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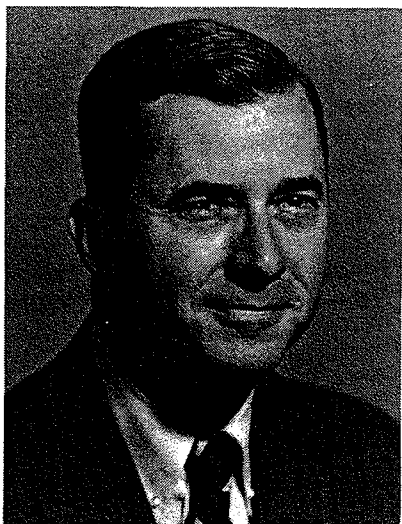
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THE STATUS OF STUDENT FINANCIAL AID: AN OBSERVATION

Arthur S. Marmaduke

In the last ten years student financial aid has been characterized by a surge of enormous growth that has been both rapid and largely uncoordinated. Ten years ago student financial aid was a relatively simple educational enterprise. It was also very small with only one federal program (National Defense Student Loans), programs in eight states, and limited college funds. In total, student financial aid resources were probably under \$500,000,000 with the State of California's expenditures just under \$3,000,000. One national financial need analysis system existed which was a national norm for need assessment.

Now there are six general federal programs for undergraduate students plus several categorical programs in health professions, law enforcement, etc. Three of the general federal programs are campus-based, one is administered by colleges and lenders, one is administered by a contractor and colleges, and one will be administered by participating states. At the same time, there are 28 states providing about \$375,000,000 in grant assistance and some of them operate loan, or other specialized, programs. In California there are six programs of undergraduate student financial assistance administered by the State Scholarship and Loan Commission, two more administered by the individual segments of higher education, and it is possible that one or two additional programs will be enacted by the Legislature in 1974 for Commission administration. All in all, student financial aid resources exceed \$4,000,000,000 annually and are growing. California's state expenditures are in the neighborhood of \$45,000,000.



The author has been the Director of the California State Scholarship and Loan Commission since 1960. Prior to that he was Director of Admissions at Occidental College. Mr. Marmaduke has served as Chairman of the College Scholarship Service Assembly, Chairman of the Western Regional Financial Aid Committee of the College Entrance Examination Board, and was Founding President of the National Association of State Scholarship Programs.

If student financial aid could be compared to a building, a committee of reviewing architects ten years ago would have found it undersized, simple, clean in design, and functional. Today it would be found a massive, clumsy, hodgepodge of architectural ideas and materials, not functioning as well as it should to serve its population and with serious engineering deficiencies which could cause it to sway or collapse from its own weight or external pressure.

The situation at present may be summarized under four principal headings:

- (1) *Student Confusion.* Students, families, teachers, and counselors are confused and frustrated by the multiplicity of federal, state and other student financial aid programs for undergraduates. Students are bewildered in their attempts to decipher eligibility requirements and application procedures for the state, federal, and college-based programs. It must be nearly impossible for financial aid directors, teachers, and counselors (possibly with a limited understanding of the difference of the programs themselves) to describe to a 17-year-old the differences in the programs and the procedures in applying for a BEOG, a SEOG, a State Scholarship, a COG, an OETG, a NDSL, a FISL, etc.
- (2) *Serious Managerial Problems.* With the advent of the Basic Educational Opportunity Grant Program (BEOG) which will assist more than 1,000,000 students in 1974-75 and a greater number in subsequent years, the mechanical capacity to coordinate Commission programs with BEOG and campus-based programs has been exceeded. With various application forms and procedures, students apply to the Commission, to colleges, to a contractor for the BEOG, and to special organizations. Frequently, students receive awards from three or more sources and the Commission coordinates its awards with all organizations to insure that the student's assistance will not exceed his financial need and that, cooperatively, the best financial aid package can be developed for the student. Because of the size of the BEOG Program and its absolutely impossible application calendar (which does not coincide with college admissions and financial aid calendars), and because of the emergence of three need analysis systems (to be covered subsequently as a special problem), it will be impossible to coordinate awards effectively. If timely information cannot be provided to students concerning financial aid, they will be done a disservice, increasing their confusion and hampering their ability to make decisions about their college plans.
- (3) *Lack of Conceptual Clarity.* There does not seem to be conceptual clarity in the various federal student financial aid programs. The Supplemental Educational Opportunity Grant Program and the State Student Incentive Grant Programs appear to be targeted toward the

same populations and, therefore, to serve overlapping purposes. The role of SSIG and SEOG in relationship to BEOG is confused because of the differing delivery systems and the populations served also overlap to some degree. The 28 states currently administering student aid programs are uncertain of the relationship of their own programs to the new campus-based SEOG and BEOG. Indeed, the differences in the programs administered by the Commission in California are now blurred and two of them overlap considerably.

- (4) *Special Problems in Need Analysis.* There are three major analysis systems in the country: CSS, ACT and the federal system for the BEOG Program. Three need analysis systems producing different estimates of parental ability to contribute toward college costs make coordination of awards difficult, if not impossible, and on occasions ridiculous.

The implications of the findings above are serious. The multiple programs, the apparent conceptual inconsistencies, and managerial problems of a mechanical nature create a poor delivery system for student financial aid which will continue to increase the amount of confusion and uncertainty among the applicants, recipients, and the personnel who advise them. Because of the conceptual and mechanical problems and the special problems of the multiple need analysis systems, funds are likely to be used inefficiently thus inviting accusations, with some validity, of misuse of public funds. The time may come when someone will have to explain to the public and the legislatures how public funds can be distributed using three or more need analysis systems with different estimates of parental contributions toward college costs. This would not be an enviable task.

The poor delivery system could cause inefficient management to the extent that Congressional and state legislative enthusiasm for student financial aid programs could be depressed. It must be anticipated that there will be some students receiving more money than needed, other students being underfunded, and still others receiving money they need but at the wrong time and not when needed in order to make decisions concerning initial enrollment or continuation of college.

All in all, student financial aid program concepts and objectives must be reexamined; management must be improved; the delivery system must be improved; and all these things must be done quickly. A study may or may not be needed. There may not be time for one. The leadership in the higher education community, in Congress and HEW, and the state legislatures must be alerted eventually to the serious nature of the problems relating to student financial aid programs and suggested solutions must be made. A mechanism to define the problems and develop some answers is needed now.