

12-1-1983

The ED Independent Student Definition: An ISSC Analysis and Recommendation

Steven D. Cameron

Follow this and additional works at: <https://ir.library.louisville.edu/jsfa>

Recommended Citation

Cameron, Steven D. (1983) "The ED Independent Student Definition: An ISSC Analysis and Recommendation," *Journal of Student Financial Aid*: Vol. 13 : Iss. 3 , Article 3.

Available at: <https://ir.library.louisville.edu/jsfa/vol13/iss3/3>

This Issue Article is brought to you for free and open access by ThinkIR: The University of Louisville's Institutional Repository. It has been accepted for inclusion in *Journal of Student Financial Aid* by an authorized administrator of ThinkIR: The University of Louisville's Institutional Repository. For more information, please contact thinkir@louisville.edu.

The ED Independent Student Definition An ISSC Analysis and Recommendation

by Steven D. Cameron

Introduction

The independent student definition received a considerable amount of attention during school year 1982-83 when the United States Department of Education proposed that the current definition be changed. The Department favored a definition which required a student to be a certain age before independent self-supporting status could be claimed. The College Scholarship Service (1983), in a recent publication, pointed out,

How to identify and treat the independent or self-supporting students is not a new question, but it has taken on greater seriousness as more and more students apply for financial aid under the independent rubric, thus placing increased pressure on limited resources. (p. 1)

The current definition has three provisions that apply to the calendar year in which the student receives financial aid, as well as the preceding calendar year:

1. The student did not live with parents for more than six weeks (42 days).
2. The parents did not claim or will not claim the student as an income tax exemption.
3. The student did not or will not receive more than \$750 support from the parents.

Many student financial aid officers and public policy-makers complain that the current definition invites misreporting by students who are presumably making themselves more eligible for student financial aid. The problem has been magnified by the recent reductions in student financial aid funding.

Last year the U. S. Department of Education (ED) proposed that students should not be allowed to claim independent, or self-supporting, status until age 22 unless they are orphans or wards of the court. A number of student financial aid organizations responded that the age-based definition was too restrictive. The problem with the ED proposal is that students under age 22 who are legitimate self-supporting students could be denied an access to a higher education.

On May 23, 1983, the Department of Education in the *Federal Register* proposed a modification in rule 668.1a (the independent student definition). The proposed independent student definition categorizes students into five groups and requires independent students to meet the current independent student three point criteria for different periods of time.

Purpose

The purpose of this paper is to analyze the impact of the May 23, 1983 Department of Education's proposed independent student definition on Pell Grant applicants in Illinois; identify Illinois Pell Grant applicants who switched their dependency status from dependent to independent in 1981-82 and 1982-83; and

Steven D. Cameron is Assistant to the Executive Director for Management and Operations Research of the Illinois State Scholarship Commission.

analyze the impact their switch in dependency status had on Pell Grant eligibility.

Data

The data used in this analysis consists of 1980-81, 1981-82, and 1982-83 Illinois Pell Grant State Agency and 1982-83 Illinois State Grant records.

Methodology

To analyze the impact of the May 23, 1983 Department of Education's proposed independent student definition, independent students in 1980-81, 1981-82, and 1982-83 were separated into the five classifications identified by the federal government. The following grid was developed:

**Department of Education's Proposed Independent Student Definition
May 23, 1983**

	Veteran	Married	Over 21	Dependents
Veteran	Yes			
Married non-veteran	No	Yes		
Unmarried non-veteran Over 21	No	No	Yes	
Unmarried non-veteran under 22 with dependents	No	No	No	Yes
Unmarried non-veteran under 22 without dependents	No	No	No	No

The Illinois Pell Grant State Agency tapes include all of the information needed to identify the five classifications.

The Pell Grant eligibility and payment for each student was estimated by subtracting the Student Aid Index from \$1,670. A \$1,670 maximum Pell Grant was used for 1980-81, 1981-82, and 1982-83 for comparative purposes. During each of the three years approximately 60 percent of the independent students attended schools which were eligible for state grants. For the students attending schools eligible for the state grant program, the Pell Grant budget for institutions with residential facilities was composed of tuition and fees plus room and board charges plus \$400. For schools without residential facilities, the Pell Grant budget was the \$1,100 plus \$400 plus the tuition and fee figure. For the remaining 40 percent of the independent students attending institutions not eligible for state grants a \$3,600 figure was used for the Pell Grant budget.

To estimate the Pell Grant payment for the 60 percent of the students attending institutions eligible for state grants, the institutional state grant attrition figure was used. Since the Illinois State Scholarship Commission (ISSC) piggybacks the federal system, this attrition figure should be fairly accurate. For students attending institutions which were not eligible for state grants, a 35 percent payment attrition was used.

To determine the number of students who switched dependency status from dependent in 1981-82, and 1982-83, the dependents from the prior year were matched with independents for 1981-82 and 1982-83. The Pell Grants were estimated for the students both as dependents and independents.

Findings

Table 1 indicates that the percentages of independent applicants in Illinois has increased from 39 percent to 41 percent during the last three years. This is 5-6 percent lower than the national figure.

**TABLE 1
ILLINOIS PELL GRANT APPLICANTS**

	80-81		81-82		82-83	
	#	%	#	%	#	%
Independent	87,724	39%	86,639	39%	108,123	41%
Dependent	138,755	61%	132,809	61%	156,642	59%
Total	226,479		219,448		264,765	

Table 2 indicates that the number and percent of unmarried non-veterans under age 22 with no dependents decreased from a high in 1981-82 of 17,121 or 20 percent of the total independent students, to 13,469 or 12 percent of the total in 1982-83. The Department's proposed independent student definition would require these students to meet the current three-part independent student definition for two prior years, and the current award year beginning in 1984-85, and three prior years, and the current award year, thereafter. Under the ED proposal 94,654 or 88 percent of the Illinois students who applied as independents for Pell Grants in 1982-83 would not be affected. The remaining 12 percent of the Illinois students who applied as independents for Pell Grants in 1982-83 would be affected by the proposed independent student definition in 1982-83. They would be required to meet the current three-part independent student definition for the first calendar year of the award year and two prior years in 1984-85 and three prior years thereafter.

Table 3 provides estimated Pell Grant payment figures for the five independent student classifications. The table indicates that the total Pell Grant payments to independents in Illinois has increased by 26 percent from \$56.2 million in 1980-81 to \$70.9 million in 1982-83. The total Pell Grant payment to Illinois residents in 1980-81 was \$120 million. The \$56.2 million dollar estimate which is 47 percent of the total Illinois Pell payment in 1981-82 seems reasonable. In 1982-83 the 13,469 unmarried non-veterans under age 22 with no dependents, 12 percent of the total independents, received \$11.2 million or 15.8 percent of the total estimated Pell Grant payment.

Estimating the cost savings of the Department's proposed independent student definition is not possible. The number of independent students which would not meet the additional prior year requirements and be forced to apply as dependents cannot be determined from current data.

Table 4 indicates that in 1981-82 5,824 or 4.2 percent of the 1980-81 students who applied as dependents switched their dependency status to independent. In 1982-83 5,799 or 4.4 percent switched their dependency status from dependent in 1981-82 to independent. The 5,824 students who switched dependency status in 1981-82 increased their estimated Pell Grant payment by 65 percent, from \$2.9 to \$4.8 million. The 5,799 who switched in 1982-83 increased their estimated Pell Grant payment by 55 percent from \$3.1 to \$4.9 million. In both 1981-82 and 1982-83 the unmarried non-veterans under age 22 without dependents increased their eligibility by over 75 percent when they switched their dependency status. The 3,464 and 2,465 students who switched dependency status in both 1981-82 and 1982-83 experienced the largest

increases in their estimated Pell Grant. The increase in Pell Grant eligibility after the switch from dependents to independents was \$1.3 million in 1981-82 and \$1.0 million in 1982-83.

TABLE 2
PELL GRANT APPLICANTS AFFECTED BY
PROPOSED 84-85 INDEPENDENT STUDENT DEFINITION

Type	IL Independent Pell Applicants 1980-81	Percentage In Each Category	IL Independent Pell Applicants 1981-82	Percentage In Each Category	IL Independent Pell Applicants 1982-83	Percentage In Each Category
Veteran	3,979	5	3,192	4	3,481	3
Married Non-Veteran	16,980	19	15,997	18	25,389	23
Unmarried Non-Veteran Over 21	51,405	59	45,741	53	61,823	57
Unmarried Non-Vet Under 22 Dependents	2,865	3	4,588	5	3,961	4
Unmarried Non-Vet Under 22 No Dependents	12,495	14	17,121	20	13,469	12
	<u>87,724</u>	100	<u>86,639</u>	100	<u>108,123</u>	100

TABLE 3
ESTIMATED PELL GRANT PAYMENT
PROPOSED 84-85 INDEPENDENT STUDENT DEFINITION

Type	Estimated 80-81 Pell Grant Payment	Estimated 81-82 Pell Grant Payment	Estimated 82-83 Pell Grant Payment
Veteran	\$ 1,962,319	\$ 1,610,778	\$ 2,198,035
Married Non-Veteran	7,597,475	6,997,535	12,092,211
Unmarried Non-Veteran Over 21	34,587,410	30,226,897	42,218,562
Unmarried Non-Vet Under 22 Dependents	2,360,788	3,788,586	3,150,882
Unmarried Non-Vet Under 22 No Dependents	9,728,534	13,089,776	11,247,982
	<u>\$56,236,525</u>	<u>\$55,713,571</u>	<u>\$70,907,673</u>

TABLE 4
ESTIMATED PELL GRANT PAYMENT
FOR DEPENDENTS WHO SWITCHED TO INDEPENDENTS

Type	Dependent Switching To Independent 81-82	Dependent 80-81 Pell Payment	Independent 81-82 Pell Payment	81-82 Increase In Pell Grant
Veteran	104	\$ 45,151	\$ 65,766	\$ 20,616
Married Non-Veteran	565	219,485	384,974	165,489
Unmarried Non-Veteran Over 21	1,174	575,352	896,347	320,995
Unmarried Non-Vet Under 22 Dependents	517	369,670	454,611	84,941
Unmarried Non-Vet Under 22 No Dependents	3,464	1,696,219	2,978,372	1,282,153
	<u>5,824</u>	<u>\$2,905,876</u>	<u>\$4,780,071</u>	<u>\$1,874,194</u>

Type	Dependent Switching To Independent 82-83	Dependent 81-82 Pell Payment	Independent 82-83 Pell Payment	82-83 Increase In Pell Grant
Veteran	74	\$ 39,309	\$ 58,086	\$ 18,778
Married Non-Veteran	986	430,816	671,009	240,193
Unmarried Non-Veteran Over 21	1,864	1,071,290	1,517,387	446,098
Unmarried Non-Vet Under 22 Dependents	410	284,171	313,191	29,020
Unmarried Non-Vet Under 22 No Dependents	2,465	1,313,150	2,334,695	1,021,545
	<u>5,799</u>	<u>\$3,138,736</u>	<u>\$4,894,368</u>	<u>\$1,755,633</u>

Conclusion

The Department of Education's May 23, 1983 proposed independent student definition would require approximately 12 percent of the current independent Illinois Pell Grant applicants (5% of all applicants) to meet the current three-part independent student definition (the first calendar year of the award year and two prior years in 1984-85 and three additional prior years thereafter). Independent students who apply and do not meet the requirements would have a difficult time meeting the current definition for a prior year if they are forced to apply as dependents. In addition, since most high school seniors live at home while attending high school they could not qualify under the Department's proposed definition for at least three years or until age 21. The unmarried non-veterans under age 22 without dependents, who would be most negatively affected by the proposed independent student definition, would be students whose parents relinquish support immediately upon graduation from high school.

In addition to the theoretical arguments against the Department of Education's proposed independent student definition, officials of the two organizations that process the bulk of federal aid applications - the American College Testing Program and the College Scholarship Service - have indicated that the proposal would increase from 6 to 30 the number of questions asked on the form to determine whether

students are independent. Most critics contend that the proposed definition is too complex because it establishes three different standards for five categories of students.

ISSC Recommendation

Since the primary concern is abuse of the current definition by parents and students who switch dependency status to increase their eligibility for federal student financial aid, the ISSC proposes that unmarried non-veterans under age 22 without dependents be prohibited from switching dependency status from dependent to independent. The current independent student definition should be used for all other students.

As a result, the current financial aid form would not have to be expanded. Marital status, veteran status, the age of the student, and the number of dependents can already be determined from the information gathered on the current forms. Since ED already has a cross-year system, it could be used to check the dependency status of the student in the prior year, and a new system would not have to be developed to identify students who applied as dependents the prior year and independents in the current year.

This analysis indicates that in 1982-83 2,465 independent students who were unmarried non-veterans under age 22 with no dependents applied as dependents the year before in 1981-82. These students increased the estimated Pell Grant payment by approximately \$1 million. If the ISSC's proposed independent student definition had been in effect in both 1981-82 and 1982-83, the 1982-83 savings would have been approximately \$2.3 million. In three or more years the proposed independent student definition's annual savings should be approximately \$3 to \$4 million or 3 percent of the total annual Pell Grant payment to Illinois applicants.

The ISSC proposes that unmarried, non-veterans under age 22 without dependents (ED classification #5) be prohibited from switching dependency status. There could be exceptions such as death of parents reported on the Special Condition applications. The current definition should be used for all other independents. This approach would not increase the size of the current financial aid forms, is simpler than the May 23, 1983 Department of Education's definition, affects approximately 3 percent of the total population and should result in savings of \$70 to \$90 million annually after the first three years. The definition prevents abuse of the current independent student definition to increase eligibility for federal financial aid, while protecting students under age 22 who apply initially as independents. In addition, prohibiting unmarried students without dependents under age 22 from switching to independent status prevents higher income families from transferring family responsibility for paying college costs to the federal government.

References

The College Scholarship Service Committee on Standards of Ability to Pay. *Starting fresh: A new independent student methodology and other issues in need analysis*. New York: The College Board, 1983.
Student Assistance General Provisions. *Federal Register*. May 23, 1983, Vol. 48, No. 100, pp. 23150 - 23152.