of a specific organization. This principle is not intended to preclude the offer of employment during summers or after graduation by a sponsor. Corporate sponsors and others with employment opportunities are encouraged to offer such employment. But it is in the best interest of both the student and the sponsor that acceptance of such employment not be mandatory. Undergraduate students frequently change their career objectives and should be free to do so.

An independent committee of qualified individuals responsible for the determination of educationally sound selection criteria and their implementation in the selection of recipients. The important elements are that technical assistance be utilized, especially in those programs where high applicant volumes or unusual selection problems may be present, and that selected recipients be considered to have demonstrated their ability to complete successfully their proposed courses of study at an institution.

Stipends graduated to demonstrated financial need. The amount of a recipient's award should be determined on the basis of his individual and family resources in relation to his annual college expenses. If the sponsored award does not meet the recipient's full financial need, the sponsor should permit the student to accept other awards so long as the total amount accepted does not exceed his need. Small awards, essentially prizes and usually not renewable, are not considered to be in conflict with this goal.

Public announcement of the names of recipients only—not the dollar amounts. Since the dollar amount of a stipend based on financial need is a direct reflection of a recipient's confidential financial circumstances, the amount of financial assistance he will receive should not be divulged.

Coordination of announcements by sponsors to candidates with the general scholarship calendar of the college. When recipients receive notice of sponsored awards on or before the general date for college announcements, they are able to consider all possibilities before being required to commit themselves. The sponsor should also notify the college of awards being made to students who plan to enroll in that institution.

Clear explanation of all conditions and responsibilities required for acceptance and continuation of awards at the time they are offered to the intended recipient. Students should be given the opportunity to

review the conditions and responsibilities involved in an award before they accept or reject it. Academic and other requirements for renewal should be included in this statement.

Payment of awards through the regular college student financial aid and fiscal offices. Payment of stipends through the student's college provides a degree of security in the administration of a sponsor's funds. It serves also to keep the college informed of external scholarship awards to its students; this is critically important to the institution's sound administration of its own student aid funds. In those cases where the sponsor cannot advance funds prior to matriculation, notification of this fact should be sent in advance to the college financial aid office so that credit arrangements can be made for the student.

Reasonable requests by sponsors for information from colleges about recipients. Sponsors may reasonably request from colleges annual reports on the progress of scholarship recipients. These reports will usually consist of a transcript and a short statement from a college official forwarded with the permission of the student. Sponsors who want additional or more frequent information should obtain it directly from the recipient.

Annual renewal of sponsored scholarships until the recipient completes his undergraduate program. Some small, primarily local, scholarship sponsors may prefer to assist a larger number of students for one year than fewer students for four years. In such cases, if the amount awarded is fixed rather than determined by need, the sponsor is encouraged to agree, if requested by the college, to prorate the total amount of the award in a way that will best insure that the student's need is met during his remaining years.

Candidate responsibility for gaining admission to college. Admission to college concerns the student and the college and should not be subject to sponsor influence. A candidate should clearly understand that acceptance of a sponsored award neither relieves him of the personal responsibility of applying for admission nor guarantees him admission.

Consistency of actions required of students by sponsors with college policies. Once a student is enrolled in a college, his academic program, social and personal behavior, and involvement in campus affairs should be subject only to the policies of the college. Requiring the inclusion of particular courses in the student's academic program, involvement in extracurricular activities, or personal behavior inconsistent with college policies is educationally unsound.

The use of private scholarship and grant funds imposes many duties—even obligations—on the financial aid officer, and he must provide the time and staff to take care of them. Among these duties are:

- Acknowledging checks and seeing that they are applied to either college accounts or student accounts, as appropriate. This requires close coordination with the bursar or controller.
- Notifying donors of the registration or withdrawal of the students receiving their funds. This requires close coordination with the dean and registrar.
- Selecting faculty advisers if the program requires them.
- Arranging visits for the scholarship donors or their representatives. While they usually ask to see only their students and the financial aid administrator, it is advisable to have the donors meet the president and other college officials and faculty, and to acquaint them with the college, especially if they are particularly interested in any area of the college's program.
- Getting students to write donors, when appropriate. Although writing letters of appreciation for an award may seem obvious to students, and routine to donors, the practice should be encouraged. A rapport between student and donor may benefit all concerned. Many students will write voluntarily; others may need an occasional reminder. And, of course, reminders from the financial aid office are appropriate in those cases in which students are asked to report to donors at certain intervals.
- Keeping in touch with the student throughout the year, to be familiar with his record and his successes and failures.
- Keeping track of the requirements of donors. The financial aid officer should condense for ready reference the specific and unusual stipulations in the terms of many of the awards he administers, as well as prepare a timetable to be used as a frequent reminder of certain requirements.
- Preparing progress reports on students, not only for those sponsors who specifically require them (and usually provide forms for the purpose) but for all donors or their representatives. Even sponsors who never correspond with the college concerning their funds often appreciate at least informal reports by letter.

The institution's financial aid office must work very closely with the admissions office, as well as any other offices in the institution that are responsible for the recruitment of potential students. Materials should be prepared for inclusion in admissions materials that

clearly define, in terminology that will be easily understood by students, the expected costs, eligibility requirements, application procedures, deadline dates, and whatever responsibilities the student and his family will have to undertake in order for the student to attend that institution. The publication provided by the College Scholarship Service entitled *Meeting College Costs* may be useful for this purpose.

Student aid administrators are becoming more and more involved in the work of identifying, motivating, and encouraging students to attend their institutions. Whenever possible, the aid officer should take advantage of channels of communication already established by the institution with secondary schools and community colleges to avoid undue burdens on those institutions. Financial aid officers should be willing to work directly with the institution's admissions officers to provide information to students and parents on the types and availability of financial aid resources.

Talent Search, Recruitment, and Selection of Recipients

During the past decade colleges and universities have increased their efforts to provide expanded opportunity for higher education to students from minority and low-income backgrounds. This has been made possible by support from the foundations, corporations, federal funding, and state funding. As a result of these programs, the number of minority/poverty students attending postsecondary educational institutions has increased substantially. In addition to financial assistance, institutions have provided a wide range of other supporting services—counseling and tutoring, for example—to help these students.

Financial aid administrators must be sensitive to the communications problems they may face in working with students from minority/poverty backgrounds. The social, cultural, and economic surroundings from which these students come often produce sets of values quite different from those of students from middle- and higher-income backgrounds. Many institutions prepare special publications for economically disadvantaged students that explain clearly how they can meet college costs. Some have found it helpful to provide this information also in Spanish for potential applicants from Mexican American and Puerto Rican backgrounds. The College Entrance Examination Board has prepared a brochure of information and advice for minority students who want to continue their education after

high school. This publication, *Going Right On*, is available on request from College Board Publication Orders, Box 2815, Princeton, New Jersey 08540.

The number of students from low-income families the institution will be able to admit will depend on the total financial aid resources available. The aid officer must list all income sources that will be available to assist potential enrollees of the institution. It should include all loan funds from within the institution (local, National Direct Student Loans, etc.) as well as from outside the institution (Federally Insured Student Loans, state loan programs, United Student Aid, etc.); all scholarship and grant funds; and all work funds including institutionally sponsored employment, College Work-Study, and employment opportunities outside the institution.

The decisions on the types of students the institution wishes to enroll should be made by an institutional-wide admissions and/or financial aid committee. The following questions should be considered during the decision-making process.[4] Does your institution wish to:

1. Attempt to enroll students with increasingly impressive academic credentials?
2. Observe admissions ratios for men and women?
3. Give admissions preference to applicants from geographically distant areas?
4. Give admissions preference to applicants who do not need financial aid?
5. Give institutional grants and scholarships based on academic preference as well as on financial need?
6. Give financial awards not based on need to academically superior students?
7. Give financial awards not based on need to special groups of applicants (athletes, faculty dependents, those with special talents, etc.)?
8. Favor in-state or in-district students in the award of aid?
9. Enroll minority group applicants to achieve a specified proportion of the entering class?
10. Give admissions and aid preference to applicants from Upward Bound, Talent Search, and Community Action programs?
11. Give preference to dependent students in the award of aid?
12. Give admissions preference to veterans?

4. *NASFAA Manual for Training of Financial Aid Officers*, Chapter II, p. 23, chart III. 1971.

13. Observe special retention standards for specially admitted students?

14. Refuse some categories of aid to students with academic deficiencies?

15. Give preference to full-time students over part-time students in awarding financial aid?

16. Consider all enrolled full-time students as equally eligible for aid?

17. Direct specific categories of students to outside loans (GLP, FISL)?

Whether the final decision on which students should be admitted to the institution and which students qualify for aid is made by an institutional committee or by some other means, it is essential that both the financial aid office and admissions office be involved in the decision. In the majority of colleges and universities there are not nearly enough resources to permit the granting of aid to all candidates approved for admission who demonstrate need. The actual type of aid offered to students will depend on what resources are available and on established institutional policy.

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History of Federal Involvement in Financial Aid

by Edward Sanders

The most exacting responsibility of financial aid officers is to use well the money for student aid provided by public agencies. These are usually either federal or state, and it may be hoped that they will be substantial in amount. The aid officers must distribute them by rules that range from disturbingly vague to annoyingly detailed and precise. The rules are always subject to change, frequently on short notice. The money to be received is sometimes committed at an inconveniently late date, yet it is hazardous to act on an estimate of what it will be. The accounting procedures both for applying for the funds and for documenting their use are detailed and tedious. And always there is a certainty that, sooner or later, federal auditors will descend.

Despite these minor complications, most institutions would like more public funds — not less. In fact, almost all of them try to get more than they receive. The amounts they do receive depend to some extent on the aid officer's competence, on his knowledge of the programs from which he hopes to get money, his ability to locate all the students in his institution who may qualify for assistance under each program, and his skill in describing the students' needs according to the guidelines that have been laid down.

The major programs now available from federal and state sources are described in detail elsewhere in this section. Except for one basic problem they give all of the information an aid officer needs to manage these programs. The problem is that these programs, particularly the federal programs, are in a state of almost constant change. It will be surprising if some of the regulations discussed here are not changed before this book can be printed and distributed. The law is what the regulations say it is, and there are continual attempts to shade or modify the basic legislation by changing the regulations. Such changes are frequent and difficult to keep up with. The most important ones are based on changes in the legislative bodies' purposes. These usually call for amendments to old legislation or the passing of new laws. When this happens there is usually sufficient publicity for aid officers to hear of it.

The first responsibility of an aid officer is to know in detail the legislation currently in effect. There is a second responsibility (and opportunity) to contribute to and participate in the continuous process of assessing the effect of current programs and of modifying them when

it seems desirable to do so. To do this it is essential to know something of the range of purposes that have been perceived for federal student aid and the various procedures that have been developed to serve them.

Federal Purposes and Procedures

The term "student aid" is generally assumed to include grants, loans, and employment offered to students, to institutions, or to both. This is a useful but very limited definition. It would be helpful to have an additional term that included all the different devices that make it possible for institutions to offer education to students at less than actual cost. The earliest federal programs gave funds to institutions that offered instruction to students without charge, but particularly in recent years there has been a fairly steady movement toward providing funds direct to students rather than to institutions of higher education.

The range of interests to which the federal government has responded can be illustrated by a brief description of some of the major programs that have developed since the early 1800s. They also illustrate the wide variety of devices and procedures that exist. This list is not a comprehensive summary, but it does indicate the major purposes and needs to which responses have been made. These major Congressional actions include:

1. The establishment of a number of training institutions to provide specific training not offered elsewhere, or training for groups not otherwise provided for, such as the United States Military Academy (1802), United States Naval Academy (1845), Gallaudet Institute for the Deaf (1864), and Howard University (for Negroes) (1867). Each of these institutions was either totally or partially supported by Federal funds and was managed by federal agencies.

2. The Morrill Act (1862) encouraged states to establish institutions to teach, among other subjects, "agriculture and mechanic arts," by offering them substantial amounts of free public lands. The states organized the institutions, managed them, and used the federal lands they received to pay for part of the costs. An annual operating subsidy was authorized in 1890.

3. The National Emergency Relief Administration (1933) authorized postsecondary institutions to develop student employment programs —the students to be chosen by the institutions but paid by the National Youth Administration. Between 1935 and 1943, some 600,000

students were aided—a substantial proportion of the total college enrollment at that time.

4. The Serviceman's Readjustment Act (1944)—the GI Bill of Rights—authorized an extensive program of benefits for veterans including up to 48 months of formal training with tuition and a living allowance paid by the Veterans Administration. This general program has been continued, although with a number of modifications, by subsequent legislation. In 1973-74 some $3,000,000,000 was distributed by this program.

5. The National Defense Education Act (1958) represented a major extension of the responsibility accepted by the federal government for the support of higher education through the authorization of a comprehensive program of assistance to both students and institutions. It included a program of subsidized student loans and a large number of graduate fellowships for prospective teachers, scientists, and professional health workers. The loans were limited to the amount students needed to complete their programs, but the graduate fellowships did not take student need into account in the sizing of stipends. Graduate institutions received a tuition subsidy of $2,500 per student. This act also authorized a number of additional benefits to institutions.

6. The Higher Education Act (1965) authorized a still more comprehensive program of benefits offered both to institutions and to students. It created a program of undergraduate grants and an employment program. It also continued the NDEA loan program and added a program to pay interest subsidies on loans to students made by private lending institutions. It created a program to search for talent among disadvantaged students and to strengthen developing institutions. Most of the NDEA programs were continued (including various graduate fellowship programs) and continued funds for buildings and equipment were provided. This was the earliest legislation that accepted as a national purpose the opening of opportunity for post-secondary education to all qualified students. It was hoped that funds would be voted to help make this idea a reality.

7. The Higher Education Amendments of 1972 attempted to create an educational "Bill of Rights" for everyone by establishing a program of Basic Educational Opportunity Grants intended to be available for every eligible candidate. It attempted to establish that $1,400 would be made available for every student. This would consist of a family contribution (to be calculated from guidelines established by the Commissioner of Education) and supplemented by a basic grant

to be paid to students by the Commissioner. It strengthened the Guaranteed Loan Program by developing an agency to purchase student loans from banks and commercial lenders, thus freeing capital so that lenders could make additional loans. Earlier undergraduate programs were continued, although in a somewhat modified form. Graduate fellowships and funds for institutional needs were reduced sharply. In addition, the Act also authorized a number of other benefits.

Goals and Strategies of the Federal Programs

The purposes of the first two groups of programs seem clear enough. They authorized the development of institutions to offer specific occupational training needed by society and not available elsewhere, or they provided special assistance to students whose needs were not being provided for adequately. The military academies clearly were established to provide professional military leadership training and the land grant colleges were created to train professional leaders in other occupations—in current terms, to meet manpower needs. Howard University and Gallaudet Institute were founded to provide basic training for groups of people who were ignored by other training institutions.

The NYA Program was one of several emergency welfare programs developed in 1933 to provide supplements to family incomes. To some degree the present assistance offered to postsecondary students through the Social Security Administration is an analogous program. The funds distributed in the current programs are very large, exceeding in 1973-74 the benefits provided under the NDSL, the SEOG, and the Work-Study Program.

The GI Bill was conceived not primarily as an aid to postsecondary education, but as one of several supplements to the compensation of World War II veterans. However, in its early years, the program provided enormous assistance to institutions through tuition allotments. Current outlays make postsecondary education possible for large numbers of students for whom it would not be so otherwise. Unlike the GI Bill, however, little assistance is provided to institutions in meeting their instructional budgets.

In the last three programs listed, the federal government seems to be accepting a considerably greater degree of responsibility for participating in financing the total postsecondary education system. The National Defense Education Act was passed primarily as a

response to the first Russian satellite. The Congress discussed this as emergency legislation to increase the quantity and improve the quality of the output of the educational system on something of a crash basis. One observer commented, "People seemed to blame our failure to beat the Russians into space less on the low priority the government had assigned to the space program than on the poor quality of algebra teaching in American high schools." The NDEA was designed to do something about this. Loans were to be given to students of promise who planned to be teachers or scientists. Certainly there was little mention of equalizing opportunity.

As NDEA was a by-product of Sputnik, the Higher Education Act of 1965 was a fairly direct outgrowth of the Civil Rights movement of the early 60s. This law, along with the equally significant Elementary and Secondary Education Act of 1964, was passed as part of the wave of social legislation of the early Johnson administration when belief in the value of higher education was at a peak. Whatever the current judgment of the success of these acts may be, the education legislation of that period called for a genuine effort to give every child a better opportunity for full development, including postsecondary education for those who wished it. Basically the act was designed to increase educational opportunities for students who required financial assistance. It was believed also, however, that a rapid and major increase in the number of teachers would be necessary to deal with the anticipated growth in undergraduate enrollments. The massive assistance provided for both students and institutions at the graduate level was primarily a response to manpower needs.

Are there equally identifiable causes for the Higher Education Amendments of 1972? Some likely possibilities suggest themselves. The honeymoon of the public with higher education was definitely ended. In a very few years a real or alleged surplus of overtrained people had developed. Soaring costs were sobering both to students and to taxpayers. There were groups who were increasingly anxious to target aid funds more exclusively to the most needy.

A different factor was the growing common recognition that the multiplicity of aid programs was making it extremely difficult to administer them well. To some sponsors of the amendments, and certainly to HEW, the time had come for a major revamping of the aid programs, to simplify their administration, and to target benefits more sharply. The result was a proposal by the administration to reduce the programs essentially to two: a grant program for those from families with truly low incomes, and an expanded loan program for

everyone else. Institutions were to look for less support from the federal government, more from other sources of revenue, not excluding higher tuition and fees. Continued expansion of facilities, particularly at the graduate level, was considered unnecessary. Although "The Amendments" was not an administration bill, its drafters were generally in sympathy with these points of view.

It is now history that when the vote counting time came Congress was not willing to minimize the older programs, and so took the time-honored way out. It voted to add the new programs—and to retain the old ones. This meant that "the buck was passed" to the appropriations committees and the administration as to how adequately the programs would be funded. Nevertheless, in purpose at least, the act is a giant step from the primary NDEA priority for expanding the training of a professional elite to the priority of giving first call on federal funds to assure some postsecondary education for everyone.

The Next Steps

The shape of the financing of postsecondary education is not yet settled. Perhaps this is the place to emphasize that the federal government is not the primary source of funding for postsecondary education. As the following table shows, state and local governments provide a larger percentage of the institutional income than does the federal government. In combination, students, parents, state, and local governments provide more than one half the total, while the federal government provides only slightly more than one quarter.

Even so, the influence of the federal government is pervasive and powerful. Two issues with regard to federal policies seem paramount

Table 1. Sources of Income for Postsecondary Education, 1971-72
(In billions)

Source	*Total support*	*Percent of total*
Student payments for tuition and fees	$ 5.9	20.0%
State and local governments	9.3	31.6
Federal government	8.1	27.4
Private philanthropy and endowment income	2.7	9.1
Auxiliary enterprises and other activities	3.5	11.9
Total	$29.5	100.0%

National Commission on Financing Postsecondary Education, *Financing Postsecondary Education in the United States*, p. 69.

at this time. First, should postsecondary education be priced more nearly at full cost, with institutions then depending increasingly on student fees for their resources? Second, should federal funds be channeled increasingly to students rather than to institutions?

On the first issue, the academic community is badly split. The groups who favor low tuition seem to be students and the educational institutions themselves, and include the National Student Lobby, the Association of American Colleges and Universities, the Association of State Colleges and Universities, to mention three groups. The Carnegie Commission, the Newman Commission, the Commission on Financing Postsecondary Education, the Committee on Economic Development, the present administration and various other groups favor higher tuition in public institutions. Members of the education committees of Congress seem to be divided. On the issue of awarding funds to students rather than to institutions, the situation seems clearer. Increasingly, federal funds are being awarded to students and aid to institutions is being reduced.

To show the rapidity of the change in the manner of awarding aid to students, the NDEA of 1958 and the Higher Education Act of 1965 alloted all student aid to the institutions, which were instructed to award it to students on the basis of their financial need. In the proposed 1975 federal student aid budget, only the College Work-Study Program funds would be distributed through the institutions with all other student aid being paid directly to the recipients. Even if Congress continues the present funding patterns and reduces the funding of the BEOG program accordingly, the institutionally based funds would total only approximately $750 million and the direct funds $4,750 million.

A difficulty will be immediately apparent to aid administrators. BEOGs are limited, even under full funding, to one-half of estimated expenses. The unmet expenses have previously been secured by the institutions from their NDEA, SEOG, and Work-Study allotments, and their own funds. Under the budget proposed they will only have Work-Study money of $250 million plus their own funds, to match $1,300 million of BEOGs. It may seem that the large sums available in the non-need based programs will be ample for matching purposes, but this may not be so. Social Security funds cannot be used in this calculation, and in the first report on BEOG holders issued by the Office of Education, only 7% of the recipients were also receiving veterans benefits. FISLs are not based on need, and in most cases, information about them is not known at the time of the application for aid.

If BEOGs should be fully funded, only those few colleges with very large private scholarship or loan funds are likely to be able to match BEOGs, and their funds must be used for all of their aid recipients, not just BEOG holders. In fact, under full funding it would seem that it may be impossible to implement the assumption that BEOG recipients can secure the unmet half of their needs from other college aid funds.

If an effective coordination of an expanded BEOG program can be developed with all other sources of aid—state programs, corporation gifts, institutional funds, non-need based programs—it is possible that student need, as it has been defined, can be met more adequately than previously. If the administration point of view prevails it means that the programs authorized by the NDEA and the Higher Education Act of 1965 to aid both students and institutions have come to an end, and aid officers will need to learn to live with the new.

Other policy issues may emerge that would influence aid legislation. Estimates of the number of highly trained professionals, in many fields, have fluctuated so widely in the last 15 years that the assumption that the potential supply is now adequate, which is present policy, is not very reassuring. If manpower needs should change drastically there might be an updated NDEA. There is no precedent for the present policy of providing support for postsecondary and professional students with no regard for their achievement, and this, too, could change.

There is no single clear-cut rationale for the federal efforts in student financial assistance for postsecondary education. At one extreme, it is argued that the government should stay out of the picture completely because the economic benefits accrue first, if not exclusively, to the individual and should be placed in the marketplace at full cost. The opposite policy position is that society is the principal beneficiary of higher education and that the government, therefore, should underwrite the full cost through the general tax structure. Each model has its real-world analogue.

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Federal Programs

by Gene S. Miller

The campus aid administrator's responsibilities in connection with the Basic Educational Opportunity Grants (BEOG), the Supplemental Educational Opportunity Grants (SEOG), the College Work-Study Program (CWSP), and the National Direct Student Loan Program (NDSL) are discussed only briefly within the following pages.

The United States Office of Education provides the financial aid administrator with extensive and detailed manuals that describe the policies, procedures, and regulations governing the administration of these programs. In addition to information about the basic laws under which the programs were established, the manuals include copies of the working documents that should guide the administrator in his day-to-day dealings with students who are receiving aid from the programs. The following paragraphs are not intended to replace the federal documents, but are provided to draw attention to the major administrative responsibilities the campus aid officer should assume.

Basic Educational Opportunity Grant Program

The Basic Educational Opportunity Grant Program was established under the Education Amendments of 1972. It was intended that it should serve as the foundation on which all other forms of federal, state, institutional, and private financial assistance to students in postsecondary education would be based. It was established as an "entitlement" program to assure that every student in postsecondary education would have $1,400 in support from his family or, where that was impossible, from the federal government. Thus, access to some form of postsecondary education could be made available to every student who desired it.

Eligibility for BEOG assistance is primarily established on the basis of a financial need determination made under a "family contribution schedule" developed by the United States Office of Education and conducted on their behalf by an outside contractor. The original legislation intended that any undergraduate student attending on at least a half-time basis would be eligible, but limitations in the funding of the program for the 1973-74 and 1974-75 years caused Congress to restrict eligibility to full-time students only and, for the 1974-75 academic year, to freshman and sophomore students only. In 1975-76,

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part-time and full-time freshmen, sophomores, and juniors may apply. BEOG awards may be used by eligible students in any program that leads to a degree or certificate, that is of at least six months duration, and admits students with a high school diploma or recognized equivalent.

While the legislation under which the program was established states that the student's maximum grant eligibility is $1,400 minus the expected family contribution, the appropriations for the 1974-75 year were not sufficient to provide grants that large. The law provides a schedule for reduction under these circumstances, and for 1974-75 awards are made under the following schedule:

Original Entitlement	*Actual Award Reduced by*
$1,400 and $1,001	25 percent
$1,000 and $801	30 percent
$800 and $601	35 percent
$600 or less	50 percent

Under this schedule, the maximum grant the student can receive is limited to $1,050 if he has no determined family contribution. The average grant is expected to be $655.

The maximum amount of assistance that the student can receive from the BEOG Program is also limited to half the cost of attendance at the postsecondary institution the student wishes to attend. Under the regulations of the Office of Education, only three categories of student costs are considered: actual tuition and fees, room and board, and a personal and miscellaneous expense allowance. Three types of student budgets have been established: one for the student residing on campus in institutional facilities, one for the student living at home with the parents, and one for the student not living at home or in institutional facilities. Obviously, these three budget groups do not recognize the multiplicity of types of arrangements of today's students. Institutions may have a wide variety of budgets. "Actual cost" is used only for those students who reside in institutional facilities. For these students the actual amount paid for room and board is included in the budget. For students who live with their parents or who establish their own residences in noninstitutional facilities, standardized estimates of room and board expenses are used. This produces some inequities in the determination of BEOG stipends.

In concept, the BEOG Program is not a "campus-based" federal aid program. In practice, the campus-based financial aid administrator

must assume a number of responsibilities for its success and, in fact, for its operation.

Initial eligibility is determined on the basis of submission of an *Application for Determination of Basic Grant Eligibility*, which may be obtained by the student from secondary schools, public libraries, postsecondary institutions, and other comparable sources. This *Application*, when completed by the student and the parents, is submitted to an outside contractor who performs the original eligibility determination on behalf of the Office of Education under terms of the family contribution schedule developed by the Office of Education and approved by Congress. This procedure results in the preparation of a *Student Eligibility Report* (SER) that is sent to the student. It includes an eligibility index, but not the actual grant amount.

Most aid administrators supplement this off-campus effort by distributing application forms to potentially eligible students anticipating enrollment at their institutions. Other aid administrators make additional efforts to publicize the program through information published in brochures, presentations to students, parents, and secondary school personnel and by working with community agencies. The professional aid administrator also assists students and families in completing BEOG applications and in interpreting SERs returned for corrections.

Once the application has been submitted to the BEOG processing contractor, the aid officer assumes additional responsibilities for the program. The *Student Eligibility Report*, produced in about four weeks after submission of the *Application for Determination of Basic Grant Eligibility*, is returned directly to the student. This document does not provide the amount of the BEOG award because it can be determined only after consideration of the appropriate institutional budgets. The aid administrator may expect to receive numerous inquiries from students who have been found eligible but still do not know how much aid they can expect—students who may ultimately enroll at another institution. The aid administrator will need to be aware of the amount of BEOG support that a student might receive at a number of different types of institutions in order to advise the student who is confused about his *Student Eligibility Report* appropriately.

When the student has determined which institution he plans to attend, he submits his *Student Eligibility Report* to the aid administrator for calculation of the Basic Grant award. At this point, the financial aid administrator is probably dealing with a student who

will actually enroll at his institution, and the process is similar to that involved in the administration of other non-campus based aid programs. The aid administrator performs a number of duties on behalf of the student in order to complete the award process. These include calculation of the actual BEOG award amount on the basis of family contribution, appropriate budget, and reduction schedule; certification of citizenship and enrollment at the institution; notarization of the *Affidavit of Educational Purpose;* and submission of the completed document to the Office of Education.

There are a number of problems for the campus aid administrator inherent in this process. These include timing, determination of financial need, award adjustment, and record keeping. The problems are interrelated.

In spite of efforts by the Office of Education to advance the process, the schedule for determination of eligibility for BEOG awards lags considerably behind that of most financial aid programs for entering students. In 1975, the *Application for Determination of Basic Grant Eligibility* for students anticipating enrollment in September 1975 was not available until the end of January—by which time most aid administrators will have received their completed applications from entering freshman applicants. Even if the student and parents acted quickly to complete the BEOG form and received an immediate reply from the BEOG processing center, the preliminary determination of the BEOG award would not occur in advance of the state and institutional aid determinations. Aid administrators are forced to "impute" BEOG eligibility if they wish to include the BEOG in their initial package.

In addition, an eligible student may apply for a BEOG at almost any time during the academic year. Students who are eligible for BEOG assistance may not learn of their eligibility until they arrive on campus in the fall and appear at the financial aid office, and they may not receive firm notification of their award amounts until after the academic year has begun—and some may not receive notification until the year is nearly ended. This involves the campus aid administrator in a complicated series of adjustment and coordination activities to assure that the low-income students the BEOG Program is intended to support receive a coordinated package of federal, state, and institutional aid in amounts sufficient to assure their attendance and retention but not in amounts larger than their financial need. Because of the timing of the BEOG process, these activities generally are of an ongoing nature and occur during the entire academic

year—rather than being completed early in the fall as is generally true with those for other forms of financial assistance.

Because the Basic Educational Opportunity Grant eligibility is determined by a separate application under a set of eligibility determinations different from those used by the campus financial aid administrator (and most state aid programs), there are certain problems in need analysis involved in coordination of the program with other assistance. While the aid administrator is not legally responsible for the identification or correction of differences in the data provided by the family on the *Application for Determination of Basic Grant Eligibility* and other documents such as the Parents' Confidential Statement, the conscientious administrator will believe that he has a responsibility to his institution and to himself to determine the reasons for the differences. This will involve attention to details on the two forms, some communications with the parents, reevaluation of institutionally determined financial need, and possibly additional award adjustment if the differences cannot be reconciled.

The institution at which the BEOG eligible student enrolls generally acts as the disbursing agent on behalf of the Office of Education. When completed, *Student Eligibility Reports* are submitted to the Office of Education by an institution that has a disbursing agreement and funds are credited to the institution's account with the National Institute of Health. The institution may draw against these funds either to credit the student's account or to make a direct payment to the student (or some combination of these two). This requires that the institution act as fiscal agent for the federal government and maintain accurate and adequate records to document its fiscal stewardship. Payments are made at least once each academic period, so the process of fiscal responsibility is an ongoing one.

For renewal students the problems of BEOG administration for the campus aid officer are less complex because the student has usually already been identified, the award amount is more readily computed, and packaging can include specific assumptions about BEOG availability. But the campus aid administrator should take responsibility for assuring that renewal students complete and submit the appropriate forms by the specified dates so that assumptions regarding availability can, in fact, become actualities. Depending on the institutional and BEOG application schedules, this coordination can be achieved by including BEOG documents with institutional renewal forms or by a separate distribution of forms that will assure that both sets are completed at the appropriate times.

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Summary

Although the Basic Educational Opportunity Grant Program is not included among the "campus-based" student aid provided by the federal government, the local aid administrator must be involved in the program. The involvement of the postsecondary educational institution in the BEOG delivery process includes:

1. *Application distribution.* The financial aid administrator should establish procedures to assure that all potentially eligible students receive the BEOG application forms either through their secondary schools or through direct distribution from the postsecondary institution. Information about BEOG availability and eligibility should be part of the written and verbal information that the financial aid administrator provides to secondary school counselors, students, parents, and community agencies.

2. *Counseling.* The campus aid administrator will find that the BEOG application and award process is confusing to many in the program's primary target population. Plans must be made to provide a sort of counseling to students and their families that may be more comprehensive and complex than what is regularly made available to aid applicants on the campus.

3. *Award calculation.* Current BEOG procedures require that the campus aid administrator calculate the final amount of the BEOG award and communicate this information to the student. The aid administrator must explain to the student who requests it how his eligibility for this non-campus based program was determined, and must cope with any dissatisfaction that may occur as a result.

4. *Packaging.* The financial aid administrator at the postsecondary educational institution must assume the responsibility for making adjustments in awards from his own funds (and for communicating to the appropriate persons the need for potential adjustments in other awards) if the package originally developed for the BEOG recipient is incorrect or inadequate when the final BEOG eligibility is determined. This process can be complex and is continuous throughout the academic year as additional BEOG awards are made to students who submit late applications.

5. *Award payment.* The postsecondary institution at which the BEOG recipient ultimately enrolls has the responsibility for making payments on behalf of the BEOG program. Whether this is done by direct payment or by credit to institutional student accounts, it will involve considerable time and effort. Adequate and accurate records must be

maintained subject to audit by the federal government.

6. *Local monitoring.* While not a specifically definable responsibility, the campus financial aid administrator is ultimately the only source of communication between the student and the BEOG Program. The aid administrator will find that he is expected to represent the student to the program (and the program to the student) when changes, misunderstandings, or confusions occur. This responsibility, while less defined, may be the most significant that the aid officer assumes in cooperation with the Basic Educational Opportunity Grant Program.

Particularly at full funding, where amounts are sufficient to provide all eligible students with support up to the anticipated maximum of $1,400, the Basic Educational Opportunity Grant Program can be a significant source of aid to students at all postsecondary educational institutions. The campus aid administrator must be aware of the explicit and implicit responsibilities that become his when students at his institution apply for and receive grant aid from this non-campus-based program.

Campus-Based Federal Student Aid Programs

In addition to the support provided through the Basic Educational Opportunity Grant Program, the federal government makes financial aid for postsecondary education available through three major "campus-based" student aid programs. The primary administrative difference between the campus-based Supplemental Educational Opportunity Grants (SEOG), National Direct Student Loans (NDSL), and College Work-Study (CWS) Programs and the BEOG is the degree of direct responsibility the campus aid officer must assume. For the campus-based programs, the aid administrator is responsible for determining the total amount of support needed by his students, making formal application to the federal government for such assistance, evaluating the eligibility of individual applicants under guidelines and regulations provided by the Office of Education, making the individual awards and notifying the recipients, making all arrangements for disbursements of funds, securing appropriate documentation of eligibility and disbursement, developing employment opportunities, maintaining detailed financial records, and providing regular and periodic reports on both fiscal and operational aspects of the programs.

The responsibilities of the administrator for the campus-based programs, and the commitments assumed by his institution in their

administration, are considerably greater and more direct than those associated with the BEOG Program.

The College Work-Study Program

The interest of the federal government in the employment of students in institutions of higher education extends back to the post-Depression National Youth Administration. Although this program was not specifically intended to assist students in obtaining a higher education, but rather to promote the economy in general, it did have the result of providing the funds necessary for the education of many young men and women.

The College Work-Study (CWS) Program was originally part of the Economic Opportunity Act of 1964 (Public Law 88-452), designed "to mobilize the human and financial resources of the Nation to combat poverty in the United States." In its original form it was primarily a measure to improve the general economy with important but not exclusive emphasis on higher education. This act was an expression of the concern of our society about the poverty that exists in the midst of affluence.

There can be no doubt that education is a significant factor in creating economic opportunity. A study by the Survey Research Center of the Institute for Social Research at the University of Michigan (Morgan, David, Cohen, and Brazer, 1962) showed that one of the most significant factors in the transmission of poverty from generation to generation is inadequacy of education. This study, *Income and Welfare in the United States* (Chapters 23 and 24), reported the following conclusions.

1. "Education and occupation jointly determine the stability of . . . employment and . . . future prospects.

2. "Seventy-two per cent of those with training beyond high school report that they would have a good chance of finding another job that pays about the same if they should lose their present job.

3. "The education of the father was by far the most significant determinant of the level of education received by the child."

The Higher Education Act of 1965 and 1972, Title IV, Part C, further amended and extended the College Work-Study Program. Program administration was transferred to the Office of Education. Student eligibility requirements have been expanded to include all students with "great financial need." The term "from low-income families" has been eliminated; thus the College Work-Study Program

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has become another student financial aid program, not primarily a poverty program.

Responsibilities of Participating Institutions

In addition to a contribution from the institution or employing agency to the actual salaries and wages of CWS Program students, Terms of Agreement must be signed stipulating that the institution shall:

1. Maintain adequate records reflecting transactions under all programs
2. Retain such records as prescribed by the Commissioner of Education
3. Submit annual "Institutional Fiscal Operations Reports"
4. Insure the accuracy of all records
5. Not spend funds subsequent to the cutoff date for filing of the "Fiscal Report"
6. Use a systematic and approved method of need analysis (such as the CSS system)
7. Establish procedures for making aid reasonably available to all eligible students
8. Ascertain the student's eligibility including: citizenship status, half-time or more student status, capacity to maintain good standing, financial need
9. Require the student to file an affidavit stating that any aid will be used solely for expenses related to attendance at the institution
10. Comply with Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972 (prohibition of sex discrimination)
11. Continue to expend from its own sources an amount not less than the average expenditure for aid programs for the preceding three fiscal years.

Special Responsibilities for Management of the CWS *Program*

1. A written agreement between the institution and employing agency will be executed stating that student workers:
   - A. Will not displace regular workers
   - B. Will be governed by conditions of employment as will be appropriate and reasonable in light of such factors as type of work performed, geographic region, and proficiency of the employee
   - C. Must not be involved in the construction, operation, or maintenance of a facility used for sectarian instruction or religious worship
   - D. Must not be involved in any partisan or nonpartisan political

activity associated with a candidate or contending group in an election for public or party office.

2. The institution is responsible for insuring the reliability of the employing organization, that the work is in the public interest, and is properly supervised.
3. In making work available, the institution shall give preference to students with the greatest need.
4. The institution shall certify that the federal share of compensation to students shall not exceed 80 percent of the total compensation to the students.

Institutions are encouraged to enter into contracts with both public and private nonprofit agencies and organizations off the campus to provide jobs for their students.

Community agencies are generally quite willing to employ students, and the jobs with these outside agencies can become more important and more responsible as the skills and abilities of the program's participants increase with their further education. The possibilities are limited only by the willingness of the agencies to employ students and the initiative of the college officer responsible for the development of the jobs.

Student Eligibility

Participants in the CWS Program must be either citizens or nationals of the United States or other persons who are in the United States for other than a temporary purpose.

The two other criteria for eligibility involve financial need and evidence of academic or creative promise.

Students from the lowest income families no longer have priority under regulations for this program. Financial need is defined as the difference between the cost of attending the institution and the resources available to the student to meet these costs. The neediest students are those showing the greatest dollar deficit between costs and resources. In calculating each student's need the institutional aid officer must utilize a systematic need analysis procedure in order to treat all applicants equitably. The need system used must be stated in the institution's Terms of Agreement and must be approved by the Commissioner of Education. In applying the accepted need system, the aid officer is encouraged to use professional judgment in considering the unique circumstances of specific cases.

A student deemed to have the ability to complete his chosen course of study is considered as having "academic or creative promise." In-

stitutions are admonished to use nonconventional methods as well as grades and test scores in determining academic promise to increase access for students from disadvantaged educational backgrounds.

Additionally, a student placed on academic probation may continue to participate in the College Work-Study Program if enrolled at least half-time and as long as the work does not interfere with the student's academic progress.

The Higher Education Amendments of 1972 have extended eligibility to students who are enrolled on a half-time basis to participate in the College Work-Study Program.

Hours of Employment

Although prior regulations limited students to 15 hours per week while school was in session, the Higher Education Amendments of 1972 permit an eligible student to work up to a maximum of 40 hours per week in the College Work-Study Program.

The number of hours an enrolled student may work is determined by the amount of financial need and the student's academic workload. The institution has a responsibility to protect the student from the deleterious effect of the combination of excessive hours of work and/or study.

Normally, the full-time student will work 15-20 hours during periods when classes are in session. The half-time student might work 40 hours a week if his need and academic workload permitted this schedule.

During vacation periods and/or summertime, any eligible student may work up to 40 hours per week. Summer work-study employment is limited to students attending the institution during the regular academic term. Transfer students may be employed by the institution to which they are transferring only. A student planning to study abroad may be employed under the College Work-Study Program as long as he has been accepted for enrollment by the institution that employs him.

Wage Rates

In establishing wage rates, the responsibilities and duties of the job should be taken into consideration. Criteria to be used in setting these rates include: the skills and abilities needed to perform the job; the prevailing rates for similar jobs in the local area; applicable federal, state, or local legislation.

Wage rate differentials based on race, creed, color, national origin,

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or sex are not permitted, nor may rates be based on the student's need.

The minimum wage rate is established by the United States Department of Labor. Effective May 1, 1974, the minimum wage standard in the United States began a series of step increases which will result in a $2.30 minimum wage rate by 1977. Institutions of higher education, according to the new amendment, may employ full-time students at a special subminimum wage rate—85 percent of the prevailing minimum wage rate. The schedule for the increases will result in the following pattern:

	Minimum Wage	*Subminimum Wage (students)*
May 1, 1974-Dec. 31, 1974	$1.90	$1.615
Jan. 1, 1975-Dec. 31, 1975	2.00	1.70
Jan. 1, 1976-Dec. 31, 1976	2.20	1.87
Jan. 1, 1977 and thereafter	2.30	1.955

Under the new amendment, full-time students, as defined by the institution of higher education, may be employed 20 hours per week, but not more than 8 hours per day when school is in session and 40 hours per week. For additional regulations, see *Federal Register* for May 1, 1974.

Certification for hiring students at a subminimum wage rate must be obtained from the Secretary of Labor. A grace period extending to June 30, 1974, was provided for institutions hiring students at a subminimum wage rate beginning May 1, 1974. Certificates are issued for one year, with provisions for renewals. Separate applications must be made by each campus of an institution that wishes to employ students at subminimum rates. Applications may be obtained from any regional office of the Labor Department's Wage and Hour Division.

Students employed by institutions of higher education under the College Work-Study Program are covered by the new amendment. Special care, however, should be given to the implementation of an employment program that discriminates in wages among different types of students. Full-time students on CWS will qualify for employment at a subminimum wage rate; part-time students must be paid at full minimum wage rates. The maximum wage rate for the College Work-Study Program is established in the regulations at $3.50 an hour.

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Program Expenses

Since the inception of the CWS Program, the federal and institutional share of the total program expense has varied. In 1969, however, the shares were stabilized at 80 percent federal and 20 percent institutional funds. In addition, guidelines have been adopted allowing institutions to utilize 3 percent of the total compensation earned.

Off-Campus Employment

In addition to providing students with needed funds for continued attendance at the institution, the College Work-Study Program provides opportunities to develop job skills and for exploration in the areas of a student's occupational objectives. To meet these needs as well as to assist the employing agency, the institutional aid officer will seek as many diverse employment opportunities on and off the campus as possible. To be eligible, the agency must be chartered as a public or private nonprofit organization by the laws of the state.

The positions occupied by work-study students for the organizations must be in the public interest and not confined to the internal interests of the group. Thus, a student could work as a recreational aid for a church program but not as a clerk typing the minister's sermons.

In addition to the necessary fiscal documentation for off-campus organizations, the institution has an obligation for the supervision and evaluation of students and jobs. The institutional aid officer will want to establish regular contacts with agencies in the form of visits as well as by telephone. These contacts will assure the institution that the student is performing acceptable work as well as assure the agency of the concern for its problems by the institution.

Conclusion

The College Work-Study Program has become one of the most desirable federal financial aid programs available. The benefits to students, institutions, agencies, and the public are multiple. The development of agreements with a wide variety of agencies off-campus has increased the contractual and fiscal complexities of program operation. The role and responsibilities of the institutional aid officer in managing this program has led to a need for highly trained professionals with accounting and legal knowledge as well as student personnel skills.

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The National Direct Student Loan Program

Since its inception in 1958, under the National Defense Education Act, the National Defense Student Loan (renamed National Direct Student Loan under the Higher Education Amendments of 1972) Program has had a tremendous impact on higher education in this country. For many institutions, loans from this source now make up the major portion of their aid funds. The NDSL Program has encouraged the creation of effective, centralized aid programs at colleges where there were no such programs in existence before.

The NDSL Program has been readily integrated into the standard financial aid programs of colleges and universities. Many of the program's tenets are familiar. For example, it is not based on commercial loan practices but derives instead from well established institutional loan programs, which preceded it by many years. It requires no collateral, except that security or endorsement may be required in cases in which state law does not bind the signature of a minor. It requires evidence of financial need. It charges no interest while a student is in school, and only 3 percent after the loan enters the repayment stage. Finally, it gives a student a long time in which to repay his loan – up to 10 years, according to the amount borrowed, from the date of the first payment.

The program was originally designed to promote careers in teaching and still provides a cancellation benefit to those who teach full-time in institutions deemed by the Commissioner of Education to have a high concentration of students from low-income families and to those who are full-time teachers of handicapped children. In addition, a cancellation provision has been added for service in the Armed Forces of the United States. The program also promotes graduate and professional education by lending larger amounts to graduate and professional students when sufficient funds are available, and by deferring undergraduate loans until advanced degrees are earned, provided that attendance is on at least a half-time basis. It promotes part-time education by providing loans to half-time students who might otherwise be denied an opportunity for additional college education.

Responsibilities of Participating Institutions

In addition to an annual fiscal contribution of 10 percent to the loan fund, Terms of Agreement must be signed by the institution certifying compliance with certain federal requirements. These terms are

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described more fully in the description of the College Work-Study Program. Special terms applicable to the National Direct Student Loan Program require that:

1. The institution establish a National Direct Loan fund and deposit: all federal capital contributions received; an amount equal to not less than 1/9 of the federal contributions; collections of principal and interest on student loans made from the fund; penalty charges collected; payments made to the institution for loan cancellations; any earnings of the fund.

2. The fund be used only for loans to students, costs of litigation, and other collection costs.

3. A loan in default for at least two years may be assigned to the United States if the institution has used due diligence in making collections. Funds then collected revert to the General Fund of the United States Treasury.

4. The fund be deposited and carried in a special account of the institution.

5. No payments to students may be made unless the institution complies with the Truth in Lending requirements.

6. The institution accept responsibility for and use due diligence in effecting collections.

7. The institution make loans only to eligible students.

The application that a college completes to obtain its share of funds requires careful documentation of the financial needs of its students. However, very few of the legal and administrative requirements of the Office of Education force the college to take measures it would not, or should not, take with respect to its own funds.

Eligibility

A loan may be given to any citizen or permanent resident of the United States who is enrolled in an institution of higher education on at least a half-time basis, is in need of the loan, and is capable of maintaining good standing.

Loans shall be made available to all eligible student applicants. When funds are insufficient to meet demand the order of selection shall be made on the basis of need determination procedures established by the institution which shall be applied uniformly. Several systems of need determination including the CSS system have been approved by the Commissioner of Education for this need determination.

A student determined to be eligible who thereafter fails to main-

tain good standing may be declared ineligible for further funds upon notice to the Commissioner.

Loan Limits

The major dimensions of the loans under the National Direct Student Loan Program are as follows.

Up to $2,500 may be lent to an undergraduate student over a two-year period, with an additional $2,500 amount permissible for the next two-year period of undergraduate education.

A maximum of $5,000 may be lent to an undergraduate.

A maximum of $10,000 of NDSL indebtedness including graduate loans may be incurred in institutions of higher education.

The Loan Application

Normally institutions will have a single application for all forms of financial assistance. For a student receiving an NDSL some additional information is needed to ascertain eligibility. The criteria for making decisions on loans will be affected by several factors: whether the student can benefit from the cancellation provision; the probability that the student will complete his education and become employable; and the acceptability of a loan by a student and/or his family. Whenever possible loans should be an alternative choice to a scholarship or grant for a student from a low-income family, particularly during the first year of postsecondary education.

Because the application may come from a transfer, graduate, or professional student who has had previous loans at another college (either institutional, from the NDSL Program, or both), it is particularly important to note three items with care: total indebtedness to the NDSL Program to date, amount borrowed for the current year from the program, and total indebtedness of the student.

The first item tells the aid officer the total remaining eligibility of the borrower. The second tells how much remains of the $2,500 that can be loaned to an undergraduate in a given 2-year period. The third helps him determine the composition of the total aid package (scholarship, loan, job) or whether to set loan limits lower than the maximum permitted under the program.

The Promissory Note

The Office of Education has issued a standard note form, O.E. 4246-1, that fulfills all the conditions of the National Direct Student Loan provisions of the Higher Education Amendments of 1972. Changes

requested by the colleges have always been considered by the Office, and approval for use has been granted when program requirements are met without violating a law or regulation. Except for a provision requiring security or endorsement of the note when the student is a minor (in states where the minor's signature in itself does not create a legally enforceable obligation), any substantive deviation from the approved form must be reviewed and approved by the Commissioner of Education.

The note must include the following provisions:

1. Provide for repayment of principal and interest in equal or graduated periodic installments payable quarterly, bimonthly, or monthly beginning 9 months after the borrower ceases to attend an institution of postsecondary education at least half time and ends 10 years and nine months after such date
2. Provide for the borrower at his option to accelerate payments
3. May provide for minimum repayment of $15 per month for loans prior to July 1, 1972 and $30 per month for loans made after June 30, 1972
4. Provide for interest of 3 percent on the unpaid balance during the repayment period
5. Provide for deferment of payment while attending a postsecondary institution half time or for 3 years while a member of the armed forces of the United States, the Peace Corps, or VISTA (Economic Opportunity Act of 1964)
6. May provide for assessing a charge for failure of the borrower to make all or part of a regular installment when due, or for failure to file timely evidence of deferment
7. Provide for security or endorsement only when the borrower is a minor and state law prohibits him from making a binding obligation
8. Provide at the option of the institution for full payment of the entire loan and interest for failure of the borrower to make a payment on schedule
9. Provide at the option of the institution that the borrower be liable for all fees, costs, and charges necessary for collection of any repayment not paid when due
10. Provide that the institution may not assign the note, except to the United States or a party specifically approved by the Commissioner.

Detailed information about these alternative provisions of the NDSL Program promissory notes can be obtained from the regional offices of the Office of Education.

Collection of Loans

The collection of loans under the NDSL Program is no less important, nor should it be any more difficult, than the collection of a college's own institutional loans. Every loan repaid represents funds available to be lent again. Any college that shows high repayment and low delinquency records with its own funds should do as well with its loans under the Program.

Good collections are the result of good procedures. Good procedures consist essentially of the following: a properly conducted initial interview; a proper application form, completely filled out and including sufficient data, such as names and addresses through which a delinquent borrower can be traced, and full information on all educational indebtedness; a well-conducted, careful final interview; frequent billing and payment periods; and firm enforcement, including legal action where indicated.

In the initial interview, an aid officer has both the responsibility and the opportunity to make clear to a student his obligations and his rights under the law. The first interview should also be the occasion for clarifying the financial need situation and for getting acquainted. The borrower should realize that his debt is to the college, not to the federal government, although the government has provided 90 percent of the money.

In the final interview, much of the first interview must be repeated. In addition, a student may be offered his choice of repayment options. At this time a check should be made on the borrower's file in order to make sure it contains adequate means of tracing him. Parents' names and addresses, their telephone numbers, the student's social security number, and driver's license number, are all aids in tracing a former student who leaves no forwarding address.

Many colleges have found group exit interviews a useful device. The increasing size of the program has made the scheduling of individual exit interviews close to graduation virtually impossible at many institutions, and group sessions can alleviate this difficulty. Moreover, many students in the group ask questions and raise points of general interest that might well be overlooked in an individual interview.

The law permits quarterly repayment of loans, but many colleges prefer monthly billings and payments. This schedule places less reliance on a student's foresight in saving for less frequent payments. Other colleges prefer quarterly periods. While monthly billings and

payments are in some respects ideal, colleges whose clerical activities are not adequately automated may find monthly interest calculations tedious, complicated, and too expensive.

Persistent delinquency requires implementation of the college's policy, whatever that is. Experienced commercial people recommend as being effective a planned series of reminders that are instituted at regular, planned intervals. If a delinquent's whereabouts are known and he has made no effort to repay his loan, a campaign of letters is recommended. The college may want to go slowly and cautiously at first, or it may move briskly, but sooner or later a real delinquency must be dealt with forcefully. The cost of litigation is borne by the institution's NDSL Program fund (90 percent federal, 10 percent institutional), if it is not recovered from the borrower.

If a college deals with a student in a conscientious and serious manner when the loans are granted and during the exit interview the student is likely to be conscientious about repaying the loan. Some institutions that have had difficulty in collecting on loans report success after turning over one or both procedures to a billing and/or collection agency.

Agencies will, for a fee, bill students for principal and interest when accounts become due. The college, which still retains responsibility, must provide the basic data regularly, receive the repayments, and follow up delinquent accounts. For a higher fee, some agencies will collect money as well as send out bills. The college then receives regular reports and payments from the agent. Finally, collection agencies or lawyers will proceed against delinquent borrowers or "skips," if the college wishes, for about one-third of the amount they collect. Names and addresses of various agencies, as well as an evaluation of their performances, can usually be obtained quickly by calling aid officers in other institutions or from the regional offices of the Office of Education.

The advantages of such central billing and collection plans are obvious. Large-scale economies are possible, including more effective utilization of personnel and equipment. Automation of clerical operations becomes feasible and results in frequent reports to the colleges, as well as efficient record keeping, accounting, and billing. Moreover, certain handicaps inherent in loan collection by the college can be avoided. A borrower who may give his educational loan low priority on his list of obligations, may react more promptly to a bank or a collection agency. Some conflict with alumni associations can be avoided by separating loan collecting from the college's activities. Proceed-

ings against serious delinquents can be carried out more vigorously by a bank or an agency and there is less likely to be interference from the borrower's friends among the faculty, the administration, or the alumni.

There are objections, however, to central collection plans. While not all institutions have close relationships with their alumni, those that do may well find that some borrowers would resent bitterly having their accounts turned over to a collection agency. The procedure might improve collections, but it might also affect adversely alumni giving later on. Even apparently unwanted faculty intervention on behalf of a student is indicative of an associational strength not to be treated lightly. In addition, confusion could result when a borrower transferred from one institution to another.

Institutional administrators should keep in mind, and borrowers should clearly understand, that regardless of how loans are collected, it is the college that is ultimately responsible. Before an agreement with a billing or collection service is signed the college should satisfy itself that the agency's methods and practices are entirely acceptable.

In principle, the subject of loans begins and ends with education—not with money. Therefore, whatever the methods of collection, some degree of risk is implied and with risk some loss is inevitable. Nevertheless, the college must exercise "due diligence" in the collection of NDSL Program loans; if it does so to a reasonable extent, including holding the "exit interview," and sending out regular billings and followup letters, there should be no basis for censure or withdrawal of federal support. (See Appendix 17, distributed in 1969, of the 1967 *Manual of Policies and Procedures* for a full discussion of loan collection and an outline of "due diligence.")

Deferment, Teaching, and Repayment

It is the policy of the NDSL Program that a student should not be required to begin repayment of his loan until he has finished his formal education. Thus, if he pursues any further formal education, at least on a half-time basis, he may request and be granted a deferment of the due date on his loan. It is, however, the student's responsibility to take the initiative. He must obtain certification from his present institution that he is eligible for deferment and send this to the college he attended previously. Forms for this purpose are provided.

Deferment of up to three years may be requested while the borrower is in the United States military service, the Peace Corps, or the Volunteers in Service to America (VISTA).

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The cancellation provision for full-time teachers in schools with enrollments of low-income students exceeding 30 percent, for full-time teachers of handicapped children, and for full-time service as a staff member of a preschool program under the Economic Opportunity Act of 1964 is 15 percent for the first two years of such service, 20 percent for the third and fourth years, and 30 percent for the fifth year.

The cancellation provision for members of the armed forces is 12 1/2 percent for each year of service in an area of hostility qualifying for special pay. Up to 50 percent of the total loan may be cancelled.

No interest is charged for the years in which a part of the loan is cancelled. Certification by the employing institution must be sent at the end of each year to the college to which the student is indebted. When the loan falls due during the teaching year, the borrower may request a postponement. The institution is reimbursed by the government for the loss it incurs owing to cancellations granted to teachers.

For loans committed after November 8, 1965, nine months of grace follow the ending of academic work before the repayment period begins. During the grace period, no interest is charged and no request is necessary for either deferment or postponement. The first installment, together with the first interest payment, is due on the last day of the tenth month or first day of the eleventh month after the borrower ceased to be at least a half-time student, unless the college and borrower have agreed on repayment periods less frequent than monthly. (The first bimonthly repayment is due on the last day of the eleventh month or the first day of the twelfth month; the first quarterly repayment, on the last day of the twelfth month or the first day of the thirteenth month.) Thereafter, repayment follows according to the agreement made at the time of the final interview or, by law, on at least a quarterly basis until a maximum of 10 years' payments have closed the account or until the debt is paid up through accelerated payments or teacher cancellation. The institution may, at its option, require that payments of principal be a minimum of $15 per month plus interest for loans prior to July 1, 1972 and $30 per month for loans after June 30, 1972. It is strongly advised that this be done in order to encourage early repayment of smaller loans and to avoid the expensive bookkeeping involved in handling small repayments over a period of many years.

Program Expenses

The institutional share of the NDSL fund is 10 percent with the federal share set at 90 percent. The institution may deduct for administrative expenses 3 percent of the principal of loans made during each fiscal year.

Conclusion

In summary, a financial aid officer should remember that the first interview provides an opportunity to become thoroughly acquainted with a student borrower and to explain the loan, the law, and the regulations fully. The final interview is the time to come to an agreement on repayment, again explaining the terms and expectations, rights, and privileges. Periodic letters and reminders, especially bills in advance of the date, should be used in making collections. If a borrower's latest address is unknown, tracing is easiest (and least expensive) when ample leads are available from his file.

Although the major provisions of the NDSL Program have remained constant since its inception in 1958, certain aspects of the program have frequently been altered or amended by act of Congress. A college or university participating in the program must attend carefully to all publications issued by the Office of Education relating to the program and must make certain that its policies, procedures, and processes conform with the most recent legislative enactments.

The Supplemental Educational Opportunity Grant Program

The original Educational Opportunity Grant Program was authorized under the Higher Education Act of 1965, Title IV, Part A. As part of the war on poverty, this was the first major federal grant program designed to assist students on the basis of exceptional financial need, not because of chosen career field or academic performance. A unique feature of this program not common to the NDSL or CWS Programs, was the matching requirement. Thus, the institution is required to match the dollars awarded in grants with dollars from other sources controlled by the institution in the form of either scholarship, grant, loan, or employment.

Under the Higher Education Amendments of 1972, the Supplemental Educational Opportunity Grant Program was authorized by Congress to replace the EOG Program. The stated purpose of the Supplemental Educational Opportunity Grant Program is to provide

grant assistance to students determined to have exceptional financial need and who would not, for financial reasons, be able to attend a postsecondary institution except for this grant. For a period of years, the institutional allocations were tied to the number of students aided from families with incomes below $6,000.

Student priority for this program is no longer based on family income and historical family poverty, but is related to the difference between the cost of attending the institution and the resources available to the student. Highest priority is given to the student with the greatest dollar need.

The legislation provides for grants ranging from $200 to $1,500 per academic year but not to exceed half the cost of attendance at the institution. The matching provision of the EOG Program still remains.

Institutional Responsibilities

In addition to signing and abiding by the "Terms of Agreement" (discussed in the description of the College Work-Study Program), the institution, in order to receive funds, must "make vigorous efforts to identify qualified youths of exceptional financial need and to encourage them to continue their education beyond secondary school through such programs and activities as:

1. establishing or strengthening close working relationships with secondary school principals and guidance and counseling personnel with a view toward motivating students to complete secondary school and to pursue postsecondary school educational opportunities

2. making, to the extent feasible, conditional commitments for student financial aid by such institutions to qualified secondary school students who, but for such grants, would be unable to obtain the benefits of higher education, with special emphasis on students enrolled in grade 11 or lower grades who show evidence of academic or creative promise."

Finding the Students

Identifying and motivating the student who needs a Supplemental Educational Opportunity Grant present an institution with a tremendous challenge, for this student probably will not earnestly seek out his high school counselor for information on postsecondary education or file applications to institutions far and wide—quite the opposite. More than likely, his family needs any economic assistance he can give, as soon as he can give it, and expects him to get a job immediately after he leaves high school. Consequently the high school coun-

selor and the college admissions officer may need to spend extra time and effort locating and motivating a student who shows potential for the program. Yet, despite the cost in time and effort, the institutions have agreed, as a condition of their participation in the program and in conformity with the law, to formulate and implement plans for finding eligible students and motivating them to complete secondary school and go on to the postsecondary level. Finding and motivating students can be done in a number of ways including the following:

1. Publicize the program at the postsecondary institution, so that students themselves may channel the information back to their own high schools and communities, or to some of their college peers who are unaware of the opportunity it offers.

2. Establish or strengthen close working relationships with secondary school personnel who work with students.

3. Coordinate recruitment efforts with other institutions participating in the program.

4. Maintain contact with welfare and other agencies that may communicate with the type of student eligible for a grant. Directors of Upward Bound Programs and Educational Talent Search Programs, should be included in this group.

5. Where feasible, considering that funds for the program are appropriated only a year in advance, make conditional grant commitments to students, especially those in grade 11 and below, in order to encourage them to complete secondary school and enroll in a postsecondary institution.

Student Eligibility

A student is eligible for a Supplemental Educational Opportunity Grant if such student:

1. Is a U.S. citizen, national, or is in the United States for other than a temporary purpose

2. Has been accepted for enrollment as at least a half-time student or, if already enrolled, is in good standing and is enrolled at least half time

3. Shows evidence of academic or creative promise and capability of maintaining good standing

4. Has exceptional financial need

5. Would not, but for a Supplemental Educational Opportunity Grant, be financially able to pursue a course of study at such institution.

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Amount of the Grant

In determining the financial need of the student, the institutional aid officer shall use a recognized system of need analysis, such as the CSS system. Factors such as family and/or student income and assets, number of children in the family, number of children attending postsecondary institutions, and other circumstances affecting the family's financial strength must be considered in determining the student's need.

The amount of the grant can be the amount needed by the student to pursue a course of study but shall not exceed $1,500 or one-half the sum of the total amount of student financial aid made available by the institution. The minimum grant award for one academic year is $200.

No student may be awarded in the aggregate more than $4,000 in Supplemental Grants except if the course of study is designed by the institution to take five academic years, or the student, because of his particular circumstances, is determined by the institution to need an additional year to complete the course of study. The aggregate total may then be no more than $5,000.

Period of Eligibility

Normally the period of eligibility is the four years needed to complete an undergraduate course of study unless the course of study is designed to extend over five academic years or it is determined by the institution that the student needs an additional year to complete the course of study.

Continued eligibility also requires that the student maintain normal progress according to the standards of the institution. "Satisfactory Progress" or "Good Standing" is defined as the successful completion each semester, trimester, quarter, or other term used by the institution, of a sufficient number of credit hours at a sufficiently high academic average to enable the student to complete the course of study in a length of time not in excess of one year longer than normally taken.

Program Funding

Unlike the College Work-Study and National Direct Student Loan Programs there is no institutional matching requirement for the federal capital contribution. The institution may withdraw from each fiscal year's allocation a sum not greater than 3 percent of the amount

actually awarded to students during that fiscal year for administrative expenses.

Conclusion

The Supplemental Educational Opportunity Grant Program is a new federal financial aid program authorized by the Higher Education Amendments of 1972. Although similar in operation to the Educational Opportunity Grant Program authorized in the Higher Education Act of 1965, there are two major differences. The EOG Program was designed to meet the needs of students from families who were historically impoverished. The SEOG Program is designed to aid students of exceptional need as related to the cost of attendance and family resources available. Half-time students are eligible for consideration for the SEOG Program. One of the major administrative problems is the followup needed to ascertain that the student's SEOG has been matched when College Work-Study earnings are used as the matching program.

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History of State Involvement in Financial Aid

by Joseph D. Boyd

In 1973, state legislators appropriated an estimated $9.6 billion for the support of postsecondary education. State tax revenues for all of postsecondary education were approximately 15 percent of all state funds appropriated for all public purposes. In 28 states, some of these funds went into the support of general purpose scholarship and loan programs. Increasingly, funds available from state sources are becoming an important portion of the financial aid packages made available to students.

For many years most state governments have provided some type of either direct or indirect aid to postsecondary students. A history of the growth from categorical to comprehensive awards would include numerous different types of student aid programs, including the following (listed in the approximate order in which they developed):

- Manpower needs have been among the oldest and most important determinants for state aid to students. Thus awards were made to future teachers, nurses, and other similarly needed professional people.
- Benefits to veterans for financing their higher education have long been included as a form of state aid to military service personnel.
- States have assisted the physically handicapped to secure vocational training that would yield long-run benefits both to the students and to the states.
- Legislative district awards, based on the location of students' residences, have evolved as a form of personal privilege for some legislators.
- Scholarship aid has developed, both as an incentive and as a prize, to assist those high in ability.
- Assistance to students high in ability who can also demonstrate financial need has directed the use of state funds to increasingly pragmatic and economic ends.
- The combination of high ability and demonstration of need in determining awards has further refined the selection process—effecting a compromise regarding what criteria state award recipients should meet.
- Comprehensive, rather than categorical, aid programs have been made available to state residents to make it possible for them to attend either public or private institutions. These programs were based solely on student need without regard to academic achievement be-

yond the ability to meet college entrance requirements.

- Special programs have been developed to meet the requirements of certain students who can show extreme need.
- Programs have been designed specifically to enable students with financial need to attend private colleges if they so choose.
- States have found ways to provide both public and private institutions with money to pay their required share of federal matching aid programs, such as the Educational Opportunity Grants, College Work-Study, and National Direct Student Loans.

Student aid programs at the state level have only a few characteristics in common with one another. Each state limits its benefits to its own residents, requires United States citizenship or evidence of intention to become a citizen, and provides necessary funds either annually or every two years. In all comprehensive programs financial need is measured.

In 1973-74 about 29 percent of the total of $375.3 million was invested in students who first faced some criteria of academic potential before being considered for a need-based award. The remaining 71 percent was earmarked for need-based state programs where the only additional requirement was evidence of enrollment. At that time the pool of eligible applicants had been expanded in five states to include half-time students; in seven states awards could be used outside the granting state; and in seven other states students attending approved proprietary schools were also eligible to receive grants.

What is Included in State Financial Aid?

Some would maintain that all funds appropriated for postsecondary education represent a form of student assistance, that every dollar in support of operations or capital of a public or private institution is a form of "scholarship" because it leads ultimately to a reduction in tuition charges to the student. This is a legitimate point of view, but an analysis of the history and purposes of state appropriations specifically defined as "student assistance" will yield more specific and relevant information.

Basically, states either provide dollars to assist students in meeting established college costs or they authorize waivers of tuition and/or fees for certain students. In many states prior to the mid 1950s, appropriations for student assistance were not significant in amount. Only New York, whose Regents Scholarships have aided student residents since 1913, and Maryland's program of student assistance

which dates from the midnineteenth century, predate the significant state actions that have taken place in the past 15 years.

Need-based Centralized Programs to Permit State Residents to Attend Either a Public or Private Institution of Their Choice

In 1973-74, 24 states appropriated $337.95 million in programs whose purpose was to permit students who needed financial aid to attend whichever college they chose. In recent years, growth of this type of program has been dramatic. For example, within four years, state appropriations have increased more than 2 1/2 times and over 500,000 students are being assisted with state-funded comprehensive awards. In total number of dollars expended this is the major type of student aid provided by the states.

Growth in the acceptance of this form of aid has been based on a desire to serve certain purposes:

1. to give students the opportunity of access to postsecondary education;

2. to preserve diversity (a balanced public/private system) by giving students a reasonable choice among institutions; (by providing an award structure that gives more dollars to a needy student attending a nonpublic institution, a form of tuition equalization grant is created that permits choice on the basis of academic program and not simply on the basis of cost);

3. to supplement other sources of funds (from the student, from his parents, and from federal and institutional sources);

4. to conserve public funds by making it possible for financially needy students to utilize otherwise unused spaces at nonpublic colleges (reducing the need for direct-support funds);

5. to permit a student's in-school employment workload and/or loans to remain sufficiently modest so as not to affect his studies or future plans adversely.

Major decision-makers at the state level have also been aware of the political advantages of awards going to several thousand individual students, direct aid to institutions being far less visible to most voters. States that have comparatively high funding levels have also used comprehensive student aid programs to justify increasing tuitions at public institutions because raising tuition costs increases tuition income from families who can afford to pay. Certain state program student aid developments not only serve the needy student but also try to deal with the question of how best to finance postsecondary

education: by funds awarded directly to the institution or by funds awarded to the student.

In addition, the "accountability" problem (how to improve the quality of higher education and make it responsive to relevant curriculum and program changes) has led to the development of a relatively new attitude: students as consumers approach institutions as sellers. This sort of relationship becomes possible when financial aid programs are "portable"—that is, the student is free to select his own college. Today, many people believe that if a college cannot attract a sufficient number of students to remain economically viable, it should not be sustained by public support.

The funding level of a comprehensive program determines to what extent a state is able to serve all the various purposes it may have. States whose funds are quite limited cannot possibly help all actual or would-be applicants who can show need and are, therefore, forced to rank applicants on the basis of number of family dollars available to send the student to college. When this is done, the program serves the "purpose of access" to a much greater degree than it serves the "purpose of choice." When funds are nearly adequate to meet demonstrated needs of all applicants the "purpose of access" and the "purpose of choice" can operate in a more nearly equal fashion.

Need-Based Centralized Programs to Permit Students to Attend In-State Private Schools

In 1973-74, 10 states had 11 programs that totalled $37.33 million for tuition equalization grants for students to attend nonpublic institutions. All these programs have been in existence for less than 10 years and were developed in response to the acknowledged continuing need for diversity or pluralism in our system of higher education. Because state constitutions often forbid direct assistance to nonpublic colleges, tuition-grant programs were developed to assist them indirectly. Of the 10 states that have award programs for needy applicants to attend nonpublic colleges, six also have programs of comprehensive awards that enable students to attend either public or private institutions. These two types of state programs now exist in 28 states. A total of $375.3 million was expended in 1973-74, providing assistance to 652,420 students. As Table 1 indicates, most dollar expenditures were made by a few states only.

Table 1. Rank Order by States of 1973-74 Dollars Appropriated for Comprehensive Monetary Award Programs for Undergraduate Students, Based on Financial Need

State	*Dollars (millions)*	*Percent of all states*	*Cumulative percentage of all states*	*Rank order of ratio of appropriation to 1970 state population*
1. New York	$ 82.0	21.85	21.85	4
2. Pennsylvania	64.0	17.05	38.90	2
3. Illinois	55.4	14.74	53.64	3
4. California	34.7	9.25	62.89	12
5. New Jersey	25.9	6.91	69.80	5
6. Ohio	19.8	5.28	75.08	10
7. Michigan	16.3	4.34	79.42	11
8. Wisconsin	10.6	2.84	82.26	7
9. Indiana	10.1	2.69	84.95	9
10. Massachusetts	9.5	2.53	87.48	13
11. Iowa	6.3	1.68	89.16	8
12. Minnesota	6.3	1.68	90.84	14
13. Texas	5.4	1.33	92.17	24
14. South Carolina	4.0	1.07	93.24	15
15. Florida	3.8	1.02	94.26	22
16. Maryland	3.4	.91	95.17	18
17. Missouri	3.4	.90	96.07	19
18. Kansas	2.7	.71	96.78	16
19. Vermont	2.6	.69	97.47	1
20. Tennessee	2.2	.57	98.04	23
21. Oregon	1.9	.49	98.53	17
22. Connecticut	1.7	.47	99.00	20
23. Washington	1.4	.37	99.37	25
24. Alaska	1.0	.27	99.64	6
25. Rhode Island	.6	.15	99.79	21
26. West Virginia	.5	.13	99.92	26
27. Maine	.2	.05	99.97	28
28. North Dakota	.2	.04	100.01	27
Totals	$375.3	100.01	100.01	

Funds to Public Institutions to Provide Either Matching Dollars for Federal Student Aid Programs or Dollars for Individual Financial Aid Administrators to Award to Needy Students

Recent National Education Association research shows that state governments appropriated about $30 million in nonrepayable gift aid in 1972-73 to public educational institutions to assist them in meeting the needs of enrolled students. Although direct appropriation to nonpublic institutions designated to be used only for scholarship aid is almost nonexistent, the state of Pennsylvania, has for some years provided nonpublic schools with the money required to match federal funds in the College Work-Study and National Direct Student Loan Programs.

State aid dollars have been provided directly to students rather than appropriated to educational institutions to administer on their own primarily by centralizing state student financial aid programs in one state agency or office.

Funds to Designated State Agency to Administer Either a Direct Student Loan Program or the Guaranteed Student Loan Program Under a Reinsurance Agreement with the Federal Government

Although long before 1965 (when the federal government passed legislation establishing the Guaranteed Student Loan Program) many states were already actively involved in loan programs either by directly lending students state funds or guaranteeing loans made by commercial lenders, the 1965 and 1968 federal loan legislation brought all the states into more significant roles in the provision of insured, and often interest-subsidized, loans to students. In 1965 states were able to receive guarantee-fund seed money and by 1968 they were able to make a reinsurance agreement whereby at least 80 percent of the cost of defaults became a federal obligation and under certain conditions interest costs were a federal responsibility.

Three different plans for states' responses to the federally insured loan program have developed in the past several years. About one-half the states, serving nearly 60 percent of the United States student population, designated a state agency to serve as the guarantee agency and to administer the program under a state/federal agreement to reimburse the state for at least 80 percent of student defaults. Most other states either contracted with United Student Aid

Funds, a not-for-profit private organization, for the program's administration, or by a state/federal agreement simply permitted the respective regional HEW/OE office to process their residents' loan applications.

The federal statute for guaranteed student loans also permitted the Office of Education to make agreements directly with commercial lenders and/or educational institutions when state loan legislation did not include all levels or types of postsecondary educational institutions within a state, so that students such as home study, divinity school, or nonstate residents could also be served.

Loans are a very important part of the financial aid package for needy students. Recently many states have become more interested in trying to find ways to utilize both commercial sources and state funds for student loans. Because availability of guaranteed loans is closely tied to frequently changing federal legislative decisions, states must themselves remain flexible and determine their own roles on the basis of what currently seems best for their own students.

Funds for Work/Study Programs

It is difficult to centralize state work/study programs because close contact with people on the local scene and knowledge of available job opportunities and possibilities are necessary in order to place students properly. Only Connecticut reported a centralized state work/study program in 1973. Most states, however, provide public institutions with the funds necessary to pay their required 20 percent of federal college work-study programs.

Funds for Certain Categories of Students that Reflect Manpower Needs; Special Legislator Personal Privilege; Recognition of Past Service to Country; and/or Special Compensation Because of a Physical Disability

Almost every state has some form of categorical student aid program for which demonstration of financial need is not a requirement. Listed below are the 1973-74 categorical programs that received state funding and were assigned to the state agency administering the comprehensive program:

California: Graduate Fellowships, Medical Student Contracts, Special Clinical Internships (Medical), Peace Officers

Connecticut: Grants for Children of Deceased/Disabled Veterans and Children of Viet Nam MIA's, State Work/Study Program

Florida: Seminole and Miccosukee Indian Scholarships, Confeder-

ate Memorial Scholarships, Scholarships for Children of Deceased/ Disabled Veterans, Teaching Scholarships/Loans, Nursing Scholarships/Loans, Teachers of Exceptional Children

Illinois: Veterans' Educational Benefits at Public Community Colleges, Bilingual Awards, Student to Student Program (matching grant amounts to voluntarily raised funds from students), POW/MIA Dependent Awards, Children of Policemen/Firemen Grants

Maine: State Veterans' Subsidy Grant Program

Massachusetts: Medical/Dental/Nursing, Special Education, Fire/ Police, Honor Scholarships (test performance, no need)

Michigan: Special Education Traineeship Program

New York: Regents Basic Nursing Scholarships, Regents War Service Scholarships, Regents Medical/Dental/Osteopathy, Regents Awards for Children of Deceased and Disabled Veterans

Ohio: War Orphans' Scholarships

Pennsylvania: Viet Nam Era POW/MIA Dependents' Education Program, Viet Nam War Era Education Program

Rhode Island: Nursing Scholarships, War Orphans' Scholarships

Vermont: Honor Scholarships, Industrial Arts Scholarships, Private Nursing Scholarships

Wisconsin: Indian Student Assistance, Educational Manpower Grants (special education, teachers, and health), Safe Streets (ex-offenders)

Other state assistance for special groups of students is disbursed by means of waivers (authority given to waive the collection of certain tuition and fee charges) granted to certain students. In some states public institutions or the governing boards of several public institutions may by statute waive the collection of charges to certain students—either those chosen by the institution or those defined in the state law. Substantial amounts of uncollected tuition and fee income thus benefit students and constitute a form of indirect state assistance.

A partial listing of those eligible for categorical aid which is either in the form of appropriated dollars or waiver from certain costs include the following:

Veterans
Children of Deceased Veterans
Widows of Deceased Veterans
Wives of Disabled Veterans
Children of Veterans

Pharmacy Candidates
Those Pursuing Courses Not Available in State
Paramedics
Lawyer Aspirants

Dependents of POW/MIA's
Nursing Candidates
Medical Students
Dental Students
Future Teachers
Descendants of Certain Races
Highest Ranking Senior of Each High School
Optometrist Students
Osteopath Students
Practical Nurses
Recreational Therapists
School Psychologist Candidates
Library Science Students
Civil Engineer Students
Blind Students
Descendants of Confederate Soldiers or Sailors
Future Teachers of the Handicapped
Disabled Students
Children of Disabled Parents
Dependents of Policemen/Firemen/Correctional Officers Killed in Line of Duty

By statute, state legislators sometimes also have the authority to grant tuition scholarships (often waivers) to students from their own legislative districts. This type of personal privilege is even occasionally extended to apply generally to comprehensive programs based on financial need. Where this is in effect, a certain number of the award winners must come from each of the state's legislative districts.

To complete an overview of what states have done to aid students indirectly, it is necessary to include the following: dollars often go to private medical or dental schools to assist with their instructional or their capital costs; private schools are often included in building bond legislation so that interest on their building loans are tax exempt and therefore more attractive to bond buyers; some states give state income tax deduction for personal or corporate voluntary contributions to higher education; state contracts are sometimes let to private schools to purchase certain curriculum offerings or are used to encourage the development of meaningful consortia with public and/or private neighbor institutions; and some states make it possible for private schools to purchase supplies or commodities under general state purchase agreements.

Another example of indirect student assistance is direct aid to nonpublic institutions. A recent and potentially significant development, this now exists in nine states. Although very controversial because of its erosion of the principle of separation of church and state (many private schools being religiously controlled), in theory the dollars are to keep tuition costs at nonpublic schools lower than would otherwise be possible and help to alleviate pressure of numbers on public institutions.

Summary

The future development of state student aid programs will be closely related to the funding level of the federal government's Basic Educational Opportunity Grants (BEOGs). In 1973-74, only $122 million was available in this program but the president's educational budget message of January 1974 recommended a funding level of $1.3 billion for 1975-76. Even if this money is targeted to low-income families for use as "floor" dollars in providing access, the shifting of this responsibility to the federal government will permit states to use their own funds to increase opportunities for the exercise of choice among institutions. The development of State Student Incentive Grants (a form of federal/state partnership aid) will also affect all the states' allocations significantly.

It appears that in the future the federal government will make its dollars available to both full- and part-time needy students who desire to secure a traditional or a specialized postsecondary education in either a profit or a not-for-profit institution. Most state governments are not yet equally willing to expand the eligibility criteria so broadly. But the recent funding of Section 1202 of the Higher Education Amendments, which provides planning and coordinating funds to all the states and also mandates participation by vocational/technical/proprietary personnel, will likely cause some states to expand their student aid benefits to all enrolled postsecondary students.

As costs continue to increase, each state will be challenged to fund in the appropriate mix the combination of grants and loans that will permit the historic purposes of state student aid to be achieved and also remain fiscally sound. Legal decisions regarding who is considered a state resident and under what conditions a student is classed as emancipated from his parent(s) will also be of considerable importance in the future development of student aid.

Today about 4.5 percent of all state budgets for higher education are apportioned to grants for student aid. Growth in this type of state allocation has been greater than in those that provide for operations and capital needs. Because the representatives of the people (the legislators and the governors) currently believe this is the best way to provide money for higher education, educators would do well to understand that student aid grants not only assist the needy student but also provide institutions with part of the money they need to function as institutions of quality.

Direct or indirect aid? Institutional or student aid? How much of

each, and in what combination? These questions are most important to federal and state legislators as they make appropriations from public treasuries to meet higher education costs. As the decade of the 70s progresses, all of higher education will be confronted with less receptive appropriation committees and will also be facing ever-increasing costs. The old arguments won't do any more. Educational planners and legislators alike are questioning the costs of quantity of education (this deals primarily with numbers of students and numbers of graduates). The trend is toward emphasis on quality of the educational product—in other words, to examine what is really being learned by students. This shift in emphasis has resulted from demands for more accountability, more innovation, and for new delivery systems so that tax dollars may be used more efficiently and thus produce greater benefits.'

In summary, then, direct state financial aid to students has the goals of promoting diversity; providing freedom of access and freedom of choice; furnishing new ways to finance higher education as public tuitions increase and general aid decreases; providing a means of improving accountability; and also helping legislators and chief executive officers to provide taxpayers with highly visible tax benefits.

Planning for state student aid programs must be dynamic and must respond to new goals and new purposes as these develop. The challenge and ultimate goal of the system of higher education in the United States is to provide ways for all young Americans who may reasonably be expected to benefit from study beyond high school to attend appropriate postsecondary educational institutions of their choice. To achieve this goal, thoughtful and realistic decision-making will be required from all concerned.

State Programs

by Dortha L. Morrison and Dewey L. Newman

Although all 28 states that have general purpose undergraduate scholarship or grant programs do have common purposes and objectives, the organizational structures and administrative patterns that have developed to implement these programs are greatly diverse. Their shape and form have been influenced both by the various states' attitudes toward the organization and administration of higher education in general and the existing power structure of the educational establishment at the time the program originated. Several states, such as California, Illinois, and Pennsylvania, created separate governing boards or commissions to carry out their student financial aid programs while other states, such as Michigan, assigned these responsibilities to agencies within the state department of education. Others—for example Massachusetts, Washington, and Wisconsin—created divisions within a higher education board. New York, whose program goes back almost to the turn of the century, has kept the administration of its scholarship program within the department of education but created a separate corporation to administer state (and subsequently federally) insured loan programs.

Powers and responsibilities of commissions and agencies vary from state to state. Of the total 28, nine are independent, seven are agencies or divisions within state departments of education, and 12 are agencies or divisions within a higher education or some other type of governing board.

Several smaller states have found it advantageous to contract with outside agencies to administer their programs, although of course final responsibility always remains with the individual state—the contracting procedure being simply a convenience.

Each organizational pattern has its own strengths and weaknesses. An agency whose sole responsibility is to administer student financial aid programs can give them more attention and support than can a division or a larger education organization that has multiple and diverse interests and responsibilities. Conversely, a large educational organization that has many responsibilities can, if it so chooses, lend greater strength to student financial aid programs than a smaller single-purpose agency is able to do. Since programs have been successfully administered and developed under many different types of organizational arrangements, it is presumptuous to suggest that any

one form of organization is better than another for any particular state. Actually, one of the most remarkable aspects of state scholarship programs is that they have been administered efficiently and nonpolitically in all sorts of political climates and under greatly diverse administrative philosophies and systems.

Whether created as independent entities or as parts of larger educational organizations, many state scholarship agencies have had their original responsibilities extended significantly. Some have grown to include the administration of various forms of student loans, work-study programs, and also various special purpose programs (those for children of peace officers, vocational students, and other designated groups) have also been added. In some states large programs of tuition equalization grants limited to independent colleges or grants to minority students have been included. Several states have special student aid programs directed toward minority students that have been separated from the original purposes of the state scholarship agency.

Recently there has been a tendency to designate state scholarship agencies as responsible for programs that do not provide student financial assistance directly to students. In at least one state, coordination of the institutions' applications for federal student financial aid funds has been delegated to the state scholarship agency. In some states there is an increasing amount of emphasis on student financial aid research and planning. In at least one state, the scholarship agency allocates capitation grants to medical schools for increased enrollment for specialized medical instruction.

For years (and particularly during the early period of development of student financial aid) the state agencies—through their advisory committees and selection teams—unofficially and informally provided several services. They served as training grounds for recently appointed college financial aid directors, as forums for discussion of policy issues, and as points of stability as student financial aid grew from a small activity frequently staffed by inexperienced personnel to a multimillion dollar enterprise, professionally staffed. Until the advent of the Basic Educational Opportunity Grant Program, state funds were, collectively, the largest source of undergraduate grant assistance and the states made significant contributions to the equalization of educational opportunity and played an important leadership role in each state where they existed. They influenced the structure and pattern of student financial aid; encouraged, motivated, and financed students; influenced students' choices of colleges;

were indirectly of major importance in providing financial assistance to many colleges and were important to student and institutional financing.

State Grant Aid Programs

State scholarship and grant programs are both diverse and have numerous characteristics in common. State programs have developed organizations and practices that reflect the special needs and interests of their own states, their students, and their academic institutions and have adopted principles of conduct and operation judged to be fundamental to the integrity of their programs and indispensable to their growth and success.

A list of characteristics common to all state grant programs would include the fact that they are generally limited to undergraduate students. In all but two states, scholarships and grants are also limited to legal residents of the respective states. The length of the various state residency requirements prior to establishing legal residency and financial aid eligibility ranges from 30 days to two years; of these, requirements of either six months or one year are the most common. In all states, programs are open to citizens of the United States, and in 16 states also to resident aliens who are in the United States on permanent resident visas.

Most initial awards go to high school seniors planning to enroll in college and some programs are limited to this group. Of 48 programs operating in 28 states, 33 permit first-time awards to students currently enrolled in college. Some states limit students to one application; however, of the 48 programs, 31 permit reapplication by students who have been rejected in a prior year; in 16 programs, students' ages or the number of years they have been out of high school are criteria for eligibility. Part-time students are accepted in only seven of the state programs.

Regulations permitting the use of awards out of state are regional; only states on the eastern seaboard (Connecticut, Massachusetts, New Jersey, Pennsylvania, Rhode Island, and Vermont) permit recipients to study at out-of-state institutions. Historically, these have been states in which higher education facilities are overcrowded. It is interesting that no midwestern, southern, or western state has authorized the use of awards or grants outside state boundaries.

Except for tuition equalization programs specifically designed to assist students to attend private colleges exclusively, state scholar-

ship and grant programs are open to students to attend either public or private, four-year or two-year colleges. In addition, programs are increasingly being opened to students who attend proprietary schools.

An evaluation of a student's need for financial assistance has been basic to the building of state scholarship and grant programs which have all been constructed on the premise that for typical undergraduate students there should be an assessment of parental and family ability to contribute to college costs. The function of the scholarship agency is to supplement family effort, not to act *in loco parentis*.

There has been a difference in emphasis on the weighting of financial need and academic indices. In many states students have been ranked in descending order of academic merit and then the students who rank highest are assisted to the extent each can demonstrate need. In other states applicants are arranged in order of the amounts their families can contribute toward their educations and, thus, students from families with the lowest incomes are given priority. However, recent large increases in funds for state scholarship programs have made the problems of establishing priorities less acute. Several states are at or near the point of offering financial assistance to every high school graduate who has financial need and can meet the admissions requirements of his chosen postsecondary institution.

Although state programs have always been based on the concept that parents are financially responsible for student expenses to the amount they are able to be, states are subject to the same pressures as are colleges because of the increasing number of self-supporting students. Recently enacted legislation establishing 18 as the year of adulthood will likely exacerbate this problem. In defining a "self-supporting student," several states simply follow the guidelines of the United States Office of Education. Usually states require proof that a student has not been claimed as an exemption on his parents' most recent income tax return, has not received financial support from nor lived with his parents for a specified period—frequently the period is "at least 12 months." States have tried to maintain the basic principle of parental responsibility but also to provide ways to help those students in unusual circumstances for whom the maintenance of parental contribution and financial need assessment procedures create unwarranted hardship.

Almost all state awards are made for one year with provisions for renewal. In most states renewal applications are required, and annual assessments of financial need are made. Awards are commonly increased or decreased to reflect changed need or they may be with-

drawn if need no longer exists. Students must show they are making progress toward a degree. Total eligibility is usually limited to four years.

Most state programs do not provide financial assistance beyond the cost of tuition. However, in California the College Opportunity Grant Program provides for up to $900 a year in subsistence allowances although the State Scholarship Program is limited to a fixed ceiling that may not exceed tuition. In New York it is possible to participate in two programs and receive more than tuition. Connecticut, Massachusetts, Minnesota, Oregon, and Vermont, among others, do cover room and board, or in some cases, books and travel expenses. Restricting scholarships and grants to tuition costs only, results from historical purposes of state programs that helped students to attend independent colleges by providing some form of tuition equalization.

Eleven states provide honorary awards in at least one of their programs. This practice is common in the midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Ohio, and Wisconsin, all make this type of award. Also, the state of New York has for years provided a $250 grant without regard to financial need to an academically select number.

While legal authority and responsibility for administering financial aid programs resides with the state body, most states have utilized the resources of schools and colleges and particularly of financial aid directors to a very large degree in developing and administering their programs. Many states also use college personnel in financial need evaluation or in state student selection processes. Some states have especially constituted advisory committees for specific programs and others have general advisory committees; still others work through state associations and student financial aid administrators; but all except a few work cooperatively with college and school personnel.

Selection Standards

Initially state scholarship programs relied heavily on scores from standardized examinations for qualifying purposes. As programs became more sophisticated and their administrators gained experience, states added either grade-point average or rank in class to secure better predictive information than test scores alone could provide. Some states such as Illinois, New York (with its scholar incentive program), Pennsylvania, and Wisconsin have grown to the point where there is virtually no need for academic selection. These states require only that a student be admitted to the college he wishes to attend and

be able to show that he also needs financial aid.

A few years ago there was considerable discussion among state administrators about whether grants should be made first to the "ablest of the needy" or to the "neediest of the able." The "ablest of the needy" were selected first on the basis of academic indices such as test scores and grades and then further selections on the basis of need were made from this academically screened group. In the "neediest of the able" approach (used in New Jersey, for example) students are selected on the basis of test scores and rank in class but then financial need is weighted at four times the factor of academic ability and advancement. Selection on academic ability alone is still practiced in states with newer programs, but has either disappeared or is disappearing in many parts of the country as a partial consequence of the rapid growth in state and federal support.

In recent years, special subjective selection systems and programs for minority and low-income students have developed. The educational opportunity fund in New Jersey leaves it to participating colleges to identify students who are educationally deprived. California's College Opportunity Grant Program gives grade-point average a weight of about 15 percent in the selection process and relies heavily on statements from the student describing himself and his college plans; an evaluation from his school; and one from a member of his community.

During the mid to late 50s and the early 60s the state shared with colleges in implementing the concept of family (parent and student) responsibility for meeting college costs and of financial aid organizations supplementing rather than supplanting family financial effort. All of the state funded programs (except for Alaska where the program is limited to private colleges) now rest on the premise that parents should contribute to a student's undergraduate college education to the extent that they are able.

The average income for families of recipients tends to be relatively low. The highest reported average income is in the Michigan competitive scholarship program at $10,723; several state programs are in the neighborhood of $5,000 or slightly below.

The concept of student contribution through self-help of some sort appears in most state programs although it may do so indirectly because of low and arbitrary fixed maximums on awards. Amounts expected from student self-help seem to vary somewhat although most states use either the College Scholarship Service summer earnings schedule or similar approximations. California and Washington ex-

pect increases in self-help as students progress beyond the freshman year.

General Procedures

State scholarships and grants from comprehensive state programs are made after direct application by the student to the administering agency. There are a few programs in which funds are allocated direct to the colleges by state agencies but these are usually specialized or restricted to one segment of higher education.

Recently Oregon has developed an application form that is used by all of the programs administered by their scholarship commission as well as for institutional and federal student aid at Oregon colleges. At a time in which confusion concerning student financial aid procedures and opportunities is great, a single application form will likely be considered a great convenience by most financial aid applicants.

Direct application to statewide financial aid agencies has some particular advantages. It provides to students an opportunity for greater freedom in their choice of colleges. Characteristically, states not only allow students to indicate their initial preference of college but also to make changes subsequent to the announcement of awards. Portability of state financial aid funds extends to the increasing numbers of students who start their college careers in community colleges and later move on to four-year colleges, taking their awards with them. This characteristic is also of great benefit to students who transfer from one four-year college to another.

At one time most states required that applications be submitted during the late fall or early winter months of the year prior to intended use of the scholarship or grant. This is still common in states where programs are competitive. Frequently, announcements to students of award decisions are made from mid-March to early May. Those states which are fortunately able to provide assistance to almost all students that have financial need and who do not select on the basis of academic competition, process applications on a rolling basis. Illinois is a good example: application forms are usually distributed early in November, they are processed and awards are announced periodically until about September 1, there being six to eight announcement dates. The turnaround time between receipt of the student's application and notification to the student is usually about 60 days.

States with single announcement dates try to announce in the

early spring so that institutions may know and take into consideration the amounts of student state awards before they allocate their own award money. This procedure has been beneficial to everyone concerned because it eliminates overawarding as well as the necessity for subsequent award adjustments involving coordination between the state and the institution.

Awards are for one year and students must apply for renewal each year to be eligible for the typical maximum duration of four years. Academic renewal standards usually involve only college recommendation, certification that the student is making normal progress toward a degree, or maintaining a 2.0 GPA on a 4.0 scale.

While methods of coordinating awards between colleges and state agencies seem to vary at least among the major state programs, there appears to be a concerted effort for states and colleges to work together in adjusting awards to meet the student's need and to produce a satisfactory "package" that frequently includes funds of all three types: federal, state, and institutional. Responsibility for the coordination of awards is variously handled in different states; for example, Michigan and New York have delegated this responsibility to the colleges while California has a formal system of exchanging award information with institutions. Award coordination becomes very complex when subsequent awards are given to alternate students who replace those who for one reason or another do not accept the awards that are made initially. Additional complexities may be expected in the future as states and colleges undertake to coordinate their awards with the Basic Educational Opportunity Grant Program. The time schedule for distribution of the Basic Educational Opportunity Grant applications may be improved upon in 1974-75, but it seems likely that most students will be notified of receipt of one of these grants long after most state scholarship grant decisions have been made.

In general, there are two ways in which scholarship and grant payments are made by the states. The payment is sometimes made directly to the college for the student. Other states make the check payable to the student personally and send it to the college. All states have some sort of auditing procedure. Some states preaudit payment claims from colleges and students. This can include comprehensive review prior to making payments. Other states accept claims from colleges as submitted and audit the claims later. State scholarship agencies are in turn audited by state fiscal or auditing agencies.

State Loan Programs

If one considers the number of students served and the dollar aggregate of student loans, the impact of state loan programs is clearly much greater than that of the grant programs. Most loans made by state agencies are federally insured as they are administered under the provisions of the Higher Education Act of 1965 as amended. These loans offer interest subsidies to students who meet the needs test; have deferred repayment provisions; are made to both graduate and undergraduate students who are state residents; in most cases are available to students who attend institutions in other states; and have both annual and aggregate limitations. State student loan agencies usually operate either as direct lenders whose loans are federally insured; or sometimes as guarantee agencies for loans made by commercial lenders (also federally insured).

Guarantee Agencies

Guaranteeing student loans became a significant part of student financial aid management during the 1950s when several states and private agencies established programs to guarantee loans made by banks to college students. By the middle of the 1960s, 17 states had programs in operation, and the state of Wisconsin was making loans directly to students.

The Higher Education Amendments of 1972 introduced the "need" concept[1] to the student loan program; increased the amount to which loans were limited; and also provided a secondary market to which student loans could be sold. This, of course, increased the lenders' capacity to make loans to students.

Although guarantee agencies and state lenders are covered by the same federal statutes concerning loan guarantees, they have additional regulations and requirements of their own and financial officers should be knowledgeable about them. The requirements of federally insured and/or guaranteed loans are described in detail in publications of the individual states and in the *Federally Insured Student Loan* (FISL) *Manual for Lenders*.

Because states serving as guarantee agencies do not extend direct loans to students but guarantee loans made by commercial lenders

1. Eliminated in 1974 for students from families with adjusted incomes of $15,000 and less for borrowing $2,000 or less.

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such as banks, savings and loan associations, and credit unions, when a state establishes a guarantee agency it agrees to contribute to a reserve fund. The fund is then used to guarantee loans made by eligible lenders at a 10 to 1 ratio (i.e., one dollar of reserves for every ten dollars loaned). The fund is then made available to reimburse lenders for any loans on which students default. Since the federal government insures 80 percent of the principal of guaranteed loans, the reserve fund is, in effect, multiplied by five. This increases the ratio of loan capacity to reserve funds to 50 to 1. It is this "stretching" of the loan capacity of state funds that constitutes the primary benefit of the guaranteed student loan program.

In addition, the guarantee agency, being in close contact with both lenders and financial aid officers, can assure that both are conforming with the appropriate statutes and regulations. Because the state guarantee agency purchases defaulted student loans from lenders, freeing them from the threat of loss, a lender will, of course, more readily extend these unsecured loans. In turn, the state agency is protected through the federal reinsurance program from losing more than 20 percent (plus interest) on a defaulted loan which helps to maintain its guarantee capacity.

Because this type of state involvement requires commercial lender participation, it does have several disadvantages. If a student does not have a prior relationship with a lender it is often difficult for him to obtain a loan. Also the percentage of a bank's reserves that can be committed to all types of loans is limited both by banking laws and by the bank's own policies. In many cases these restrictions prevent a lender from extending loans to everyone who qualifies, even though some may have state guarantees. Also, many commercial lenders will not extend loans to freshman students nor will they extend a loan that does not qualify for federal interest benefits.

From an administrative standpoint, guaranteed loans place an added burden on the aid administrator. He must satisfy the requirements of the lender, the state agency, the regulations of the federal government and also coordinate their respective activities. Although this can be complex, because these loans allow many to attend school who could not otherwise do so and because loss of students would be detrimental to the institution's financial situation through loss of tuition income and/or state reimbursement, educational institutions have little choice but to participate in the program.

Direct Federally Insured Lending Agencies

A few states are themselves lending agencies under the FISL Program. When the state agency, rather than a commercial lender, extends the loan, the loans are also insured by the federal government and are eligible for federal interest subsidy if the student defaults and the same repayment provisions apply. Funds for these loans are usually derived from proceeds of the sale of state revenue bonds; a state's overall investment pool; or allocations of specific types of state income (unclaimed funds, for example). Since the state is the lender and does not have the portfolio restrictions that commercial lenders have, greater latitude is available in the extension of loans, there being no requirement that the borrower must have a prior relationship with the lender. Typically, freshmen are extended loans—thus more students can receive funds. Since students are all subject to the same lender regulations and policies when the state is the lender, students are not subject to the vagaries of many different policy interpretations as may be the case when there are a number of independent lenders in guarantee states. There is also an advantage from an administrative point of view because the aid administrator needs to coordinate with, report, and respond to, only the state as lender rather than to a number of individual lenders in addition to the state agency.

Direct State Loan Agencies

The third type of student loan administered by states includes those made directly and which do not come under federal insurance programs. These are usually earmarked for specific groups of students. For example, loans made to medical students that are wholly or partially forgiven if the student subsequently practices medicine in a rural area for specified time periods. Iowa, for example, grants direct state loans with the provision that a five-year period of practice in a rural area insures 50 percent forgiveness of the loan after five years with 10 percent forgiven for each additional year of service.

The primary advantage to the student of loans of this type lies in the forgiveness clause even though it is tempered by preconditions. Also, the student does not need a prior relationship with a bank nor must he always show specific evidence of need. From an administrative standpoint the loans require a minimum of red tape for aid administrators because application procedures are so much simpler than are those for federally insured loans.

State Administration of Work-Study Programs

A recent addition to state financial aid programs is work-study. This functions in essentially the same way as does the federal College Work-Study Program with certain exceptions. An individual state's desire to achieve particular educational objectives that are not necessarily consistent with the generally accepted goals of financial aid may lead to the enactment of specific enabling legislation. For instance, states sometimes allow students without financial need but who could benefit from work experiences to participate. State programs of this type provide work opportunities in postsecondary institutions, nonprofit organizations, and government agencies. Since the programs are geared to financial aid goals and student's educational needs, they are administered in a manner to help the individual student rather than the institution and therefore most programs emphasize placing students in jobs that are at least somewhat related to their academic or career goals. The largest program of this type is operated by Colorado.

Eligibility requirements for work-study programs usually follow those for state loans or grants. Students must be residents of the particular state; undergraduates in good standing as defined by the institution attended, and enrolled either half- or full-time. Eligibility to participate is limited to a time period no longer than would normally be required to obtain the undergraduate degree in which the student is registered. State work-study programs are particularly advantageous to students and aid administrators when other sources of self-help are also available. States usually set maximum rates for hourly compensation of students. However, the minimum rate cannot be less than that provided for in the current federal minimum wage law. The institution concerned establishes the maximum number of hours to be worked by the student (not to exceed 40 hours per week). In state work-study programs the aid administrator has wider discretion in the use of funds because state allocations are made directly to participating institutions. The disadvantage of programs of this type is that the aid administrator must solicit job opportunities for students and adhere to state accounting and reporting procedures which can be very time-consuming.

State Agency Coordination Activities

Although it is true that most state grant and loan agencies are separate and distinct one from the other, the degree of communication

and coordination of work between them varies considerably among the states, and in several states grant programs and loan programs are administered by the same agency. When this occurs greater assurance that both types of aid are being administered in ways consistent with state goals and policies is possible. There are several reasons why wider acceptance of this administrative method should be advocated by the financial aid community.

First, the 1972 Amendments provided that planning and coordination of higher education on a statewide level would be a condition for the receipt of federal funds, including those for financial aid to students. Since money for all of higher education will be increasingly scarce in the years immediately ahead, careful planning will be required to utilize whatever is available most effectively. As the proportions of the totals earmarked for financial aid to students is increasing, a comprehensive state financial aids agency should play an integral part in the planning process. Second, the Federal Insured Student Loan Program has assumed a more significant role in financial aid packaging and, hence, complement state grant funds. Therefore, amounts to be dedicated to each of these programs should be evaluated and studied together. And, finally, the expanded role of financial aid in financing higher education and the fact that educational administrators and legislators are more knowledgeable about financial aid and how it works has meant that demands for accountability of funds have increased along with increased requests for information regarding its impact and effectiveness. Satisfactory answers can be supplied most readily by an agency that administers all state financial aid programs and is also responsible for financial aids data collection and evaluation.

Although not the only state that has a combined loan and grant agency, the organization and responsibilities of the agency charged with student financial aids in Oregon represents one responsive and purposeful approach to the role of state student financial aids in the context of the state's overall higher education goals. A description of this agency will serve as an example of the kind of role a comprehensive multiprogram agency can play.

The Oregon State Scholarship Commission was originally established to administer state academically based scholarships and tuition waivers and to advise the higher educational planning agency—the Oregon Educational Coordinating Council. In 1967 the Commission was designated a "Guarantee Agency" by the Office of Education to administer the Guaranteed Student Loan Program. In 1971 a sig-

nificant Need Grant Program was added to its responsibilities, a previously approved need-based scholastic grant program was expanded, and the Commission began to bring to an end the state tuition and fee waiver programs. Eligibility for both grant and loan programs was extended to students enrolled in all accredited two- and four-year public and private institutions of higher education in the state and, in addition, loan eligibility was extended to resident students who attended approved out-of-state institutions. The agency soon developed a uniform financial aid application blank for use by freshmen throughout the state.

In 1973 the Oregon legislature expanded the Commission's role, making it responsible for evaluating and insuring the effectiveness of all financial aid administration in the state of Oregon. The Commission staff counsels and advises financial aid administrators, especially newer and less experienced ones, regarding ways to utilize most effectively federal and state financial aid allocations and how to establish and administer their offices most efficiently. The Commission's role in advising the state Coordinating Council has expanded considerably as it has participated in that agency's review of institutional applications for federal student financial grants as well as in the Council's statewide higher education planning activities. The Commission works closely with the financial aid community, relying heavily on an advisory council of financial aid administrators. Assistance awarded through state programs frequently is not the only means of financial support available to students, and states are cognizant of the packaging process that requires state and institutional cooperation. State agencies and colleges must rely on each other and maintain good working relationships. In certain instances, college administrators (usually financial aid directors) have participated in the development of enabling and modifying legislation. State agencies have also called upon the financial aid community for help and advice in establishing regulations, rules, and operating procedures. Summaries of information about advisory committees as they are used by the various states indicate great diversity in the types of organizations that have worked with state agencies as well as the extensive degree of cooperation and consultation that is common between state agencies and postsecondary educational institutions.

During the process of financial need assessment, participation by college personnel is frequent. In some states college personnel constitute a financial-need review team; in other states, the financial need assessment is made by staff but an appointed group of aid offi-

cers reviews complex and unusual cases.

Although funds from state programs are extensive and are welcomed by colleges, they create significant additional administrative work. Financial aid officers in states that have significant financial aid programs must be knowledgeable about the laws, policies, procedures, selection standards, calendars, renewal criteria, coordination policies, and payment procedures of the appropriate state agency. They are called upon to participate in making payments and coordinating awards; they must also verify student statuses and be available to students to help with problems concerning particular payments or adjustments; and they must return state forms on schedule, properly filled out, so these may be processed easily and meet all auditing requirements.

Since state funds for publicity purposes are frequently limited, the college and the student financial aid and admissions officers must assume considerable responsibility for making information about state programs available to students. In order to augment prospective students' knowledge and to increase the flow of funds to their own institutions, colleges include information about state programs in their catalogs, literature for prospective students, and whatever communications they send to secondary schools and students. Frequently, there is extensive counseling of students and parents concerning the filing of applications to assure that every financially needy prospective or currently enrolled student submits one. Counseling students is exceedingly important, particularly to those who are confused by the various state decisions or by the multiplicity and diversity of financial aid programs. As these have proliferated, financial aid officers have become focal points as they have assumed responsibility for explaining and interpreting student financial aid requirements and programs to students, parents, teachers, guidance counselors, and representatives of the general public—many of whom are bewildered by the variety, complexity, and diversity of programs and the standards of judgment used in each.

Impact of State Programs

The growth of state direct student financial aid programs from $110 million in 1969 to almost $400 million in 1973-74 obviously indicates that programs of this type have had a significant impact on higher education in the United States. Although the exact nature and extent of this impact is difficult to define, some hints may be ob-

tained from certain recent research studies, the most inclusive of which was conducted by the Center for the Study of Higher Education at the University of Pennsylvania (ERIC).

Grant recipients in New York, New Jersey, California, Pennsylvania, and Illinois were surveyed to ascertain the effect of grants on such factors as access to higher education and college choice; also what other resources recipients used to meet college costs. Although both purely need-based and scholastic need-based awards were studied together, some generalizations may be drawn from the data.

As was expected, contributions from parents of grantees were less than national norms, although respondents indicated that parents would have contributed more if there had been no state assistance. In addition, other resources, such as student savings, money earned in term-time work, other types of grants, and guaranteed loans were utilized. "Other grants" were utilized most frequently by recipients of need-based grants, whereas guaranteed loans were utilized by recipients of scholastic-need grants.

Academic performance of the grantees was approximately the same as that of the total population, indicating that (except in California) aid was directed more toward the average achiever than toward the academically superior student. Moreover, married grant recipients (except for those in California and also the Scholarship Incentive Awardees of New Jersey) were represented at a rate twice or more than twice that of national norms. Female students were also overrepresented in comparison with national norms in programs having high academic requirements. A higher than national norm representation of blue-collar families and a clustering of grant recipient families at or below median income levels was found. This indicates that although the programs were not all directed toward the lowest income groups, substantial impact was made on this group's representation in college, especially in comparison with national norms.

The percentage of grant recipients who attended private colleges was twice that of grantees in public colleges in all states except New York. More students attended universities and four-year colleges than they did public two-year colleges. Also underrepresented were institutions having more than 20,000 students. Private colleges having from 500 to 10,000 students were uniformly represented at twice normal enrollment rates.

Responses indicated that without financial aid between 30 and 52 percent of students who received aid could not have attended college. Percentages of recipients enrolled in private colleges who could have

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been there without aid were very low—less than 20 percent in all states except New York (20.8 percent) and New Jersey (33.6 percent). Recipients enrolled in public institutions who reported they could have been there without aid were considerably more numerous. The data show that recipients who could not have attended without aid decreased as the ratio of grant size to income increased. Since grant amount varied inversely with family income, grants were shown to have a bearing on student access. The finding that aid allowed most students to attend their first-choice college indicates that grants significantly affected choice of institution.

Students who replied that they would have attended college without aid said their college costs would have been met by means of loans, additional jobs, and help from family. Only in California would many have turned to a less expensive institution, probably a community college. None of the grantees in California were attending community colleges at the time the survey was made. One-half to two-thirds of the grantees (and this depended on the state in which they resided) stated that in order to be able to attend college without financial aid they would have had to live at home. This indicated in-kind assistance as the type of anticipated increased parental contribution.

The results of a Student Resource Survey (a College Board service) conducted in Oregon also indicate that a number of student aid recipients might have attended college without financial aid. A followup study showed that such students would have been forced to rely on loans and working. The ERIC study produced similar findings.

The forced reliance on loans in the absence of grant aid is illustrated by financial aid expenditures in New York between 1965-66 and 1970-71. Grant awards increased by 15 percent—from $34 to $39 million—while loans increased elevenfold. Thus, state programs of financial assistance developed in ways that forced students into ever greater reliance on deferred self-help.

While it is difficult to measure precisely the impact of state programs of student assistance on private institutions, the considerable sums awarded students in private schools obviously have had some effect. Public institutions receive significant subsidies not available to private schools, allowing them to charge lower tuition. Without direct aid to offset the tuition differential, many students would have not attended private schools, and this would have created serious enrollment problems. Undoubtedly many private institutions would have had to close or curtail their operations without the enrollment

generated by this assistance. At the same time, opportunities to attend private institutions created by state financial assistance undoubtedly relieved enrollment pressure on public institutions, and this, in turn, lessened the need for public funds to expand faculties and facilities there.

The ERIC study and the student resource surveys indicate that the greatest impact of state student assistance programs has been the increased choice of educational institutions they created. Of lesser importance was "access" although there is some indication of significant impact on access for those from the lowest income groups. In states such as California where highly developed public, low-cost community college systems exist, choice tends to be the more important part of the choice/access duality. The factor of choice is, moreover, closely related to the objective of many state assistance programs of insuring the continued health of private institutions and hence assuring diversity in higher education and reducing the need for state expenditures. The data indicate that these objectives are being met although at the expense of a community college student body that is sufficiently diverse.

The effects of both federal and state programs have profound implications for financial aid administrators. The changes that have occurred in the demographic composition of student bodies indicate that postsecondary institutions must respond to the needs of previously excluded constituencies, especially those from minority and low-income groups. This means that personal, academic, and financial counseling must take on added dimensions. Moreover, institutions are being asked more and more to alter their academic programs to accommodate new populations and become more sensitive to their special needs. Financial aid administrators, as well as other counselors and faculty members, will need to help students strike a balance between retaining comfortable and familiar life styles on the one hand and meeting academic and social demands of institutions on the other.

The development of state guaranteed loan programs has important implications for financial aid administrators, as they have increased the diversity of students he must advise. It is much more difficult to help students who qualify for neither scholarships nor grants but who must rely on loans because their eligibility is more difficult to assess. In some ways they present the aid administrator with a greater professional challenge than do any of his other advisees.

Finally, financial aid administrators now have more influence in

state higher education financial affairs. As greater proportions of state money for higher education have been channeled through the student, the roles of both the state agency and the institutional aid administrator have expanded. In addition, state legislators and educational leaders are looking more closely at how funds are expended and are demanding greater accountability.

Future of the Programs

Recent studies indicate that growth in the role of state student financial aids in the total financing of higher education will continue in the years ahead. An even greater percentage of state resources committed to higher education is expected to be channeled through the individual student. The National Commission on the Financing of Postsecondary Education (authorized by the 1972 Amendments) has tried to bring together all data pertaining to postsecondary educational finance. Its report *Financing Postsecondary Education in the United States* describes several developments in higher education that are expected to continue through 1980 and will influence state student financial aid programs.

That students and their families will be asked to assume an even greater share of the burden of financing postsecondary education by means of increased tuition charges was considered an important finding by the Commission. This could profoundly affect student access. Unless increases in tuition charges at public institutions are offset by substantial increases in federal and state student financial assistance, large numbers of students will face severe problems in financing their postsecondary education.

Present state grant programs will need to be expanded and states with no programs need to institute them. State governments will also face increased demands for state moneys for more social services, additional environmental protection activities, and from many other areas of need. Thus, the outlook for increased grants for students is not promising.

One source of increased funds for state grant programs is the State Incentive Grant Program authorized by the Higher Education Amendments of 1972. This program is designed to encourage new state need grant programs and the expansion of existing ones. For fiscal year 1975, $20 million was appropriated. When the program is fully funded at the authorized $50 million level, it is estimated that $200 million could be added to present state expenditures for student

grants through the federal contribution and the states' required matching funds.

Projections of increased direct costs to students concurrent with only modest increases in federal and state grant funds will force students to rely more and more on guaranteed loans. Since the state contribution required to guarantee or extend loans is much less than that required for the same amount of grant assistance, it is anticipated that loan programs will be increasingly utilized to make up the difference between the costs of higher education and the amount that students and/or their parents can contribute. There are, however, practical as well as legal limitations on the aggregate amount of loans a student can assume. As the loan burden increases, alternatives such as income-contingent loans may gain wider acceptance. In the private sector of higher education, the saturation point of loan programs will be reached more quickly.

The California Student Resource Survey showed that 41 percent of all students in independent colleges had to resort to guaranteed loans in comparison with 31 percent of those in public four-year institutions, and that the average loan of college students in independent colleges exceeded that of those in public institutions. The Oregon SRS showed a similar borrowing pattern. The likelihood that loans will be resorted to in the absence of grant funds is strengthened by the ERIC study discussed earlier showing that without grants recipients would have resorted to loans to finance their education. The finding that students would also turn to work if available seems to indicate that work-study programs could help to fill the projected gap. Work-study adds to the productive capacity of students while enriching their educational experiences. Both these factors make work-study programs very attractive to legislators and to budget analysts.

Additional pressures on state grant and loan programs will be created by shifts in the postsecondary population as projected by the Commission. By 1980 the percentage of 18-21-year-olds enrolled in higher education is expected to have decreased and the percentage of older students will have increased, resulting in a change in the applicant pool for state assistance programs. A further inclusion of proprietary and other types of nontraditional types of institutions as eligible institutions for grant recipients will also affect the size and composition of the applicant pool.

Predictions about state involvement in and monetary contribution to student financial aid are difficult to make but if current trends con-

tinue, it is probably safe to expect that the role of state agencies and the amount of student aid funds they administer will continue to grow. To a considerable degree, this will be caused by the expanding and changing role of federal financial assistance and its effect on the financing of higher education. If states are to exert control over the financing and the direction of higher education within their boundaries, they must have viable and purposeful programs of direct student assistance to complement and to counter federal student aid programs. Otherwise, federal money directed through the student will be the major influence on such important matters as access, choice, and the composition and direction of higher education.

As these developments occur, the financial aid administrator will assume an even more critical role than he has occupied in the past. It will be the financial aid office that administers an ever-increasing share of the state monies earmarked for the operation of postsecondary institutions. The potential for professional growth is tremendous. The extent to which financial aid administrators are able to cope with their new and expanded roles will depend largely on their ability to view financial aid in its broadest perspectives, and to introduce and gain acceptance for new approaches and more effective methods.

ERIC Full Text Provided by ERIC

Student Resources

by Richard A. Dent

Self-Help Defined

Self-help is the student's personal contribution toward the cost of his own education. In its broadest sense, self-help can encompass all actions by individual students that contribute to the costs of their education. A student's decision to commute from home when he would prefer to live on campus is, in a sense, "self-help." Students who pool resources and maintain themselves on less than the normal budget are also practicing another kind of self-help.

From the administrator's perspective, self-help is normally considered to be the student's direct cash contribution toward his college costs. Self-help includes: summer savings—the amount that has been saved and is available for school-year expenses from earnings of the summer preceding that school year; term-time earnings—the amount earned during the academic year; student assets—the student's assets will normally be in the form of a savings account (usually savings from prior years' earnings) but can also include stocks, bonds, trust funds, real property or personal property (cars, furniture, stamp collections, etc.); and educational loans—loans the student is personally obligated to repay (usually from future earnings). Benefits such as those from Social Security or the Veterans Administration, are sometimes also classified as "self-help."

How Important Is Self-Help?

Sources of support to meet college costs can be separated into three broad categories: parental contributions, grants (including scholarships and benefit programs such as Social Security and the GI Bill) and self-help. Of these, student self-help is by far the most important.

In the spring and fall of 1972, College Board staff conducted Student Resource Surveys in several states to identify student financing patterns in meeting higher education costs. They included more than 225,000 student respondents. Four self-help categories were included on the SRS questionnaire: summer employment savings available for school year use; term-time earnings; general savings that were to be used during the school year in question; and student loans. Students were also asked to report parental contribution and all grant, scholarship, and benefit assistance. Table 1 shows the percentage of total

student-reported resources represented by self-help for two types of students.

Table 1. Self-Help as a Percentage of Total Resources for Dependent and Single Self-Supporting Undergraduates

	Dependent Undergraduates	*Single Self-Supporting Undergraduates*
Community College Students	63% to 67%	65% to 69%
Public Four-Year Institution Students	55% to 62%	70% to 74%
Independent College and University Students	42% to 52%	62% to 70%

Self-help is the single most important source of funds for college, and for the majority of students it constitutes more than half their total resources. Obviously the financial aid administrator must be cognizant of the role that self-help plays in meeting student costs and should see that his institution establishes realistic and equitable self-help policies. These policies will differ among institutions but should be based on a firm understanding of the different roles self-help can play.

Summer Earnings

The CSS includes in its basic need analysis procedures standard summer savings expectations that are related to sex and year in college. While it is acknowledged that summer savings averages cannot and do not reflect individual student earnings and savings experience, the CSS norms do reflect the aggregate experience of hundreds of thousands of students. The individual aid administrator in seeking to establish institutional policy must decide whether any standard minimums should be used, and if so, what they should be. The alternative to using norms is to use reported summer earnings or savings. These can be the student's estimate, or the aid administrator can seek to document actual earnings. For most institutions, the student application and award process takes place during the winter and spring preceding the year for which the aid will be granted. Few students will have obtained summer jobs at the time they apply for aid and their estimates of earnings will range from the naively optimistic to the professionally pessimistic. To use student estimates without followup

would create many more inequities than would establishing normal expectations. And normal expectations can be agreed upon without too much difficulty.

An institution that had sufficient staff could undertake to document summer earnings. Aid could be offered tentatively in the spring and the package reviewed in the fall, the student being requested to report his summer earnings. In order to identify correctly all student earnings, however, it would be necessary to obtain a student's tax return, and that would normally not be available until the second semester of the aid year. Adjustments would almost have to be for the ensuing year and there would be no guarantee that the student's earnings would be the same. To seek actual summer earnings would probably not result in new information that could be used to adjust the student's current aid package.

The CSS norms are based on national averages and therefore may not reflect summer savings that are average at any particular institution. As summer earnings are affected by geography (regional employment opportunities), age (older students earn more), sex (men earn more), parental income (children from higher income families tend to have more contacts that lead to higher paying summer jobs), and skills (students with marketable technical skills usually obtain better paying summer jobs), an institution with a student body that disproportionately reflects any of the patterns may wish to establish its own norms by collecting data on summer earnings and savings over a period of several years and deriving an appropriate average in that way. It is important to deal with normative earnings and not arithmetical means where a small number of students with summer "gold mines" can inflate the norms beyond whatever is reasonable for most students. The conscientious aid officer, however, will likely find that he establishes norms primarily to have a base from which to depart.

Savings Less than the Norm

"I couldn't get a job"; "I went to summer school"; "I had to take care of my brothers and sisters"; "I gave my earnings to my parents"; "I had an educational summer in Europe"; "I worked away from home and could only save $200 (or $50 or nothing)..."

The list of reasons why students have no summer savings ranges from the real and the obvious to the truly imaginative. Obviously, the students who ask for more aid because of insufficient summer sav-

ings must be treated as individuals and the aid administrator must exercise professional judgment in evaluating each case. However, in the interest of equity it is still wise to establish some general guidelines that can be used in the reevaluation process.

Summer savings are but one part of self-help. Term-time jobs and loans are also major self-help sources. If self-help is viewed as an annual student contribution (from the end of one school year to the beginning of the next), a student with insufficient summer savings can be offered additional term-time work or loans to make up the summer savings expectation.

Some aid officers may wish to implement the increased self-help as a general rule while others may wish to categorize the reasons behind the absence of savings. For example:

Conditions beyond the student's control. If a student is incapacitated all summer, the aid administrator may wish to excuse summer savings and provide increased grant assistance (if the student already has normal term-time self-help).

Academic reasons. The student who is advised by the institution to go to summer school may not have the opportunity to work. An aid administrator should not consider himself the final academic advising voice of the institution. Therefore, the student who acts on institutional advice should not be penalized financially. The institution should be aware that if a student who attends summer school needs aid to do so and summer savings must also be waived, summer school can become a significant drain on aid resources. If the student needs \$500-\$800 for summer school expenses and savings of \$500-\$600 are waived, the price in aid resources can easily reach \$1,000-\$1,200 which is the cost of a semester in many public institutions. Thus, six hours of summer credit can, in cost terms, equal 15 hours of semester credit. Academic advisers should know that it is often more cost-efficient to fund a student for an extra semester than to pay for summer school.

Students from low-income families. Many students from low-income families have, throughout their lives, worked after school and during summers to supplement family income. When these students reach college they are told that they must save their summer earnings to meet college costs. The dilemma is obvious—aid programs are not intended to assist the student's family but assistance to the family is perceived by some students as a primary moral obligation. In many cases, the student could not live at home without contributing heavily to the family during the summer. Although we expect most families

to provide room and board for their children, it is often appropriate to readjust this philosophy for low-income families and to treat the student as if he were living away from home. This would permit him to contribute to the family what he would have paid for room and board outside the house and in many cases would bring about a lower summer savings expectation. This approach obviously contains certain problems in dealing with College Work-Study earnings.

Students with Higher Earnings

The other side of the coin is represented by those students who obtain well-paying summer jobs and report or estimate savings in excess of the standard norms.

How does the aid administrator handle an extra $400-$500 on summer savings? Three main approaches are possible and the one an institution chooses will reflect its philosophy concerning self-help.

1. The total summer savings could be used to reduce need and the standard aid package (grant and self-help) could be awarded the student at the lower need level.

2. The total summer savings could be counted but as they reflect extraordinary student effort (or student luck), the savings in excess of the norm would be used to reduce the self-help component of the aid package, the student retaining the amount or the percentage of grant he would have had at the higher need level.

3. The norm could be used in all cases and the higher savings ignored, thus giving the student the chance to reduce the actual parental contribution he would need or to permit the student to live on a higher budget standard generated by his own work efforts.

If an institution has limited aid funds, it will probably have to count the actual amount of summer savings. In that case, the second approach that views self-help as a full-year process and that does not reduce a student's grant eligibility because of the higher summer earnings seems most equitable.

Student Assets

Dependent Students

Although the majority (55 percent) of students reported personal assets of less than $100 in 1972, a significant percentage (9.1 percent) of students reported substantial assets (over $1,000). The CSS rationale

for the treatment of assets of dependent undergraduate students is based on three assumptions:

1. Normally, the assets of dependent undergraduates are to be used to meet educational costs.

2. The primary objective of all undergraduates is the bachelor's degree.

3. Students, being rational planners, and with appropriate advice from the institutional aid officer, will use a portion of their assets for each year of education.

Thus, the entire amount of students' assets reported is prorated over the number of years remaining to the bachelor's degree.

This rationale provides a logical starting point for equating the assets of all student applicants, but it also places a responsibility on the aid administrator to do substantial followup on student reported assets.

When assets are prorated, the financial aid administrator must inform the student of the amount expected from assets each year and provide a followup mechanism when substantial student's assets are involved. It is most helpful if the award letter specifically lists the student asset contribution for the current year and includes a statement that the same amount will be expected automatically for each of the years remaining to the student's bachelor's degree. A flag on the student's folder or the master record card can assure annual review of assets and bring about the kind of planned prorating assumed by the need analysis system.

Planned prorating with followup enables the aid administrator to treat students' dollars equitably but, in so doing, may bring about inequities in the treatment of individuals. Some examples of potential problem areas include:

1. *Student assets accumulated through family efforts.* Students A and B come from economically identical families. Student A reports $2,000 in assets, student B, nothing. A's family has always insisted that all gifts and all his earnings should go directly into the bank for college. Family B believes that a student should be responsible for many of his own expenses and thus B spent all of his earnings and gifts before entering college. Aid administrators may wish to adjust their need analysis to reflect particular families' economic histories. There may well be times when student assets are so obviously family derived that the aid administrator may wish to transfer the student assets to parental assets and tax them at a lower rate.

2. *Future degree plans.* When students are informed of the pro-

ration of their assets, one of the most frequent responses is the fact that the student is planning to go on to graduate or professional school and must retain part of his assets to pay for graduate study.

Student aspirations tend to exceed reality, and the younger the student the more optimistic the aspiration. Yet substantial numbers do in fact go on to graduate school and student assets may well be accumulated with graduate school as the goal.

There is unfortunately no perfect answer to the question. Aid administrators are faced with a series of choices (any of which will be inequitable to some students). The financial aid administrator can:

A. Consider all students' assets applicable to the student's present program in his present institution and prorate accordingly.

B. Collect information on student aspirations and prorate according to student plans.

C. Use his own institution's experience (percentage going to four-year schools or graduate schools) and derive norms for prorating based on students' past performances.

D. Attempt a judgment on each individual case. Most administrators probably use a combined approach of A. and D. although the C. approach modified by individual exceptions to the rule should provide the most equitable treatment.

3. *Assets in trust.* Students who report substantial assets in trust funds present a unique problem for the aid administrator. Often the student will indicate that he will not receive any money from the trust until a specified age. Must the financial aid administrator therefore ignore trust assets if the student is under age? Not necessarily. There are a number of factors to consider:

A. Language of the trust document. Many trusts contain language that permits invasion of the trust before the prescribed age if the beneficiary needs support in providing for the "necessaries" of life. This would obviously include basic living expenses, but a number of courts have decided that education is a "necessary" expense and have permitted trust invasion for educational expenses. Thus, if the student has not other sources of support, the financial aid administrator should advise him to check the language of the trust instrument.

B. Trusts as loan security. Unless the trust language contains conditions that the student might not be able to meet, most trusts are a fairly sure thing. The student will receive the money at the prescribed age. Now that the students in many states are legally obligated in their contracts at age 18, the financial aid administrator can encourage the student to make use of his borrowing potential even

though he may not receive the trust proceeds for two or three years.

C. Restrictions on trusts or bequests. If the applicant has money in trust or has received an inheritance that has been earmarked for a specific purpose (medical school, his first home, etc.), it may be unfair for the aid administrator to contravene the donor's intent and count the funds as available to reduce need. If the financial aid administrator does not feel that he can tax the funds, he can adjust the self-help components of the aid package to emphasize the financial resources available in the future to the student.

Independent Students

The treatment of independent students' assets as explained in the rationale section for the Student Financial Statement of the College Scholarship Service provides a starting point for the consideration of assets for the fastest growing group in postsecondary education — the independent and older student. The SFS rationale assumes that a younger student in his twenties is in an investment cycle and that higher education is the best investment the student can make. Therefore allowances against assets are lower and the taxing rates are higher for students in their twenties than it is for older students who are presumed to have obligations (both family and personal) that may take precedence over education. Older students also have fewer working years left to realize the economic gains from their education and therefore should not have to invest as much of their assets.

The SFS asset rationale is new and will undoubtedly be adjusted as aid administrators gain more experience in dealing with older students. In adjusting the present assets of independent students, the financial aid administrator should consider the responsibilities of the applicant (marital status, number of children, their ages), special problems (as having a handicapped child, sick spouse, etc.), and the future plans and probable income of the applicant; e.g., an executive wishing to return to school to become a clergyman may be discouraged from that goal if most of his assets are applied to college costs. His reduced future earnings should be considered in adjusting the asset contribution.

Term-Time Earnings

Based on the SRS studies cited earlier, between 40 percent and 50 percent of all students attending colleges in the states that were studied, worked at some time during the school year. Average term-time earnings ranged from $500 to $700 for undergraduates, with graduate-

student earnings approaching $2,000 per year (mainly due to graduate assistantships).

For commuting students, independent students, and graduate students, term-time employment tended to be the single most important resource used to meet their educational and living expenses. Yet term-time employment is the most difficult of all resources for most aid administrators to include in their aid award process in a systematic and equitable way.

Should students work? How will it affect their studies? The SRS reports reinforced what a number of other studies had found. In dealing with large numbers of students, there is no correlation between hours of work and academic performance (as measured by grades). Students working 20-30 hours a week were just as likely to have high averages as low averages. Students who did not work were likewise equally distributed across the grade spectrum. Some students did better academically when they started to work, some dropped in achievement, but no pattern emerged that would provide a basis for a general policy. Obviously, when counseling individual students, aid administrators should consider the effect of employment on achievement and may withhold jobs from students whose prior record indicates that work and school do not mix. However, unless the institution is geographically isolated and the only jobs available are on campus, the student will make the decision about whether or not he works and there is little that a financial aid administrator can do to enforce a no term-time work policy. Most employed students work off-campus and the only kind of policy that would be effective would be after the fact (i.e., from tax returns) and in view of the aid funding cycle in most institutions and the changes in student earnings from year to year, after the fact adjustments cannot reflect accurately the student's current needs and resources.

Some Assumptions Concerning Term-Time Earnings

1. One goal for aid administrators is the development of employment policies based both on reality and on equity.

2. Off-campus earnings are normally not within the administrator's control.

3. At the time aid awards are normally made, term-time earnings are, at best, estimates and may not reflect reality very closely.

4. Federal law (College Work-Study) and institutional and federal policy may demand that all term-time earnings given as part of an aid package must be counted against the students' financial need.

5. Students work for a reason.

The application of these assumptions could result in the following conclusion:

If earnings cannot be known accurately at the time the aid award decision must be made, then the institution should develop norms for its applicant populations. The norms should be in the form of average self-help components in the aid package so that all students have the option of pay now (work) or pay later (borrow). This provides a measure of equity. The self-help norms should reflect modal or median reality for each institution and its students and not be influenced by a small number of high-earning students.

Assuming that students work for a reason, why would a student whose financial need has been met undertake a term-time job? Several obvious answers occur. One, the student wishes to live better than, or at least differently from what the standard institutional budget will permit, or the student needs the money to live at the standard budget. Standard budgets are artificial norms. Unless the institution is totally residential and all costs are covered by a comprehensive fee, actual student expenditures will be different from the standard.

It is also vital that the aid administrator understand the safety-valve importance of term-time earnings for legally dependent students. With the changes in the guaranteed federally insured student loan program, many dependent students cannot borrow the expected parental contribution. Many, if not most, dependent students work to provide the difference between the expected and the actual parental contribution. This could be by the student's choice (a desire to be more independent) or of necessity, if the parents are unwilling or feel themselves unable to produce the expected contribution. As the aid officer has no way to enforce the contribution, additional student earnings make the difference between attendance and no college for large numbers of students.

College Work-Study and Federal Law

College Work-Study and Campus-Based Jobs. The aid administrator is legally obligated to count employment earnings under the College Work-Study Program when establishing a student package. He is also obligated to consider other employment earnings provided by the institution if the student's aid package contains other federal funds. If he does not similarly count off-campus earnings, this results in inequitable treatment of students whose employment is part of the aid

package. The job provided as part of the aid package is usually guaranteed (assuming the student shows up for work). The student working off-campus must find his own job, satisfy an employer who probably views him as an employee first and only secondarily as a student, and could be terminated at any time. The student, therefore, does have a choice: accept the guaranteed employment through the financial aid office, with its restrictions, or seek employment on his own.

The Cost of Earning. To comply with federal law, the aid administrator must count the earnings from work-study and institutionally packaged jobs. However, he should also be cognizant of the cost to the student of his earnings and reduce the expected earnings contribution by said costs. Among the offsetting costs to be considered are:

1. Social Security, state, and federal taxes
2. Transportation costs
3. Additional meal costs
4. Special clothes or equipment.

It would be possible but time-consuming to establish cost of earnings offsets for individual students. In special cases, it may be desirable to do so. However, if the standard budget is viewed as the midpoint of a range (which is what it really is) then the upper end of the range could be construed as including the cost of earnings. For instance, if a public college has an average cost of attendance budget of $2,700, reasonably most students could be expected to live on between $2,550 and $2,850 (standard ± $150). The $2,850 budget could be used for all students receiving work assignments as a standard offset against earnings (as well as incentive). Obviously, the same result could be reached by setting a standard earnings offset and "overawarding" on the standard budget by the amount of the offset.

Tax Returns and Refunds. Students as wage earners are subject to federal and state income taxes as are all other earners. Most students' annual earnings will be sufficiently modest so that they will not owe much, and if taxes are withheld, many students receive substantial tax refunds. It is difficult to predict the amount a student's refund will be because the amount withheld depends not only on total earnings but also on the rate at which the wages were earned. For example, two students each earn $3,000 for the year—one by working 40 weeks at $75 per week and the other by working 20 weeks at $150 per week. The first student will have had $428 withheld for federal income tax while the second will have had $518 withheld. One student will receive a $90 larger tax refund.

Refund money is usually not available to a student until March or

April yet many students plan to use refunds to meet second semester costs. For students living on campus who are obligated to pay all their second semester bills, i.e., tuition, fees, room and board, in January, the timing of tax returns can cause a severe cash flow problem. If the aid office also controls a short-term loan fund, these students can be advanced the money to meet bills with loan repayments coming from tax returns. As tax returns should be available before the second semester ends, repayment is relatively secure and such an approach enables the aid administrator to avoid making aid commitments to solve the problem of short-term cash flow imbalances.

Aid administrators are often questioned by both students and parents on the tax deduction issue. As long as the parent is contributing more than half a full-time student's annual support, both student and parent can claim the student as a deduction. The Internal Revenue Service's Publication #532, *Tax Information for Students and Parents*, is an invaluable guide in answering tax questions and should be available in every aid office. The publication, stock number 4804-00648, is available from the Superintendent of Documents, United States Government Printing Office, Washington, D.C. 20402, at a cost of 25 cents.

Another valuable IRS publication is Publication #520, *Tax Information for American Scholars in the United States and Abroad*, which addresses itself to the tax exemption of scholarships and fellowships.

Student Borrowing

Much has been written about the role of educational loans in the financing of postsecondary education. Many economists feel that loans should be the main vehicle for student assistance (but not necessarily need-based loans). Recommendations have been made for average aggregate loans of $10,000 or more to be repaid over 20-30 years with the amount of repayment contingent upon the student's earnings during this period. The future shape of educational loans may differ greatly from the present but the role and importance of loans today must be understood by the financial aid administrator.

Next to student earnings, educational loans are the main resource used by students to meet college costs. Surveys conducted by the College Board show that:

1. More than one-third of all students enrolled in four-year institutions reported some long-term educational indebtedness. In general the frequency of borrowing was related to institutional cost—the higher the cost, the greater the number who borrow.

2. Frequency of borrowing is related to parental income for dependent students. Students from families with below $6,000 annual income were overrepresented by 50 percent in the borrowing population. Although they tended to borrow more frequently, low-income students tend to be cautious borrowers, taking smaller average loans.

3. Once students start borrowing, they continue to borrow year after year. In most four-year institutions the correlations between students who have borrowed at any time and who are borrowing that year ranges from .6 to .75.

4. Independent students are loan reliant; they are almost twice as likely to borrow as are dependent students.

5. Borrowing frequency and total indebtedness are increasing as rising college costs outstrip the ability of students to increase their earnings contribution and as inflation erodes the ability and willingness of parents to pay college costs.

The federal government has established annual and aggregate borrowing levels for all its loan programs. In addition, some states with Guaranteed Loan Programs have established maximums within (but lower than) the federal regulations. These regulations control student borrowing within broad terms but still leave considerable room for an aid administrator to exercise professional judgment. When and under what conditions should the aid administrator exercise judgment and limit the amount of total borrowing for any particular student?

The burden of loan repayment is, quite simply, a function of future income. A student whose post-college days are economically rewarding can repay substantial educational loans without undue hardship. Conversely, a student who realizes only a modest economic return on his educational investment may find that repaying even relatively small loans is a terrible burden and a constant reminder that he may have made a poor investment.

It would seem that a general proposition that would tie borrowing levels to future economic expectations would be a valid one for the aid administrator to act on, and within limits, it is. It is possible to predict with some accuracy that students in traditionally well-paid fields will do well economically and that students planning to enter overcrowded or less remunerative job areas will do less well. On the aggregate such predictions will come true but for many individual students they will not. Some academic stars will turn out to be economic busts and the converse will also be true. It is the student's deci-

sion as to how much borrowing he or she is willing to undertake. The aid counselor can and should explain the economic realities but if the student qualifies and if loan funds are available, the aid administrator who substitutes his economic judgments for the student's is being paternalistic.

There are, however, a number of instances where the aid administrator may feel obligated to refuse additional loan money to an otherwise qualified student. Among the instances are:

- A financially irresponsible student. A student with a prior record of unpaid bills and loans who continually displays a cavalier attitude toward his responsibilities is a poor loan risk. Although the aid administrator cannot predict the economic future accurately, he may well encounter cases where the student's performance casts considerable doubt on whether the student has any intention of repaying the loan. The aid administrator's fiduciary responsibility for the loan funds he controls mandates that he does not, knowingly, make a bad loan. However, financial responsibility often comes with maturity and a mistake or two should not render a student ineligible. The decision to withhold a loan should be made reluctantly and carefully after discussion with the student and after thoroughly examining all the pertinent facts.
- The multiple source borrower. Partly as a result of the increased mobility of students across state lines and among institutions, the aid administrator increasingly encounters students who have two or more GFISL loans from separate banks and who may also have received prior NDSL loans from other colleges. As there is no mechanism for loan consolidation yet functioning, the student who borrowed from a number of lenders faces concurrent repayments of all loans. Total indebtedness, which in the aggregate looks reasonable, e.g., $2,500-$3,500, may be impossible for a young person just starting to earn if he is obligated to repay four or five lenders at the rate of $30 per month each.

As a general rule, the aid administrator should insist that a student who has prior loans continue to borrow from the same lender. If that is not possible, the aid package should be constructed to consider the burden of concurrent payments as well as the aggregate indebtedness. When funds are available, the multiple borrower should be switched to grant or work-study assistance rather than add another monthly repayment increment to his burden.

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Borrowing the Parental Contribution

One of the major reasons behind the imposition of the need test for GFISL loans was the realization that students from families who could reasonably be expected to make substantial contributions for college costs were in fact borrowing the parental contribution under guaranteed or federally insured loan programs. The change in the program to a need-based system made it more difficult for a student to borrow automatically the parental contribution but also resulted in large numbers of previously eligible borrowers being effectively blocked from GFISL loan access. Clearly one of the goals of the legislation was to reduce indiscriminant borrowing but the changes also resulted in students with a need for funds being turned down, partly because aid administrators either did not realize the degree of discretion that was theirs under the terms of the program, or did not want to exercise that discretion.

The CSS need analysis system is an objective measurement of ability to pay but it is also a system that strives to establish equity of treatment among families of similar economic circumstances. Aid applicants are, in fact, in competition with each other for the limited and usually insufficient institutionally administered aid funds. In attempting to make that competition equitable, the CSS economic rationale contains certain judgments that are not necessarily applicable to GFISL loan applicants. The CSS does not, for instance, make allowances for areas of family choice, e.g., the family that sends its children to tuition charging parochial or private elementary and secondary schools, yet that choice does affect the actual ability of the family to pay college costs for another child. Consumer indebtedness is similarly interpreted as family choice – a choice to pay now or pay later. Yet the family does not have available for college the money that it is paying out monthly in consumer debts. Home equity contributes to the overall economic strength of a family yet home equity is not readily available to pay college costs.

Aid administrators should consider establishing a "soft need analysis" review for students applying for Guaranteed Federally Insured Loans. The PCS gathers most of the data needed to reevaluate the parental contributions in terms of the stated judgmental exception included in the law, i.e., that in the aid administrator's judgment the family is not, in fact, able to make the normal expected parental contribution.

There are real differences of opinion over what constitutes reason-

able borrowing and consensus in this area may be a long time coming. For the present, the aid administrator needs to discuss with each student the legal obligation he is assuming and what repayment terms mean in practical terms. Present default rates indicate that loan programs are not being well handled and that student attitudes toward repayment are not uniformly positive. Loans given to younger students and to academic high-risk students carry with them an increased probability of default. An institutional aid packaging philosophy that recognized the economic reality of loan repayment would do much to utilize more efficiently loan resources and reduce the default rates.

Loans and/or Gifts from Relatives

The aid administrator will often encounter students who report a gift or a loan from a relative. At times, these can be for substantial amounts. How should such funds be considered? Are they current resources to be treated as outside scholarships are treated? Are they student assets to be prorated over the college career? Or are they part of the family contribution? Depending on how the student explains the source and reason for the money it is probable that gifts and loans from relatives are being treated in very different ways by individual colleges.

As noted earlier, gifts in trust present their own set of problems, but what about present gifts, e.g., Grandma gives $1,000 per year toward college expenses? Should the institution count the entire $1,000 and still expect the parents to make the full parental contribution or should Grandma's money be counted as part of the entire family contribution? The conflict in this situation is between reality and equity. When aid funds are insufficient, administrators tend to tap every resource reported by students. Yet equity would demand that Grandma's contribution be discounted for several reasons. First, it is a reporting accident—the same money given to the parents to give to the student would be calculated in the parental contribution. The second reason for counting Grandma's gift as part of the family contribution is her probable intent. She may be just as concerned about reducing the cost burden on John's parents as she is in helping him through school. The aid administrator is seldom party to interfamily agreements and is in a poor position to judge intent. In general, it would be more equitable to consider all gifts and loans from the students' extended family as part of a family agreement and include such gifts in the parents' or students' contribution.

The Role of Self-Help

As noted, self-help encompasses the range of activities (e.g., work) and obligations (loans) undertaken by students to meet their college costs. It covers prior actions (assets and savings), present work, and future earnings used to repay loans.

Student self-help is the major source of funds used to meet the total costs of attending college. The aid administrator must, therefore, have a fundamental understanding of the role of self-help and should make that understanding the foundation of his institution's aid policies and packaging practices.

A number of institutions have structured their aid programs in accordance with some basic economic principles that recognize the role of self-help. Consider the following statements:

1. Students themselves, as the individuals undertaking postsecondary study, are the ones most likely to profit both personally and economically from their own educations. All students, therefore, have an obligation to bear part of the cost of that education.
2. As students gain marketable skills and maturity, they are better able to obtain higher paying jobs both while in school and after graduation.
3. The amount of loans a student can repay without undue hardship will be determined by his future earnings.

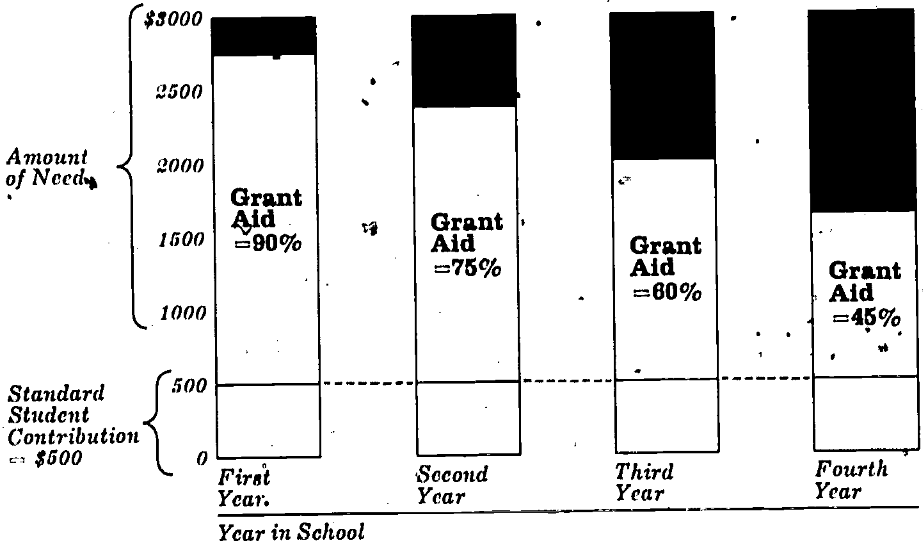
For most people it is the attainment of the credential (certificate, diploma, or degree) that opens occupational opportunities. There is no evidence that "some schooling" provides economic returns. A year of liberal arts probably does not make a person more marketable in the long run. Institutions that realize this, attempt to apportion risk and investment along economic lines. The risk of dropping out or failing is greatest for first-year students. The probability of low or no economic returns on the educational investment is also greatest for these students, although this would obviously not apply to a one-year training course aimed at acquiring specific job-skills that will likely bring a substantial economic return.

Thus, packaging policies that meet a higher percent of need from grant resources in the early years of school and increase self-help (particularly loans) expectations as students progress through their program reinforces the economic realities facing students. The higher the potential economic return to the individual, the more willing and able that individual is to invest in education. A sample packaging formula following this rationale could go as follows.

All students are expected to make a minimum self-help contribution, e.g., $500, toward college costs. Beyond the standard minimum, self-help will increase with progress through a program.

In the example used, the amount of self-help in the first year would be $750, the $500 standard plus 10 percent of the remaining need. Most students could earn this amount from summer and/or term-time earnings and would not be forced to borrow. If we assume $3,000 need remaining after parental contribution for each of the four years, the eventual split between self-help and grant aid would be: self-help $5,250 (44 percent) and grant $6,750 (56 percent). Yet most students should be able to get almost into their junior year before they are forced to borrow.

The aid administrator will have to establish his institution's self-help standard as part of his packaging routine. The percentages used in the example may not fit a particular institution. An aid administrator must keep in mind that the purpose of a packaging formula is to distribute equitably the existing funds among students so that they share proportionately in the self-help and gift money with the relative self-help and grant percentages reflecting both the present and future earning power of the student.



Institutional Financial Aid Resources: Their Nature, Utilization, and Development

by Robert Pernell Huff

The Nature of Institutional Aid Resources

In spite of what has come to be the predominant position of the federal and state governments in providing student financial aid resources, the country's colleges and universities, and more specifically their aid officers, remain at the heart of the process that seeks to insure educational access and choice. After all, it is these institutional aid administrators who come into direct contact with the students and who deal concretely with individual cases. It is essential then to examine the forms of student aid that colleges and universities have at their disposal, to suggest how they can be utilized most effectively and, finally, to propose ways in which they can be increased.

Although many different kinds of student financial aid resources are administered by colleges and universities, most can be classified as one of three types. These include: scholarships and grants—often referred to as gift aid; loans; and employment opportunities. Institutional aid is distinguishable from other types of student support on the basis that it is under the control of the college or university—the institution, therefore, determines the criteria by which the aid is awarded. Because federal and state student aid is increasingly being combined with institutional support funds to serve most effectively the needs of individual students, the policies that institutions establish for the use of their own resources must be compatible with those that apply to the use of public funds.

It would perhaps be ideal for every institution to have all student aid resources under its direct control; such a condition would enable the college or university, by its own determination, to serve most propitiously its educational goals and those of its students. Certainly the life of its aid administrator would be less hectic. However, even administrators in institutions having large endowments and able to be very selective in admissions rarely find themselves in so enviable a situation. Under existing circumstances, most aid administrators should develop policies that draw first on external resources and then utilize their institutions' moneys as supplementary funds. In addition, administrators should be constantly trying to find ways to expand the amount of available student aid funds.

Gift Aid

Gift aid is referred to by many different terms and they are not always consistently used. In general, gift aid is: assistance that is given as a result of demonstrated financial need; support awarded because of academic promise or achievement but without regard to need; and funds provided because of the student's participation in certain extracurricular and nonacademic programs. After the College Scholarship Service was established in the 1950s, institutions began to award an ever larger part of their gift aid, as well as other forms of student assistance, on the basis of demonstrated financial need. In general, the most significant proportion of gift aid that is under institutional control takes this form. Support of this type is usually called a scholarship or a grant and is usually renewable annually for the period of the student's academic program as long as financial need continues to be demonstrated. The scholarship or grant may also carry the additional condition that the recipient's academic record must be maintained above a certain grade average, although the influence of federal and state aid programs has caused many institutions to define this broadly as satisfactory progress toward a degree or certificate or simply eligibility for reenrollment.

Despite the emphasis on financial need as a criterion for awards to students, a not inconsequential amount of gift aid continues to be awarded by institutions on the basis of purely academic considerations, usually some combination of grade averages, class standing, and scores on entrance tests. In a recent survey of most of the four-year colleges and universities in the United States, this author found that 54 percent of the responding institutions were making some merit awards. Included in this category, along with merit scholarships without regard to need, are prizes and honorary scholarships and awards. This type of aid has various forms including a stipend of $500 or $600 per year sometimes renewable but not necessarily so, no financial payment at all but some form of recognition, or an award that covers all or a major portion of the student's tuition.

In the third category are found service-related awards. Most prominent among these are grants to students who participate in intercollegiate athletics. Until very recently these grants went only to men students, but now women students having notable athletic prowess will benefit increasingly. The amount and terms of grants to male athletes are controlled by the National Collegiate Athletic Association and usually also by the conference to which the institution be-

longs. They may not exceed tuition, room and board, and a small allowance for personal expenses. Awards without regard to need are made to students at some institutions for participation in certain activities, for example, the band, orchestra, chorus or choir, or the debating team.

Another kind of gift aid is that which results from the occupation of the recipient's parent. Many independent colleges or universities give awards for all or a portion of the tuition of the offspring of faculty or staff members. These grants may be tenable either at the institution employing the parents or elsewhere. Children of ministers are also occasionally provided with tuition grants to attend church-related colleges and universities.

Institutional gift aid is various in origin. Perhaps the most desirable sort is in the form of an endowment that the college or university receives as a gift, spending the income annually. It is the most permanent form of support, even though the amount available each year fluctuates. A second source is expendable gifts. These may come to the institution on a one-time basis or, sometimes, annually. Most colleges and universities would prefer to fund their total gift aid requirements from endowment income and expendable gifts. But this is rarely possible because of the effects that constantly escalating tuition and room and board charges, efforts to increase the enrollment of disadvantaged students, and changes in the assessment of need, continuously have on institutional financial aid budgets. Colleges and universities, therefore, sometimes make allocations from operating funds or general income to supplement money available from the other two sources. Awards made from operating funds may be checks that are made payable to the recipients who may then use the money for their student expenses, credit orders that must be used to pay institutional bills, or simply waivers of tution or other fees.

Student Loans

Generally, student loans may be divided into two kinds: long-term and short-term. The former are obligations that the student retires in installments after completion or withdrawal from an academic program. Long-term loans generally bear little or occasionally no interest while the student is pursuing an academic program. Interest rates usually increase, however, during the repayment period which extends over a specified length of time. Some colleges and universities have chosen to make the terms of their long-term loans interchangeable with those of the Guaranteed Student Loan or National

Direct Student Loan Programs. These institutions can, in this way, use these resources as "back up" for the federal loan programs. Long-term loans are frequently built into student aid packages in combination with other forms of support and may be considered a regular form of institutional response to demonstrated financial need.

Short-term loans are repaid by the students as quickly as possible and usually no later than the beginning of the next academic year. Included in this category are emergency loans or other advances for unforeseen financial difficulties. In order that the maximum number of students may benefit, institutions will find it advantageous to insure that there is a very rapid turnover of resources of this nature. As a general rule, these loans bear nominal or no interest unless they are not repaid by their maturity dates.

Another form of credit should also be described—the deferred payment of tuition and room and board charges. Some institutions, recognizing that families in their budgeting to meet educational costs often do not have the cash to pay these charges in full at the beginning of each term, arrange for monthly payments. These plans may be institutionally sponsored, contracted for from one or more of the several national services offering them, or arranged through commercial lending agencies. Normally, but not always, this is an obligation assumed by the parents. In effect the plans provide, for a fee, to distribute evenly the payment of educational expenses over a period of from one to five years.

As with gift aid, loan resources come from gifts and from operating funds. Some colleges and universities borrow loan capital from banks and administer the resources themselves—frequently as lenders under the terms of the Guaranteed Student Loan Program. This can mean that the federal government pays the in-college interest for the student as well as guaranteeing the obligation.

Some independent institutions have established arrangements with banks in which the capital for the loans is advanced by the lending agency, and the student and his or her parents pays the interest and the principal back to the bank. In such an instance, the institution usually guarantees the loan from its own resources and may also pay a portion of the interest charge while the student is enrolled. Another at least semi-institutional loan program is the one sponsored for some years by United Student Aid Funds, Incorporated. Under its approach, the college or university establishes with the nonprofit agency a guarantee fund that allows the student to borrow what is needed from his or her hometown bank.

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In the last 10 years, notable emphasis has been placed on long-term loans as a major means of assisting students and parents to meet college costs. The impetus provided by the National Direct (Defense) and subsequently the federally guaranteed loan programs seem mainly responsible. A growing number of colleges and universities are experimenting with loan programs that vary considerably from the older fixed term and interest rate plans. Because students' incomes tend to increase as they grow older, some institutions have adopted the use of graduated repayments—the amount of repayment being lowest the year after the student completes his studies, then rises gradually. Some colleges and universities have incorporated income protection provisions into their loan terms. If the borrower's annual income falls below a certain level, for example, the scheduled repayment is either forgiven, reduced, or deferred. One program incorporating most of these features is referred to as "income contingent loans." Under this plan, the borrower pays back over an extended period of time a fixed percentage of his or her income. The use of this method means that borrowers with the highest incomes, in effect, pay off the loans of those students who enter less remunerative occupations or encounter financial difficulties. It is also possible under the income contingent loan program for a borrower to buy off his or her obligation if it becomes financially more advantageous to do so than to continue to pay a percentage of income for 30 years or so.

Employment Programs

Student employment has taken on increased significance as an institutional financial aid resource largely because of the influence of the federal College Work-Study Program. Student employment may be divided into two categories: term-time and summer. The first is a more traditional type of aid, but more and more institutions are beginning to develop summer and vacation job opportunities both on and off the campus, particularly for the benefit of low-income and disadvantaged students.

The most obvious jobs to be incorporated into a student aid program are those on campus that are normally filled by students: positions in the library, the food services, the dormitories, the plant service or the maintenance department, the student union, and the academic and administrative departments. Originally these kinds of jobs were likely to be assigned by these departments and services on a "first come, first served" basis and without regard to demonstrated need. With increased demand for financial aid resources, however,

many college and university administrations have inventoried these positions and have established a policy that the openings must be filled from among financial aid recipients. In most instances, departments and services retain final authority to determine who is hired, but the selection must be from among those students who have been deemed to require financial support.

Even with the incorporation of campus jobs, both term-time and summer employment, into student aid programs, most institutions find that there are still not enough positions to assign to needy students. Accordingly, some have undertaken the promotion of additional job opportunities off-campus. Involved is publicizing in the adjacent communities the availability of highly competent student help and encouraging employers to list with the aid office or other campus facility work opportunities they wish to fill. Several institutions, too, have encouraged the establishment of student-managed agencies that assign students to perform certain services such as painting, catering, babysitting, and tour conducting.

The Utilization of Institutional Aid Resources

Financial aid resources are almost by definition limited. Demand can always be counted on to exceed supply. The staff of the College Scholarship Service has estimated that in 1973-74 financial need in the United States exceeded total available student aid resources by approximately $500 million. As a result of double digit inflation, increases in student costs, and modifications in need analysis procedures, this same source estimates that the comparable gap for 1975-76 will be nearly $2 billion.

With limited resources, then, the colleges and universities must establish the objectives they wish their student aid programs to achieve. They can, of course, be expected to use their resources, both institutional and external, to enroll and retain the most promising students. All campus constituencies: the students, the faculty, and the administration should be involved in establishing institutional policies aimed at the most effective utilization of student aid resources. The easiest way to do this is through a committee on which all enjoy representation. On some campuses the committee may be purely advisory, but on others it will have formal policy making authority.

The College Scholarship Service, in its widely acclaimed principles of student financial aid administration, admonishes member institu-

tions to use their resources in response to demonstrated financial need. The reemergence of merit awards is clearly a threat to this precept and will have to be examined further and perhaps controlled in some way. It is noteworthy that the Cartter Panel in 1970 looked into the effectiveness of need assessment procedures and found most institutions make gift aid available mainly to their least needy students. This is contrary to the CSS principle that recommends to its members that the largest amounts of gift aid be concentrated on those students with the least ability to pay.

After a particular college or university ascertains the kinds and amount of available financial aid resources, a determination has to be made of the ways in which they can best be used in individual cases to serve institutional goals and the aspirations of students. In cases where aid resources are less than aggregate student need, a decision must be made regarding the proportion of each recipient's need that will be met. Every institution must decide how gift aid, loans, and jobs are to be combined in its student package. These important policy decisions in which the aid administrator will wish to take a leading role are, of course, recurrent because circumstances and the nature of resources change constantly. It is important that the institution's financial aid committee be involved in these decisions.

It can be generally assumed that most institutions as well as students and their parents would prefer that financial aid consist primarily of scholarships and grants. But this never occurs, of course, and loans and jobs must be combined with gift aid to form the typical student support package. Loan funds and employment opportunities are often scarce too. In developing institutional packaging policy, care must be exercised to insure that students are not burdened with excessive indebtedness or expected to work so much that their academic programs suffer. This involves finding answers to complicated questions related to reasonable levels of cumulative indebtedness and hours worked while the student attends classes.

Perhaps no aspect of financial aid administration has received more attention than the ways in which a college or university should package scholarships, loans, and jobs. A report of the Cartter Panel in 1970 includes a description of various approaches and a national task force on student financial aid problems (Keppel Task Force) is today trying to construct a single model for financial aid packaging. One common approach involves using a "self-help threshold" in a package. A student is expected to borrow and/or earn from term-time em-

ployment a specified portion of his or her financial need before any gift aid is awarded. Some institutions vary the amount of this self-help mix as, for example, they seek to attract the educationally disadvantaged, the exceptionally talented, or students they wish to encourage to enter particular disciplines. Ideally, the individual student's preferences should be taken into consideration in assembling the package.

Institutional publications should carry precise information about how the student aid program operates. Prospective students and their parents should be told about application procedures and also about the amounts of support they may reasonably anticipate. The conditions under which support is tendered to a student should be stated precisely. The award should be made explicit in comparison with total costs of attendance and the requirements for aid renewal should be stipulated. For the student who is denied support, an explanation of the reasons for the denial is in order.

Despite the immense increase in federal and state funded aid programs, colleges and universities remain at the center of student aid procedures. Institutions must be prepared to revise existing methods and develop new ones as necessary to serve their own educational goals and the best interests of their students.

The Development of Institutional Aid Resources

Most student financial aid available in the United States today comes from public sources. Student aid that was largely institutionally controlled, having been contributed by the private sector of the society, began to be eclipsed in the 1950s and early 1960s. First the federal government and subsequently numerous state governments undertook to finance massive programs intended to give students from low- and lower-middle-income families access to postsecondary education. Because the federal and state programs are discussed fully elsewhere, this section is devoted to the identification of private sources of support and to suggestions about how these kinds of resources can be regularized and expanded.

Corporations, foundations, community agencies and organizations, as well as individual citizens, continue to supply significant amounts of financial support to students and should be regarded by every aid administrator as possible sources of additional moneys.

Corporate Sponsors

Probably the heyday of corporate scholarship programs occurred in the mid-1950s when many of the country's largest corporations (for example, General Motors, Union Carbide, Procter and Gamble, and Owens-Illinois) provided scholarship funds and matching cost-of-education grants to many colleges and universities. Although most corporations have now either reduced or discontinued their scholarship underwriting programs, in most cases they have continued their support of higher education in ways they now consider more important, or simply by contributing unrestricted funds to institutions. The movement away from scholarship support occurred primarily because of the continual rise in federal and state funding. The disruptions on many campuses that took place in the late 1960s and early 1970s were likely also partially responsible for the switch.

Corporations that still support college and university scholarship programs have tended to restrict them more and more to students in academic areas related to the corporations' principal activities or interests. General Motors, for example, currently provides scholarships at 123 institutions for students who wish eventually to enter industry. Western Electric, a long-time scholarship sponsor, restricts the recipients of its awards to academic areas closely aligned to the company's interest. Some corporations have chosen to carry on competitive scholarship programs through the auspices of the National Merit Scholarship Corporation which selects the recipients of the awards on the basis of test results and other indications of academic promise.

A substantial portion of the corporate scholarship money available to students today is earmarked for the sons and daughters of employees of the corporations. A few programs are administered directly by the corporations, but increasing numbers are conducted for them by National Merit. Among the Merit-administered programs are those of IBM, Owens-Illinois, United Airlines, and B. F. Goodrich. Some companies, Ford Motor Company, for example, sponsor loan programs for the sons and daughters of employees through United Student Aid Funds, Incorporated.

Foundations

Much scholarship support by the larger foundations has diminished in the face of expanded government funding. Most large foundations now limit their student aid grants to what they consider special needs

of students, having moved away from long-term support of ongoing programs.

However, many medium-size and small foundations still contribute significantly to institutions of higher education for student aid purposes or they make awards directly to students. A source of information on foundations as potential contributors is the *Foundation Directory*. Published by the Foundation Center, it contains a listing by state of 5,454 foundations that make grants of $25,000 a year or more or have assets of $500,000 or greater; information is also included about the purposes and activities of each foundation, its financial background, and a list of its officers. Several commercial services exist that will, for a fee, provide institutions with detailed reports on the gift activities of foundations. Another valuable source of information is the *Chronicle of Higher Education*, which devotes a regular column in each issue to reporting gifts to institutions of higher education.

Community Groups and Clubs

Local groups and service clubs are also potential sources of aid to students. These frequently sponsor awards for the outstanding student in a high school graduating class or for others who possess characteristics they consider commendatory. Parent-teacher organizations fall in this category.

The aid administrator seeking to expand student aid resources will wish to approach his or her institution's alumni clubs and mothers' clubs for contributions. Not infrequently these organizations, because of their obvious commitment to the college or university, can be persuaded to regularize their support, putting it on an annual basis. As with various agencies and clubs, the aid administrator will want to take advantage of any opportunity afforded to describe the nature and particular needs of the institution's financial aid program.

Individual Donors

Individuals are important sources of financial aid funds. A potential donor who has substantial resources can be encouraged to establish an endowment from which the college or university can spend the annual income for student aid purposes. Those of lesser means can be encouraged to make gifts that will fund expendable programs. Financial aid is an ideal way to memorialize a deceased loved one or to honor the living.

The aid administrator, in cooperation with institutional develop-

ment officers, should prepare a pamphlet or a prospectus that describes in appealing terms how a scholarship fund or other financial aid funds can be contributed and includes references to the importance to the institution's purposes of funds of this type. It would probably be desirable to establish certain levels of support that are appropriate for each kind of program. For example, the college or university may want to stipulate that, whereas gifts in any amount are most welcome for the general scholarship fund, a named scholarship would require a gift or gifts of at least $500, that an endowment can be established for $5,000. The publication should provide detailed information about how the institution's financial aid program functions and stipulate any purposes for which the college or university would not accept a contribution.

The Reporting Function

In the area of gifts for financial aid purposes, the key considerations are regularizing and expanding support. These objectives seem to offer the best prospects for achievement when the donor is apprised of how the gift is being used and how necessary it is to the institution and to the students.

There are a number of important aspects of the reporting function. For example, the college or university should write at least annually to the donor describing in detail the utilization of a particular gift. Without invading the privacy of the student beneficiaries, information about their circumstances and aspirations will be appreciated. When possible this information should come directly from the benefiting students. At the very least, the student should write to the donor expressing gratitude for the support.

In order to encourage the recipient of financial aid to thank the donor, it is important at the time of the initial award notice to specify the particular source of the support. The address of the donor should be given to the student and if possible the recipient should be told the reasons why the fund was established. If a large number of scholarships or loans are made from a fund perhaps a brochure that describes its origin should be prepared. Efforts of this kind very often lead to the student recipient making a gift to that same source later in life.

Some colleges and universities try to bring together the financial aid recipient and the donor. This can be done by inviting the donor to the campus for lunch, a cup of coffee, or just a chat with the student

who is being helped. When a donor supports a number of students, the institution may wish to arrange a reception. Some aid administrators, in selecting students to receive help from a particular fund, will choose those who come from the same area as the donor or sponsor thereby fostering the chance for contact and the likelihood of more personal interest on the part of the contributor.

One of the most important responsibilities of the aid administrator is to insure that financial aid resources are promoted. This usually means seeking to expand resources so that the full need of all students can be met. First, it is necessary to become fully informed of all possible student aid resources. Second, and usually along with other institutional officers (usually the director of development), it requires seeking, in a systematic way, to attract support. Third, recipients of the support must be selected on the terms stipulated by the donor and with the donor's interest in mind. Finally, expressions of gratitude along with regular reports on how a particular gift is benefiting both the recipient and the institution can go a long way toward regularizing and often increasing support.