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ABSTRACT

The "voucher system" refers to one type of system the government may employ to channel tax funds into public services. Its distinguisihing feature is that it distributes funds directly to individual citizens instead of public institutions, i.e., the individual is given a voucher to purchase the services he chooses. This report focuses on the "voucher system" as it may be used to finance education in New York State. As conceptualized in this report, vouchers would be given to students and institutions would raise their tuition to approximate the full cost of instruction. This report briefly reviews some of the suggestions made since the early sixties relating to a "voucher system"; it discusses the Hansen and Weisbrod plan as a method to finance undergraduate education in Wisconsin, and the application of this plan to New York State. The last section of the report discusses the advantages and disadvantages of a "voucher system." A brief review of federal and state proposals, a list of individuals consulted, and a bibliography comprise the appendices. (AF)

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AUTUMN 1970

THE Voucher System AND Higher Education IN New York State

THE UNIVERSITY OF THE STATE OF NEW YORK/THE STATE EDUCATION DEPARTMENT
BUREAU OF RESEARCH IN HIGHER AND PROFESSIONAL EDUCATION/ALBANY, NEW YORK 12224

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The University of the State of New York
THE STATE EDUCATION DEPARTMENT
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FOREWORD

The Regents of the University of the State of New York requested that the Bureau of Research in Higher and Professional Education prepare a paper exploring the feasibility of a "voucher system" as a means for financing higher education in New York State.

This report was developed and written in the Bureau of Research in Higher and Professional Education by D. Ross Thomson, Assistant in Education Research and Sylvia L. Persico, Consultant. Contributions were made by many members of the higher education community.

R W Couper

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Deputy Commissioner for Higher
and Professional Education

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INTRODUCTION

The "voucher system" refers to one type of system government may employ to channel tax funds into public services. The distinguishing feature of the "voucher system" is that it distributes funds directly to individual citizens instead of public institutions, as has usually been the case. Very simply, the individual is given a voucher to purchase the services as he chooses. However, there is no universal definition of the "voucher system" since it can be implemented in a vast variety of ways.

This report focuses on the "voucher system" as it may be used to finance education. More specifically, this report focuses on the "voucher system" as it may be used by New York State to finance higher education. But caution should be exercised when using the term "voucher system" with respect to higher education for two reasons. First, the term has been used in the past to refer only to the student financial assistance aspect rather than the entire financing system; and second, the term is now frequently used to describe a financing system in elementary and secondary education, which is a more restrictive system, and is only slightly analogous to a voucher system in higher education.

As conceptualized here, a "voucher system" in higher education would provide education grants (vouchers) directly to students rather than grants to public institutions of higher education. These institutions would then retain their present level of income by raising tuition to approximate the full costs of instruction. The education grants, in an amount based on need, would be awarded to all high school graduates who qualify for entrance into any eligible institution of higher education. The main objective of such a system is to place the funds where need actually exists, thereby expanding equality of opportunity. At the same time, it purports to promote diversity among institutions and greater freedom of choice by the individual.

For a sense of perspective in evaluating the "voucher system" approach to financing higher education in New York State, this report explores the historical background, examines one proposal and applies it to New York State, and discusses the advantages and disadvantages, implications, administrative needs, and estimated costs.

HISTORICAL BACKGROUND

Friedman

In 1962, the University of Chicago economist, Milton Friedman, suggested a voucher system as a means for government to finance education. He cited the GI Bill as a precedent for providing vouchers valid at any public or private college. Friedman was concerned about the private institutions which are eager to maintain their independence, but which have been forced to seek governmental aid thus reducing their degree of independence. To implement his ideas, Friedman recommended the equalization of public institutional costs with private institutional costs through student subsidization. He conjectured that this would insure student diversity among and within institutions as they competed for funds and would enable private institutions to keep pace with public institutions (Friedman, 1962).

Wallis

W. Allen Wallis, President of the University of Rochester, outlined in 1964 a plan for the expansion of higher education in New York State. His recommendations, designed to promote freedom of choice, included:

raising tuition at public institutions to full cost, abolishing the needs test or applying it uniformly to private and public institutions, and raising the amount of Scholar Incentive Awards to a realistic support level. Wallis felt his plan would begin to speak to the fiscal problems of private institutions (Wallis, 1964).

Jencks

In 1966 Christopher Jencks advocated fuller utilization of private schools for the elementary and secondary education of children from low-income families. The Harvard professor of education suggested giving tuition grants to children, equivalent to the amount that would be spent on them in public institutions, for use at private institutions.[1] He also pointed out the inequality of opportunity for education:

> ...American society, while providing almost unlimited opportunities for particularly gifted individuals, does not provide unlimited opportunity for its people as a whole. (Jencks, 1966)

Currently, Jencks is directing a 9-month feasibility study of model voucher systems at the Cambridge, Massachusetts Center for the Study of Public Policy, under a $196,313 grant from the Office of Economic Opportunity. The study includes the development of experimental programs in at least four communities where the tuition voucher would be utilized. These programs will also be funded by the Office of Economic Opportunity for 5 years, at an estimated cost of $1.5 million a year.

In general, the Jencks' model provides parents with vouchers representing each school-age child's share of public education. The child may

[1]New York State legislators recently defeated a bill proposed by Senator Edward J. Speno and Assemblyman Alfred D. Lerner, under which the State would give tuition grants to parents sending their children to parochial and other nonpublic schools.

attend any eligible public or private school, according to parental preference. That school can then convert the voucher into cash for operating expenses. However, only to a small extent does the voucher system in elementary and secondary education parallel that in higher education.

Glenny

Glenny, a higher education researcher, examined various implications of Federal programs for statewide planning which touched on financing higher education. He found that the lesser the amount of student aid, the more likely the student will enroll in a public institution and increasing the amount of the education grant increases the role of the private institution in higher education. Glenny examined the problems of institutional aid vs. student aid and recommended aiding the student rather than the institution. He feels such a course of action can have considerable impact on low-income students and aid will be directed towards a different student population (Glenny, 1969).

Rivlin

Rivlin, while an Assistant Secretary of Health, Education and Welfare, examined the long-standing debate on the alternative of institutional aid vs. student aid. She stressed the concern with inequality of opportunity based on parental income. Rivlin advocates placing the resources in the hands of students so they can be decision-makers. Provisional eligibility would be known while the student is still enrolled in high school so the student can accurately determine his financial requirements for higher education. Loans have proved to be ineffective ways of financing higher education for students for a variety of reasons. Institutional aid continues to subsidize the unneedy and fails to increase educational opportunities for the disadvantaged.

Henry

Historically, direct financial assistance to students by scholarships was based more on enhancement of the institution than student need. Also, much of the Federal philosophy of direct student aid has been built on the defense needs of the Nation. Gradually, there has been a shift in the perception of the meaning of scholarships and a trend towards easing the financial burdens of middle- and low-income youth; the bulk of enrollment increases then comes from the segment of the population which has the least ability to pay. Henry, Associate Director, Financial Aid Services, American College Testing Program, also points out the need to attract students to accredited noncollegiate institutions to cope with the shortage of trained technicians in our society. He is one of the few educators advocating direct student aid who envisions it as encompassing more than higher education (Henry, 1969).

Carnegie Commission

Some of the recommendations for implementing equality in higher education by the Carnegie Commission have relevance for direct student aid patterns. The Commission reaffirms the students' right to go to college and establishes as a goal for 1976 the removal of economic barriers to college. Their report stresses the high cost of removing these economic barriers, but also supports the belief that a commitment to a program of comprehensive student aid is basic to the survival of higher education.

Freedom to Pursue a College Education

In 1967, the New York State Board of Regents sponsored a study which led to recommendations for modifying and extending the State's student financial aid program. These recommendations were "designed to remove major financial restrictions on access to higher education that currently exist" (Freedom to Pursue a College Education, August 1967). This represents the first step toward a voucher system, i.e., direct funding of students.

Hansen and Weisbrod

Two University of Wisconsin economics professors, W. Lee Hansen and Burton A. Weisbrod, have conducted extensive research into the economics of financing higher education. Their particular concern has been the development of a system which would provide increased financial assistance to those students having the greatest need. Through the results of research in California and Wisconsin, they maintain that:

> ...low or even zero tuition has still not been sufficient to permit a sizable number of young people, particularly from lower-income families, to attend state institutions; ...low tuition provides a large subsidy that is given out indiscriminately to every enrolled student, on the grounds that anyone enrolling is deserving of a subsidy. (Hansen and Weisbrod, 1969)

The plan that Hansen and Weisbrod ultimately developed is a voucher system for undergraduate education. It was presented to the Council of Governors in Wisconsin on February 20, 1970, and is serving as a basis for Wisconsin's proposed Higher Education Opportunity Program.

A "VOUCHER SYSTEM" IN HIGHER EDUCATION

In reviewing the literature on the voucher system, it was found that few advocates designed actual proposals. Friedman discussed the concept and suggested a general mode of operation; Wallis presented some ideas for implementation in New York State's system of higher education. But not until Jencks outlined the specifics of his proposal were there any detailed and complete models describing how a voucher system might work.

As mentioned previously, however, the Jencks' plan is somewhat inappropriate for the focus of this report. Jencks' proposal mandates admissions policies in elementary and secondary schools. Jencks' proposal is also constrained by the compulsory attendance laws for elementary and secondary education. Consequently, a more suitable voucher system for higher education was found to be that of Hansen and Weisbrod. The following discussion describes their proposal in Wisconsin and then outlines its application to New York State.

The Hansen and Weisbrod Plan

The voucher system, as proposed by Hansen and Weisbrod, is a method of financing undergraduate higher education in the State of Wisconsin.

> This program calls for replacing the present system of state undergraduate education grants to public institutions with a system of state grants going directly to students. Public institutions would now derive their revenue from charging students the full costs of college instruction. However, much or all of this increase in tuition would be reimbursed by state grants to lower income students. These grants would be based on the ability to pay the cost of college by student-families. (Hansen and Weisbrod, 1970)

Three major elements comprise their program:

(1) Wisconsin's present system of appropriating funds directly to public institutions of higher education for instructional or operating purposes, as far as undergraduate education is concerned, would be abandoned. These institutions would then derive most of their operating income by raising undergraduate tuition to more closely approximate the full costs of instruction.

(2) A "Standard Budget," the same for all students, would be determined, which reflects the costs of full-time attendance including tuition, books and supplies, and maintenance expenses. The tuition-cost component

would approximate the average full-cost per student of providing public undergraduate education in Wisconsin.

(3) Wisconsin would adopt the system of appropriating funds directly to students by providing supporting grants (vouchers), based on the difference between the "Standard Budget" and their ability to pay. Therefore, the amount of the voucher would be determined according to financial need, using need-analysis techniques employed to distribute existing financial aid resources in Wisconsin.

This program, as outlined by Hansen and Weisbrod, would be limited to regularly enrolled, full-time students who are Wisconsin residents. No standards of admission are altered by the plan so each college would continue to use its present criteria without change. Also, each institution may set tuition above or below the amount determined in the student's Standard Budget. This does not affect the size of grant that the student receives, except where it has an effect on the average tuition at all public institutions of higher education.

For Wisconsin, the Standard Budget for the student was determined by totaling the following components:

$1,400	average full costs of undergraduate education at public institutions per student in 1969-70
100	average cost of books and supplies
600	maintenance allowance
$2,100	Total Standard Budget (the same for each student)

The Hansen and Weisbrod model utilizes the College Scholarship Service formula in calculating each student-family's ability to pay. This amount is then subtracted from the Standard Budget yielding the amount of the education grant for the particular student. The authors offer an example of how this might work.

> For a family having an annual income of less than $5,000, possessing no net worth, and having a total of three children, no family contribution to the education of the child is expected, according to the CSS formula. The student is, however, expected on the average to contribute approximately $350 to his own support through savings out of summer earnings. Thus, under our proposal, the student from such a low-income family would receive an Educational Grant in the amount of $1,750 ($2,100 - $350). Combined with his summer earnings contribution, this would bring him up to the Standard Budget of $2,100. (Hansen and Weisbrod, 1970)

In roughly estimating the cost of their proposed program, Hansen and Weisbrod took into account any enrollment increases possibly produced by the program. The total cost of the grants was figured at $90-95 million. Subtracting that from present Wisconsin expenditures for public undergraduate education of $123 million, they extended a savings of $28-32 million. "This substantial saving arises because the present large subsidies in Wisconsin are more than sufficient to offset the total estimated financial need of students."

The revised proposal under consideration in Wisconsin has departed somewhat from the Hansen and Weisbrod plan. The State calls for a minimum grant to the student fixed at $500. Thus, the savings of the original plan would not be realized but rather an increased cost would result of approximately $30 million. If the plan had called for a minimum grant of $250, present cost and cost of the plan would be about equal. Thus, the flexible implementation of such a system is evident.

<u>The Plan Applied to New York State</u>

If the Hansen-Weisbrod Plan were applied to New York State, the following steps would have to be taken for its implementation:

(1) The traditional method of financing public higher education would be abandoned. Costs of instruction would be funded, for the most part, by raising tuition to more closely approximate the full costs at the institution.

(2) The Standard Budget estimate for a New York State student for the 1970-71 academic year is as follows:

$2,400	average full cost of instruction regardless of institutional control (not to be confused with tuition)
100	books and supplies
1,000	maintenance allowance
$3,500	Total Standard Budget (the same for each student)

Utilizing the College Scholarship Service formula to calculate the student-family's ability to pay and considering New York State's minimum wage of $1.75/hr., it is estimated that a student who works for 60 days could make $800 in a summer toward his contribution to the Standard Budget. The minimum contribution expected by the State would be set at $400 a year which would be the contribution of any student who falls in the lowest bracket according to the CSS formula. Thus, for a family having an annual income of less than $5,000, possessing no net worth, and having three children, no family contribution to the education of the child is expected, according to the CSS formula. The student's contribution to his own support would be $400. This contribution to the Standard Budget would entitle the student to an education grant of $3,100 ($3,500-400).

(3) New York State would adopt the system of giving each student an educational grant (voucher), based on the difference between the Standard Budget and his ability to pay. The voucher would be determined by financial need, using need-analysis techniques employed to distribute existing aid resources, i.e., Regents Scholarships and Scholar Incentive Awards, in New York State.

In the past year, New York State spent $1.2 billion of public funds on higher education. Of that amount $856 million went for operating costs and $344 million went for capital construction costs. The "voucher system," as prescribed by Hansen and Weisbrod, would redirect only the $856 million for operating costs; the $344 million would still be awarded directly to the institutions. Had the State been under a voucher system as herein described, with current total enrollment figures,[2] and assuming that each student would receive the maximum award (which under realistic conditions is highly improbable), the cost to New York State would have been $1.7 billion. It should be emphasized that this figure assumes that every student now enrolled is in the lowest income bracket which is obviously not the case. If we were to assume that one out of every two students were in the lowest bracket, (also very unlikely) the cost to New York State would be $850 million. This suggests that a properly implemented voucher system could save money for New York State.

Cost estimates of a "voucher system" in New York State are extremely affected by a variety of factors. Among these factors are the Standard Budget, the student contribution, the needs-analysis techniques, and the enrollment projection figures. A fluctuation in any of these components would cause significant variation in the estimated cost of a "voucher system." Therefore, the following table must be viewed as only one example of a set of components which may be used to estimate cost.

[2]Current total enrollment figures were calculated by using full-time equivalency enrollment which consists of total full-time enrollment plus one-third of the part-time enrollment.

Total Family Income[3]	Student Contribution	State Grant	Cost for all 18-21 year olds
$ 0-5,999	$400	$3,100	$ 447,940,700
6,000-6,999	450	2,700	233,374,500
7,000-7,999	450	2,470	258,473,150
8,000-8,999	450	2,220	239,797,740
9,000-9,999	500	1,960	211,248,800
10,000-10,999	500	1,700	162,793,700
11,000-11,999	500	1,420	103,500,960
12,000-12,999	550	1,080	62,080,560
13,000-13,999	550	780	34,739,640
14,000-14,999	550	450	15,040,800
15,000-19,999	600	60	5,572,260
Total maximum cost			$1,774,562,810

Data for the table were generated by utilizing analyses of New York State Income Tax returns for the distribution of total family income in conjunction with demographic projections for New York State. Assuming the typical college ages to be from 18 to 21 years, the percentage of the State's population in the age bracket projected between 1970 and 1975 was distributed according to family income level.[4] With a Standard Budget set at the comparatively liberal $3,500, the appropriate State Grant for each income level was computed by using the same formula presently employed to determine the Scholar Incentive Award. Instead of the lowest income bracket being set at below $5,000, however, it was set at below $6,000 to expand the low-income group and to extend the scale for State Grants to one higher income group. Also, since research findings indicate a strong relationship between total family income and the amount a student is able

[3] Analyses of 1968 New York State Income Tax Returns. Department of Taxation and Finance, Albany.

[4] Demographic Projections for New York State Counties. Office of Planning Coordination, Albany, 1966.

to contribute himself, the student contribution increases with income level.

Such a system of awarding State Grants, if all 18 to 21 year olds in the State were to attend college, would cost over $1.77 billion as the table indicates. However, New York is not likely to realize a college-going rate of 100 percent in the near future. The present rate is approximately 60 percent; that rate applied to the total cost would yield a figure of over $1.06 billion. But the assumption that this 60 percent would be distributed evenly over each income group is erroneous. Experience has indicated that the lower the income level, the lower the college-going rate. Thus, the $1.06 billion estimate is optimal since the larger State Grants are awarded to the lower income groups.

COMMENTARY

The "voucher system" approach to financing higher education derives its rationale from three basic objectives--equality of opportunity, efficient use of funds, and ensuing benefit to society. All are inter-related, of course, but the task is one of scrutinizing the system to assess how well it promotes these espoused objectives. Also to be considered is the relationship of the "voucher system" to other educational goals and priorities.

The first objective, fostering equal opportunity for students, may be achieved by making higher education, and eventually all areas of post-secondary education, more generally available. One way to increase the availability is to decrease the financial barrier for those students most affected by it. The system described in this report finances higher education through State Grants to students rather than public institutions of higher education. It subsidizes students according to need, whereas, a system providing grants to public institutions, in effect, subsidizes students indiscriminately.

The second objective, efficient use of funds, may be achieved by developing the best possible system of distributing the resources devoted to higher education. Where the priority is equality of opportunity, the best possible system is one which places the money where it is needed the most. Also, a system which encourages more rigorous, full-cost accounting on the part of institutions, leads to a more efficient allocation of resources.

Thirdly, a system of finance which promotes greater educational diversity and freedom of choice, stimulates competition among institutions. This should mean an educational upgrading, as well as a social uplifting, when sufficient numbers of potentially productive members of society are added to college rosters.

Obviously, there is much ferment in current discussions on ways of financing higher education. Arguments range from those that dispute any financial responsibility to higher education on the part of government to those that advocate complete subsidization of higher education. If one assumes that the State does have a financial obligation to its citizens with regard to higher education, then the discussion centers properly on means--and the two means of basic concern become a voucher system and a low or no tuition system. Some arguments support the low cost public education scheme; other rationales advocate the full-cost pricing of higher education. The first would support institutional aid, whereas the latter would encourage student aid. Institutional aid proponents suggest that society enjoys a benefit from the educational investment beyond that which accrues to the individual. Student aid proponents indicate that full-cost accounting will generate a higher level of institutional accountability, as the full cost of higher education and programs therein, is readily identified for the legislature and the public.

Ideally, the best system of financing higher education by the State of New York is for the State to pay the full cost of every student's education. However, when State funds are limited, it is necessary to allocate them where they are most needed and this presumes directing funds to lower income groups--those least able to pay their own way. A report to the Association of Executive Officers of Statewide Coordinating and Governing Boards indicates that:

> In the current competition for funds between those who would favor aid to students as against aid to institutions, the supporters of institutions lead two to one. Every major bill in Congress favors them. The states must continue to recognize that if low income students are to be educated, the primary responsibility will fall to them and their planning agencies. Aid to institutions preserves the status quo--in types of students and types of programs....Much talk on aid to the disadvantaged is resulting in much greater financial support for existing, traditional, accredited colleges and universities, very few of which have shown any ability to provide real opportunity for the lower ability or educationally disadvantaged student. (Glenny, 1969)

One belief as to the ideal system of financing higher education is evident in the low or zero tuition argument. For many, the goals of equal opportunity can best be achieved by charging low tuition. But the costs of going to college involve much more than tuition alone. Although low tuition does induce additional numbers of young people to attend college, it does not seem to facilitate college attendance by qualified young people from low-income families. The PROJECT TALENT study found, for example, that, among senior high school students in the highest 20 percent of achievement, 82 percent of those in the highest quartile of the Socio-Economic Scale (highly correlated with family income) entered college in the following year; but only 37 percent of the high-achievement seniors in the lowest SES quartile entered college that year (Rivlin, 1969).

Low tuition proponents are accurate in stating that the low tuition system does permit some low-income students to go to college. At the same time, however, substantial numbers of higher income students receive sizable subsidies via low tuition even though they are, by objective tests, able to pay the full costs of their education (Hansen and Weisbrod, 1969). The low tuition system also has other limitations as pointed out in a paper to the Joint Economic Committee of Congress:

> Public institutions with low tuition rates have a near monopoly on the education of students from low income families...the consumer of educational services has a very limited choice within his income. (Tyler, 1969)

A subtle drawback of the below-cost tuition policy is that "it contributes to the making of socially undesirable choices by students as to the particular college or university they will attend." (Hansen and Weisbrod, 1970). This means that students may choose institutions mainly because of low tuition and thereby abort their pursuits by not attending another college which provides a type of education more suited to their objectives. It also has the effect of "encouraging some weakly motivated young people from affluent families to go on to college only because it is an inexpensive thing to do." (Hansen and Weisbrod, 1970).

As with any limited funding system, there are disadvantages, especially if the system is a departure from the status quo. The main advantage of the voucher system is its ability to distribute funds where needed. One of the most difficult tasks, however, is to construct a completely equitable needs test. There is also the question of the adequacy of institutions, in faculty, facilities, and programs, to meet increased enrollment of lower income youths. Would the voucher system tend to cause increased tuition fees to amounts which surpass full costs of instruction? Some would argue that such a system doubly taxes the wealthy citizens, who would be paying the full costs of education for their families, as well as subsidizing the children of others.

Public institutions would stand to lose a considerable amount of control in a system that removes a large portion of direct State funds. New York has built one of the very best systems of public higher education in the world. Any change in the method of financing such an established system should be scrutinized with great caution to identify whatever threats may seriously weaken the public institutions of higher education. Alternatively, the possible growth of independent schools, whose primary purpose may be to exploit student funds without offering sufficient quality education, is another caution to be noted. In connection with this factor is the effect of the "voucher system" on recruitment policies. If increased competition among institutions is precipitated by the "voucher system," would institutions then tend to allocate more money for "advertising" purposes to attract students rather than to upgrading educational quality? Do potential students have the ability to make appropriate and wise selections of institutions, especially when their freedom of choice is increased? Furthermore, it is not clear whether the increased "student power" over institutions of higher education is necessarily a healthy aspect that the "voucher system" is likely to foster.

On the other hand, it appears that the poorer parents have been and are being taxed to pay for the rich students' college education, while the majority of their own qualified children are not receiving this advantage. The "voucher system" addresses itself to this point by emphasizing financial aid for the lower income groups, and deemphasizing low cost public higher education for all. Parents who pay the full cost of education may then question the student's campus performance when it demonstrates he neither appreciates the opportunity nor accepts the responsibility of going to college.

In addition, New York must also consider what administrative needs would be required by a voucher system. Some seem to believe that the system would necessitate a comprehensive extension in facilities and personnel. Others believe that the present system of awarding Scholar Incentive Awards and State scholarships could be easily modified for a fluent administration of a voucher system. It should be noted that two out of three students already file the Parents' Confidential Statement with the Educational Testing Service; thus the Scholar Incentive Award system for determining the amount of award and its distribution is readily applicable for use in a voucher system. The voucher system would not require a radical new approach to the distribution of financial aid through student grants but only a possible expansion of the existing structure.

In a discussion of the legal implications of a "voucher system," constitutionality becomes the question. Specifically, can New York withdraw its financial support of public institutions and divert it to individual citizens? On the elementary and secondary level this poses a problem; on the higher education level, however, the same problem is not evident. Compulsory attendance on the higher education level is not mandated by the State as it is on the "common school" level. Therefore, State funds are not "committed" to higher education in the same manner.

Furthermore, State-supported institutions are empowered with the authority to charge tuition.

Finally, what if a "voucher system" in higher education were to be instituted in New York? First, if equality of opportunity is of high priority, it would be more attainable through a "voucher system" than the present system. Admittedly, extending the Scholar Incentive Award system as recommended in Freedom to Pursue a College Education, would approach the same goal. However, this is the third successive year the Regents' proposals have been placed before the Legislature without having the necessary funds appropriated for implementation. The "voucher system" would redistribute those funds already appropriated for "instructional purposes," and still permit institutions to continue seeking funds from the Legislature for public service, research, maintenance, and facilities. Secondly, if efficient use of funds is of concern to the taxpayer, the "voucher system," implemented wisely, should cost no more than the present system. Thirdly, if higher education for low-income youths can provide long-range social benefits, the "voucher system" speaks more to their needs than the present system. And lastly, if private institutions are to remain a viable segment of New York's system of higher education, the "voucher system" is a more appropriate approach to higher education finance than the present system.

A P P E N D I X E S

Appendix A - Federal Financial Aid

Appendix B - State Financial Aid

Appendix C - Individuals Consulted

Appendix D - Bibliography

Appendix A

FEDERAL FINANCIAL AID

The Reid-Brademas and Kennedy bills, companion bills known as the "Higher Education Bill of Rights, 1969," are presently under consideration. Other bills are also under consideration, such as those introduced by Mondale (Student Assistance Act of 1969), Pell, and Green. In addition, the Carnegie Commission on the Future of Higher Education, headed by Clark Kerr, and an interagency staff in the Department of Health, Education, and Welfare, supervised by Alice M. Rivlin, have each designed proposals.

The following summaries show only the important differences among these proposals. (For a comprehensive view of current Federal proposals, see Glenny, 1969 and Washington Report, 1970, from which some of the following is extracted.)

Bills in Congress

1. Reid-Brademas - (H.R. 6535) asks for expanded grants primarily for undergraduates (6-year maximum duration) in amounts equal to $750 for the first 2 years of study, $1,000 for the last 2, with a maximum grant of $200, available to students who lack the level of financial resources available to two-fifths the total number of students more advantaged, with grant awarded to student but paid through the institution he attends.

2. Kennedy - (S. 1897) seeks expanded grants primarily for undergraduates, but also for graduate and professional study, (6-year maximum duration) with a maximum of $1,000 awarded to full-time students and lesser amounts to part-time students and a minimum grant of $200, to be available to students whose family incomes do not exceed the level below which are the income of three-fifths of the families in the U.S. population. Applicants for grants must be accepted or in good standing at a higher education institution, and will receive the grant through the institution.

3. Mondale - (S. 1788) calls for expanded grants for undergraduates and graduates, not to exceed $1,500 or actual education costs, the student need to be determined by a formula of the excess of the national average college attendance cost over the sum of student family income plus expected student savings, to be awarded to students but paid through institutions.

4. Pell - (S. 366) calls for expanded grants to full-time undergraduates in amounts equal to $1,200, less an amount equal to the amount of tax imposed for the tax year on the taxpayer of whom the student applicant is a dependent, to be awarded to students in good standing at an institution of higher education.

5. Green - (H.S. 16098) amends the Educational Opportunity Grant Program which changes direction on awards to the disadvantaged, with emphasis on academic promise and performance; establishes a new student loan program phasing out the National Defense Student Loan program.

Other Federal Proposals

1. Kerr - seeks expanded grants for 4 undergraduate years plus a maximum of 2 graduate years in amounts depending on student level: $750 first 2 undergraduate years, $1,000 last 2 undergraduate years, depending on a variety of need factors.

2. Rivlin - calls for expanded grants for needy undergraduates only (4-5 years) in amounts ranging from $200 to $1,500 depending on size of adjusted family income, to be awarded to students through nonprofit agencies designated by the Commissioner. The school the recipient attends then bills the Office of Education.

STATE FINANCIAL AID

A survey of state programs showed that many offer financial assistance to students. The following are samples of programs now being offered. at the state level. (For a comprehensive view of state subsidy programs, see Grant, 1969).

Existing State Programs

1. California - has a comprehensive program of student aid at State institutions; started a new program of opportunity grants ($1 million) for approximately 1,000 students who, for the most part, will attend community colleges.

2. Connecticut - a correlation table, fluctuating from $500 - $1,000; SAT scores and class ranks are used to award grants.

3. Iowa - scholarship and tuition grant programs, based on need with no academic qualifications; grants can be used in private universities.

4. Maryland - has a Senatorial program based on academic achievement, and offers scholarships according to need.

5. New Jersey - operates an Economic Opportunity Fund, based on need only, which applies to both public and private institutions.

6. New York - provides scholarships based on examination scores, and on a graduated scale relating to family income, Scholar Incentive Awards based on need, and a program of State University Scholarships.

7. Ohio - initiated a new grant program, based on the family's ability to pay, which may be used at public or private institutions, but limited to those within the State.

8. Rhode Island - offers an average grant of $750, in consideration of a "self-help" factor.

9. Washington - offers scholarships and tuition grants, based on need with no academic qualifications; grants may be used in private universities.

Financial Need Analysis Systems

Two private agencies make estimates of the funds students need:

American College Testing Program

College Scholarship Service

Each agency administers a needs test, for the use of states, to assist in providing the appropriate amount of aid to a student. In making estimates, they attempt to be "responsive to the latest economic trends" (Chronicle of Higher Education, November 17, 1969), yet substantial differences exist, showing the difficulty in needs estimation.

Moreover, reference should be made to state analysis systems which employ net taxable income (as in New York) or some other criteria for determining awards.

INDIVIDUALS CONSULTED

In addition to the selected references and individuals consulted within the Education Department, the following educators were contacted by mail and by telephone:

Joseph Boyd, Director of Illinois State Scholarship Program

Charles Calvert, Council on Independent Colleges and Universities (Kentucky)

William Harold Cowley, Professor Emeritus, Higher Education, Stanford University

Martin Cramer, Office of Planning and Evaluation, Department of Health, Education, and Welfare (Washington, D.C.)

Lloyd H. Elliot, Acting Director (Higher Education Resources Information Center) George Washington University

Lyman A. Glenny, Associate Director, Center for Research and Development in Higher Education (Berkeley, California)

Richard V. Grant, Director of Education, Medical Group Management Association (Colorado)

W. Lee Hansen, Professor of Economics, University of Wisconsin

Francis H. Horn, President, Commission of Independent Colleges (New York)

Les Ingalls, Executive Vice President and Secretary, Association of Colleges and Universities of New York State

Christopher Jencks, Center for the Study of Public Policy (Cambridge, Massachusetts)

Richard Johnston, Wisconsin Higher Education Aides Board

Ronald J. Jursa, President, National Association of State Scholarship Programs (Michigan)

Clark Kerr, Carnegie Commission on Higher Education (New York City)

John Kirkpatrick, College Entrance Examination Board (New York City)

Richard Millard, Education Commission of the States (Colorado)

Alice M. Rivlin, Brookings Institute (Washington, D.C.)

Angus B. Rothwell, Executive Director, Coordinating Council for Higher Education (Wisconsin)

Mrs. Marjorie Schoepps, Educational Testing Service (Princeton, N. J.)

Miss Shapiro, National Education Association (Washington D.C.)

Theodore R. Sizer, Dean, Harvard School of Education

Miss Stemnock, National Education Association (Washington, D.C.)

Ralph Tyler, Center for Advanced Study in Behavioral Sciences (Berkeley, California)

W. Allen Wallis, President, University of Rochester

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