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"NO NEED" FRESHMEN: HOW WERE EDUCATIONAL COSTS MET?

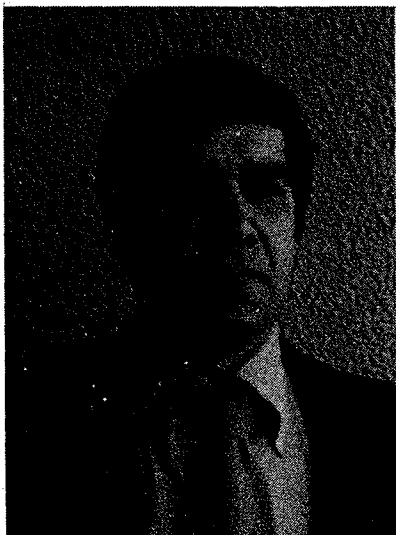
By Paul T. Schonhart

Introduction

Parental ability to help with their children's college costs during the 1974-75 academic year were eroded as a result of a larger than expected consumer price index, the energy crisis, and a resulting decrease in effective income. Funds originally earmarked for educational expenses may have necessarily been channeled into household expenses, notably utility and fuel bills. At the same time college costs were increasing, putting a further strain on family budgets.

How then does the family meet educational costs? In New York State there are two forms of State aid available, Tuition Assistance Program (TAP) and New York Higher Education Assistance Corporation (NYHEAC, since renamed New York State Higher Education Services Corporation, NYSHESC): the former is a grant program based on need, and the latter is the Guaranteed Student Loan Program. Both are well publicized and widely known to high school seniors. These sources of help are utilized to a great extent but are not sufficient to meet the full educational expenses at a four year public institution. They are intended to supplement the family contribution.

In most cases, a student identified as a "no need" for the college-based Federal programs has a large enough family income that will prevent him or her from obtaining a large TAP or Basic Educational Opportunity Grant (BEOG) award. With little help from the financial aid office, Tuition Assistance Program, or the BEOG program, the student must rely on parents, savings, work, or loan programs for the bulk of his or her financial needs.



A Financial Aid Officer at Fredonia since 1973, Paul Schonhart has been active in designing programs for veterans and minority students. He has contributed to the *Journal* in the past.

The entering freshman at Fredonia faced a 1974-75 total budget of approximately \$2,800 which included tuition, fees, room, board, books, personal expenses, and a transportation allowance. The State Guaranteed Loan Program can provide a maximum of \$1,500 which leaves a balance of \$1,300 to be made up by the family or outside resources. The study reported here attempts to trace family resource patterns in meeting educational expenses when help through the Federal college-based programs and the BEOG program has been denied. The assumption can be made that lower income families are provided with the governmental help to defray educational costs, but can the same assumption be made for higher income groups? Through the use of data obtained from a questionnaire, a comparison of expected and actual family contributions and students' summer savings can be examined.

Who Should Pay?

Perhaps rather than ask how one pays, it is appropriate to ask who should pay for educational costs. Traditionally, it has been the parents' responsibility. They willingly paid and made sacrifices for their children's medical expenses, music lessons, clothes, braces for teeth, recreation, etc. These were viewed as necessities and the concept was fostered that their child would not go without these services. During the early years, no educational expenses of any consequence were usually incurred since tax dollars had financed the child's educational costs from grade K through 12. The obvious exceptions are those families who elected to send their children to private elementary and secondary schools. This system abruptly changes from grades 13 through 16, and many families are not prepared for the additional financial burden.

Three broad areas of financing educational costs are available: society, the student, and the parents. Sound arguments can be made for looking to all three areas, and perhaps the best answer is a combination of all three. This is what occurs now with differences arising in the percentages each sector contributes. A trend appears to be developing in which the family is playing a smaller role in providing financial assistance for college costs to their offspring. The traditional family, consisting of parents who consider themselves bonded for life and for whom educating their children is a major responsibility, is facing some severe tests. Attitudes concerning institutional and societal responsibility for financing their children's education are becoming more prevalent. An increase in applications from the financially independent student speaks to this change. How often have financial aid officers and counselors been told by students that their parents "don't give me anything for college expenses"? The study reported here attempted to analyze how a student somehow finds \$2,800 to meet his or her expenses for the freshman year and answer several questions. Is the financial aid officer really hearing the truth about parental contributions; and if so, what other means of financing educational costs do students utilize? Is the College Scholarship Service (CSS) need analysis a valid measuring device of family financial strength and parental contributions?

Method

A questionnaire was sent to 357 student/families who were denied aid by the Fredonia Financial Aid Office from the college-based programs and the BEOG program. Their need was determined through the use of the CSS Parents' Confidential Statement (PCS). In attempting to trace their resources, information was sought on the questionnaire concerning dollar amounts in the following areas:

1. Direct parental contribution
2. Student's summer savings
3. Student's off-campus part-time job while attending college
4. Private scholarships
5. Loans or help from friends, relatives, etc.
6. Other (list and explain)

From college records, the following information was gathered.

1. Tuition Assistance Program Awards
2. Guaranteed Student Loan amounts

It was felt that the above eight categories would likely cover all sources of aid in meeting educational costs.

The expected and actual parental contributions and summer savings were compared. All other forms of aid were computed and applied against total costs. The resources revealed by the survey and actual or known aid (TAP and Guaranteed Loan) should, it was felt, equal this school's total cost figure of \$2,800.

RESULTS

Due to the large population being examined, averages and percentages were used in interpreting results. As expected, the amounts derived from the Parents' Confidential Statement and those same amounts reported on the questionnaire varied substantially. In viewing the average expected parental contribution of \$3,633 and the reported parents' contribution of \$1,538, the gap is quite evident. If one is to assume that the \$1,538 figure is accurate, the difference between the actual contribution and costs (\$2,800) would equal actual summer savings, part-time job while in school, Guaranteed Student Loan, TAP, private scholarships, and others. The average total of these six areas is \$1,170, while the average difference between parental contribution and costs is \$1,262. Tables 1 and 2 show in graph form the average dollar amounts and their corresponding percentage toward total costs. Ideally, TOTAL COSTS (\$2,800) = B plus D plus E plus F plus G plus H plus I. This formula falls short by \$92 and can be explained by one or a combination of the following:

1. Parents do not realize exactly how much they provide to their children during the year, and their actual contribution is higher.
2. Students live on less than the standard \$2,800 budget.
3. Students' reported summer savings were inaccurate.

Examination of Tables 1 and 2 reveals the extent to which parents contribute to the financing of educational costs (55%), while the student provides self-help in the form of summer savings (8%), part-time job while in school (2%).

3800
3600
3400
3200
3000
2800
2600
2400
2200
2000
1800
1600
1400
1200
1000
800
600
400
200

EDUCATIONAL COSTS

TABLE 1
Comparison of
Average Expected and
Actual: Parental
Contribution and

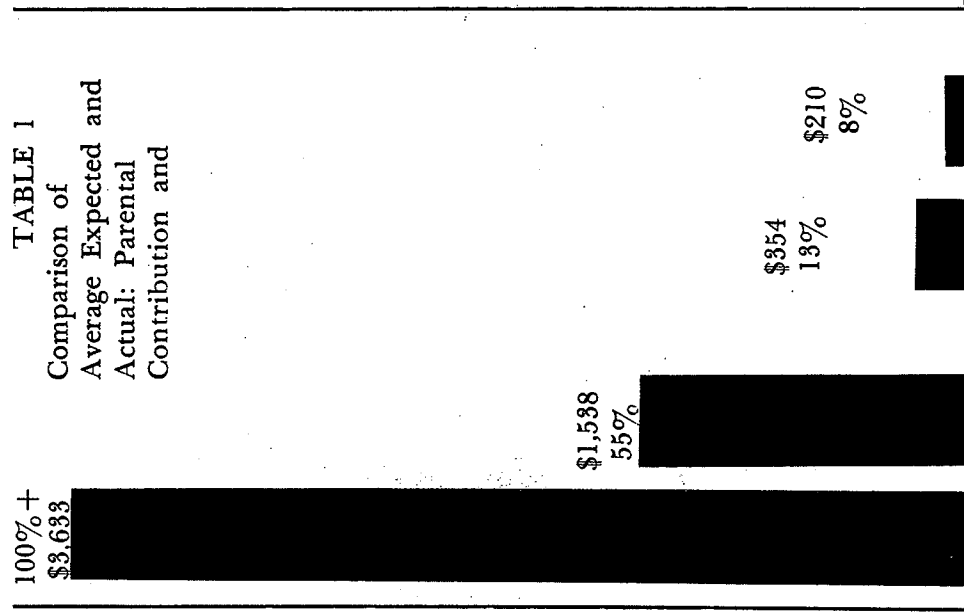
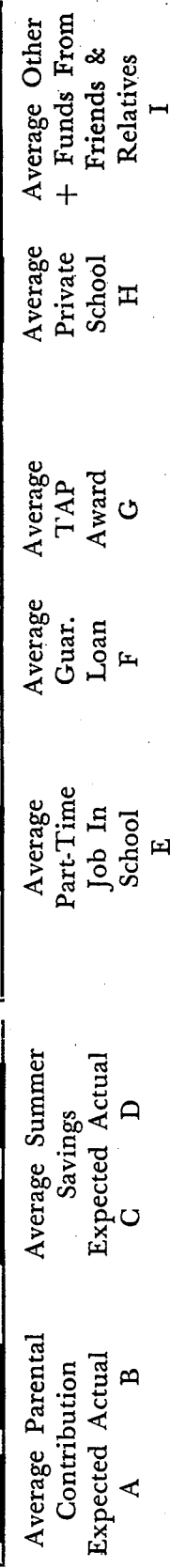


TABLE 2
Average Dollar

Amounts of All Other Sources of Funding



The remainder of costs is met from Guaranteed Loan (5%), private scholarships (4%), TAP (9%), and funds from other sources (5%). These resources account for 98% of the total costs. The other 2% may be lost in sampling error or for the reasons noted in 1, 2, and 3 above.

Conclusions — Recommendations

The financing of the freshman year was examined and sources of funding were determined. Parents appear to finance approximately 55% and the balance comes from a combination of areas.

The 1974-75 needs analysis system may not have adequately measured the family's "ability to pay" due to unexpected economic conditions. While the PCS showed ability of the parents to pay 100% of the costs, this survey indicated that they contributed only 55% of the costs. A part of the parental contribution is derived from assets. A closer examination of the effect that assets had on contributions is needed. If, for example, assets were in the form of home equity or non-liquid assets, the completed parents' contributions may not be reasonable.

Expected and actual summer savings differ, which can also be "blamed" on the economy. It may be argued that if summer savings had not been available, parents would have contributed more. This could be a valid point if the difference between expected and actual earnings was greater than \$144. Even if the two savings figures were equal and the difference (\$144) was provided by the recipients' parents, the actual contribution still falls short of the expected contribution. This facet of needs analysis should be given greater attention. Perhaps "national averaging" is not the best method and a "regional approach" should be utilized.

If a follow-up study of these students as juniors or seniors was performed, it is interesting to speculate on what the effect of the following factors would be: the degree of sophistication in completing forms, the availability of summer and on-campus employment, the willingness and attitudes of parents in helping to defray educational expenses, and the help from outside sources. It is believed that the parental contribution would decrease greatly with a corresponding increase in student self-help figures, particularly in the area of loans.

A moderate percentage of the families examined commented on their inability to qualify for Federal funds and the frustration involved in meeting educational expenses. Some typical remarks were:

"We had to draw from our retirement fund for school."

". . . we have three teenagers who will be ready for college in a few years . . . Yet Margaret got absolutely nothing except \$200 from my local Teachers Fund. The amount my husband and I pay in taxes would be enough to keep two Margarets at Fredonia each year."

"This money was drawn directly from my Credit Union, leaving nothing for the other four children or for any emergency."

"With three in college the same year, it proves difficult."

It appears that what the Financial Aid Officer is hearing about little or no parental support is true. If students from higher income families are not

receiving the expected parental contribution, then how can middle and lower income families be expected to contribute their share?

Similar results concerning the decline in parental contributions were found in a study by Boyd and Fenske (1976).¹ The expected parental contribution is, over a period of time, becoming a secondary source of funding rather than the primary resource.

¹ Boyd, Joseph D. and Fenske, Robert H. "Financing of College Education: Theory vs. Reality". *The Journal of Student Financial Aid*, November 1976, Vol. 6, No. 3.