

Students with Disabilities: Financial Aid Policy Issues

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This article describes some of the special financial aid needs of students with disabilities and the policy implications of those needs. It focuses on the financial burdens of having a disability, the time demands faced by those with disabilities, the multiple and complex sources from which students with disabilities derive support, and the appropriateness of packaging rules for students with disabilities.

About nine percent of all undergraduate students in the United States reported having a disability in 2000 (National Postsecondary Student Aid Study [NPSAS], 2000; 2002). This amounts to approximately 1.3 million students. The number of students with disabilities has tripled in the last two decades (American Youth Policy Forum [AYPF], 2002). Obtaining higher education opportunities for this large and rapidly growing group of students requires meeting their special financial aid requirements. This essay describes those special needs and their policy implications. It is drawn from the larger work, *Higher Education Opportunities for Students with Disabilities: A Primer for Policymakers* (Wolanin & Steele, 2004).

Financial Need and Students with Disabilities

Students with disabilities generally have lower incomes than their peers without disabilities. Thirty-seven percent of students with disabilities in high school came from families with household incomes below \$25,000, compared to only 20% of their peers (National Longitudinal Transitions Study [NLTS] 2, 2003). At the college level, students from the lowest-income quartile have the highest rate of disability, especially independent students. However, students with learning disabilities or attention deficit disorder (ADD) who are dependent on their parents for support do not conform to this pattern. The highest rate of these disabilities occurs in the highest-income quartile. Thus, students with disabilities other than learning disabilities or ADD are even more likely to be from the lowest-income quartile than students with disabilities as a whole (NPSAS:2000; 2002).

Low-income students with disabilities, like other low-income students, need financial assistance in order to afford the costs of higher education. However, being disproportionately low-income, students with disabilities have an even greater need for financial assistance than other students. Thus, the financial barriers to higher education opportunities faced by students from low-income families are also even more widespread for students with disabilities.

Over the past two decades, college prices—including tuition, fees, books, and living costs—have been increasing more rapidly than student and family income levels (Wolanin, 2003). The amount of student financial aid available to students from low-income families has not kept pace with these price increases. One measure of this growing shortage of financial aid is the increase in “unmet need” faced by financially needy students. Unmet need is the difference between the higher education price students must pay and the financial resources available to them (Advisory Committee on Student Financial Assistance [ACSFA], 2001). The growth in unmet financial need results in denial of access to higher education for substantial numbers of low-income students who are academically prepared for higher education (ACSFA, 2002).

Two other trends add more financial barriers to higher education. First, Federal Pell Grants, which maximize student choice among institutions of higher education and need not be repaid, are perhaps the best form of financial aid to expand higher education opportunities for low-income students. Yet, the purchasing power of these grants has steadily decreased over the last 30 years. For example, the Pell Grant maximum award was 84% of the average total price of a public four-year institution in the mid-1970s. By the mid-1990s, it was 34% of that price (Institute for Higher Education Policy [IHEP], 2004).

A second troubling trend is that in the last decade, the share of loans that makes up students’ financial aid packages has continually grown, while the share of grants has correspondingly shrunk (IHEP, 2004). As a consequence, by 1999-2000, the average debt of graduating undergraduate federal student loan borrowers had grown to nearly \$14,000 at public four-year colleges, and \$16,000 at private four-year colleges (Gladieux, 2004). The prospect of such debt levels may discourage some students from low-income families from considering higher education.

Clearly, higher education opportunities would improve for students with disabilities from low-income families—along with all students from low-income families—if the amount of financial aid available was increased to match the growth in college prices and if more of the aid was provided in the form of grants rather than loans.

Having a Disability Is Expensive

In addition to the problems faced by all low-income students, students with disabilities from low-income families face particular financial barriers to higher education not faced by other students. To meet their special needs, persons with disabilities often receive services from a variety of professionals. These may include counselors, doctors, psychologists, and therapists of all kinds, who must be visited in their respective offices, clinics, and hospitals. For persons with disabilities, insurance payments and support from public and private agencies rarely cover the

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entire cost of the treatments and services they receive. The difference is made up out-of-pocket.

Having a disability also involves incidental costs such as special foods to meet dietary restrictions, cab fares to the doctor, wheelchair maintenance, dog food and veterinary bills for a guide dog, over-the-counter medications, and higher utility bills from running computers and assistive devices. The expense of auxiliary aids to accommodate students with disabilities and give them a level playing field are generally the responsibility of the institution of higher education. However, enhancements beyond what the college provides, as well as additional incidental costs of studying and being on campus, must also be borne by the students with disabilities (National Council on Disability [NCD], 2003).

For a low-income student with a disability, in theory at least, all of these additional costs of having a disability can be met through student financial aid sources. For purposes of the federal student aid programs, cost of attendance (COA), in addition to tuition, fees, books, supplies, and room and board, includes “for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student’s disability—including special services, personal assistance, transportation, equipment, and supplies—that are reasonably incurred and not provided for by other assisting agencies” (Section 472(9) of the Higher Education Act [HEA]). The amount of federal financial assistance a student can receive equals the student’s COA minus the funds available from the student, the student’s family, or other sources. Thus, since all of the costs related to a student’s disability can be included in the cost of attendance, all of these costs *could* be met by federal financial aid or other sources.

In addition, under the HEA, student financial aid administrators have general authority “on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance . . . to allow for treatment of an individual . . . with special circumstances” [HEA Section 479A(a)]. This discretion of aid administrators, often referred to as “professional judgment,” buttresses their ability to meet the financial needs of students with disabilities.

Unfortunately, the system does not live up to its ideals, and faces difficulties in practice. To apply for federal student aid, a student must file the Free Application for Federal Student Aid (FAFSA). Many states and institutions of higher education also use information from this form to award non-federal financial aid. However, this form does not ask any questions related to the student’s disability status or any other special conditions. As a practical matter, it is probably not feasible for the FAFSA to include questions related to disability or other special circumstances of the student. The FAFSA is already often criticized for its length and complexity, which can make it another

barrier to higher education for low-income students. The number of questions that would have to be added to take into account all of the major categories of special circumstances would add considerably to the form's length and complexity. It was exactly to take special circumstances into consideration that student financial aid administrators were granted professional judgment discretion.

The FAFSA advises the student: "If you or your family has unusual circumstances not shown on this form ... that might affect your need for student financial aid, submit this form and then consult with the financial aid office at the college you plan to attend." To have the expenses related to their disabilities included in the cost of attendance, students must take the initiative, knock on the door of the student financial aid office, and make their case to the student financial aid administrator.

Students with disabilities must document to the financial aid administrator the expenses related to their disabilities that are not provided for by another source. This requires self-confidence and self-advocacy skills that often have not been well developed in students with disabilities. These students must undertake the difficult and complex task of cataloging and documenting all of the expenses related to their disabilities and reducing that amount by support received from elsewhere, such as Vocational Rehabilitation (VR). This is a formidable challenge that would test the skills of anyone and is sometimes unreasonable for students with disabilities.

In addition, some students with disabilities become frustrated with financial aid administrators who do not understand or are unresponsive and unsympathetic to their unique needs (Moore, 2003). This is a more common complaint than aid administrators actually discriminating against students because of their disabilities, which would violate Section 504 of the Rehabilitation Act of 1973.

Even when students with disabilities establish their need for funds to cover all of their higher education expenses, including those related to their disabilities, there simply may not be enough money available to meet those needs. One reason that the amount of money available to low-income students with disabilities is insufficient is that many federal, state, and private financial aid programs have an award maximum. For example, the maximum Federal Pell Grant for the 2004-2005 school year will be \$4,050 and the maximum amount that a freshman student can borrow from the Federal Stafford Loan program is \$2,650, for a total from the two programs of \$6,700. If there is not support from other sources and if the total cost of attendance, including expenses related to the student's disability, is greater than \$6,700, the student may be out of luck.

In the case of the federal campus-based programs (i.e., Federal Perkins Loan, Federal Supplemental Educational Opportunity Grants, and Federal Work-Study), another reason the

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amount of money available to low-income students with disabilities is inadequate is that the demand for funds far exceeds the amounts available. These programs have an annual funding allocation consisting of federal appropriations, institutional matching funds, and repayments of loans by previous students in the case of Perkins Loans. Every year, the documented financial need of low-income students, including those with disabilities, far exceeds the available funds. Similarly, the availability of state and institutional financial aid funds is also constrained by either award limits or an excess of demand compared to funding.

In short, improving students' self-advocacy and skills in documenting their disability-related expenses, and developing the knowledge and sensitivity of financial aid administrators, does not solve the problem of students with disabilities when there is not enough money available to meet all of their demonstrated financial need.

Currently, fully meeting the needs of students with disabilities would require diverting resources from other low-income students. This would not be a just or desirable result. The most important policy change required to meet the financial needs of low-income students with disabilities is to expand the amount of financial aid available for all low-income students. Otherwise, the process becomes a matter of rationing and redistributing limited financial aid dollars among various groups of financially needy students, including those with disabilities.

Generally, students with disabilities in higher education can attain the same academic levels as their peers without disabilities; however, students with disabilities cannot do it as quickly. Students with disabilities may have conditions that slow them down in general. For example, it takes longer to walk from point A to point B when one's energy and stamina are sapped by chronic illness. A person in a wheelchair or with cerebral palsy needs more time to bathe, dress, shop, and accomplish other self-care tasks. Students with disabilities have multiple demands on their time for the treatments and services required to meet their needs apart from their studies. Trips to doctors, therapists, counselors, and administrators take time. It also takes time to acquire, set up, learn how to use, and maintain auxiliary learning aids such as electronic readers or videotext displays. Software bugs and computer crashes are not just inconveniences for a student with a disability, who must have electronic aids to study—these technical glitches bring a halt to learning.

Further, students with disabilities often take longer to perform academic tasks. Many disabilities, particularly learning disabilities, increase the time needed to process information, which is the central task of most academic work. A student with dyslexia needs more time to read and understand a

given amount of written text compared with a student without this disability. The speed at which an aide reads text to a blind student is slower than the reading speed of sighted students. Listening to a lecture over again on tape takes longer than re-viewing notes taken in the classroom.

Because it takes longer for persons with disabilities to perform both life tasks and academic tasks, perhaps the most common form of accommodation needed by students with disabilities is additional time. A reduced course load, a longer deadline for degree completion, and more time for timed examinations are among the typical time-related accommodations made by institutions.

Given the time demands faced by students with disabilities, it follows that the time to degree completion for students with disabilities is longer than for their peers without disabilities. For example, the National Council on Disability reports that “on average students with disabilities who finish postsecondary education take twice as long to complete their degree than do their non-disabled peers. . .” (NCD, 2003).

The longer time that students with disabilities need to complete their studies increases their costs of higher education. Their forgone income is greater than that of their peers without disabilities. Most importantly, even if students with disabilities are taking a reduced or part-time course load, they still have to live full time. They face additional years of room and board costs, semester fees, and the extra costs associated with their disability to make the same academic progress that their peers without disabilities make in a shorter time. They may also be charged more per credit hour or per course if they are taking less than the standard full-time course load.

The statute governing the federal student aid programs, which are the largest source of financial aid for students in the United States, defines a “full-time” student as one who is enrolled for at least 24 semester hours (or 36 quarter hours) per year [HEA Section 481(a)(2)]. For less-than-full-time students, Pell Grants are reduced proportionately to the student’s degree of full-time attendance. To be eligible for a Federal Stafford Loan, students must be enrolled at least half time. Funds from federal campus-based programs can be awarded to students with any level of attendance. However, when granting these scarce funds, financial aid administrators usually give first preference to full-time students.

Obviously, low-income students with disabilities are at a substantial disadvantage in receiving federal financial aid. A full-time academic course load for them, given their disabilities and the demands on their time, is often substantially less than the standard full-time load.

This would seem to be a situation tailor-made for the exercise of financial aid administrator professional judgment. It would seem reasonable to alter the definition of “full time” for

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students with disabilities to provide them with a full-time amount of federal student aid for a reduced level of attendance. Unfortunately, financial aid administrator discretion does not extend to waiving or modifying the statutory definition of full-time enrollment or course of study for individual students with disabilities. Under current law, exceptions to that definition are not permitted.

This is clearly an important issue that should be addressed in the reauthorization of the HEA. However, simply giving financial aid administrators the authority to waive or modify the definition of a full-time student, even if only for students with disabilities, raises serious questions. Financial aid administrators or disability counselors would be asked to make difficult judgments about the proportion of the standard full-time course load that is reasonable to be considered full-time for a given student with a disability. Allowing modifications to the definition of full-time would have important implications for the cost of the federal student aid programs, especially the Federal Pell Grant program. In addition, the ability to make such changes would carry a risk for program fraud and abuse. Perhaps this issue should be studied by the Advisory Committee on Student Financial Assistance, which could fully explore the ramifications of various solutions and make recommendations to Congress and the Secretary of Education.

Students with Disabilities Need Appropriate Aid Packages

Low-income students usually receive financial aid from several sources that, in combination, should enable them to pay for higher education. In most cases, student financial aid administrators assemble aid from various programs into a comprehensive “package.” Low-income students with disabilities face two special issues in having their financial aid appropriately packaged.

First, financial aid for students with disabilities frequently must be packaged from a larger number of sources than their peers without disabilities. There are very few financial aid programs specifically for students with disabilities. Therefore, these students and all other low-income students receive most of their financial aid from the same federal, state, and institutional programs. The largest of these are the federal student aid programs, which currently account for 68% of the financial aid from all sources (College Board, 2003).

In addition, students with disabilities often receive support from Supplemental Security Income (SSI), a federal program that provides financial assistance to low-income persons with disabilities who cannot work, or from the Social Security Disability Insurance (SSDI) program, a federal program that provides income to those who became disabled while employed. In addition, students with disabilities can receive support from Vocational Rehabilitation (VR) specifically for higher education attendance. However, to receive funds from these sources,

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students with disabilities must seek them out, qualify for the aid, and bring them to the table for the financial aid administrator to combine with the other aid programs that are more typically included in the standard financial aid packages.

To qualify for these non-student-aid programs, students with disabilities are, of course, required to fill out more forms and meet with more counselors and administrators. In addition, students with disabilities are sometimes caught in bureaucratic loops and dead ends, entangled in the competing requirements and priorities of different programs. One of the most common of these bureaucratic hurdles is the classic “first dollar/last dollar” competition between programs that should complement each other.

For example, in meeting the financial need of students with disabilities, VR counselors and financial aid administrators, who each control different types of financial aid funds, want the other program to pay as much as possible up front—that is, to pay the first dollar. Then, each could use the limited resources at his or her disposal to provide less aid for a particular student, topping off the aid package to pay the last dollar. Thus, they could stretch their resources further and serve a larger number of students. The low-income student with a disability ends up as the negotiator and mediator between the two sources of support, each of which demands that the other maximize its contribution first. This, of course, delays assembling an aid package and wastes the time and energy of the students with disabilities, who have little of either to spare. Programs that should cooperate and coordinate the benefits of students with disabilities often compete and battle each other to the detriment of these students (Moore, 2003).

Private sources of financial aid, beyond federal, state and institutional programs, often require additional applications, examinations, essays, and interviews. These requirements often present too high a hurdle for low-income students with disabilities. Moreover, private sources of financial aid only constitute about 2% of all financial aid (Gardner, 2000).

In sum, low-income students with disabilities generally have a greater need for financial aid than their peers without disabilities. But, they face additional obstacles in assembling the package of resources to pay for college. A larger burden is placed on students with disabilities who may have less capacity to bear it.

The standard policies for packaging aid also present a challenge when working with students with disabilities. Most institutions typically package each financially needy student with a mix of gift aid (grants and scholarships) and self-help aid (loans and work). Students with disabilities may not be able to work during the school year because of limitations in their time, skills, or capacity for work. Packaging policies that include an expectation of summer work earnings may also be inappropriate for

students with disabilities. Students with disabilities who choose to work may face losses in income from other sources, such as Supplemental Security Income (SSI).

Students with disabilities may also be particularly leery of borrowing, due to concerns about their future job and income prospects. These students may need additional counseling about available loan deferment options related to low-income and disability status to relieve some of these concerns.

Recommendations

Professional associations of student aid administrators, including the National Association of Student Financial Aid Administrators (NASFAA), should provide enhanced in-service training opportunities to improve their members' understanding of the special problems and circumstances facing low-income students with disabilities. In particular, a greater appreciation is needed of the financial burdens of having a disability, the time demands faced by those with disabilities, the coordination of the many complex sources from which students with disabilities derive support, and the inappropriateness of applying standard packaging rules to students with disabilities.

The higher education opportunities of students with disabilities, who are disproportionately low-income, should be improved by substantially increasing the amount of financial aid available to these students. Expansion of the Federal Pell Grant, which is the national foundation program, would be the most helpful.

The Advisory Committee on Student Financial Assistance should do a study and provide recommendations for a mechanism and standards to be used in modifying the definition of "full-time" as it applies to students with disabilities and their eligibility for financial aid.

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