DOCUMENT RESUME

ED 161 331 HE 010 551

AUTHOR Bowman, James L.; Van Dusen, William D.
TITLE The Determination of the Financial Needs of Adult Part-Time Students in Postsecondary Education. Final Report, Volume I.
INSTITUTION Educational Testing Service, Princeton, N.J.
SPONS AGENCY National Inst. of Education (DHEW), Washington, D.C.
PUB DATE Jun 78
CONTRACT 400-77-0057
NOTE 138p.; For related document see HE 010 550.
AVAILABLE FROM Educational Testing Service, Princeton, New Jersey 08540

EDRS PRICE MF-$0.83 HC-$7.35 Plus Postage.
DESCRIPTORS Administrative Problems; Adult Education; *Adult Students; Bibliographies; *Eligibility; Evaluation Methods; Federal Aid; Federal Programs; *Financial Needs; Higher Education; Income; *Part Time Students; Policy Formation; Program Administration; Research Needs; Student Costs; *Student Financial Aid; *Student Needs
IDENTIFIERS *Need Analysis

ABSTRACT

Anticipating an increase in the determinations of financial need and program eligibility for adult students, a review was undertaken of the current eligibility for aid of adults, the procedures used in determining their financial need, and the policy issues that might arise as the numbers of adults seeking and obtaining financial assistance increase. Volume One of the final report covers: eligibility criteria and the adult learner; determination of adult learners' financial need; administrative issues in aid for adults; some policy alternatives (such as student expense budgets, contribution calculations, subsidy of living expenses, and alternatives for resolving administrative inequities); and an agenda for further study. Appendices include need analysis systems prior to the uniform methodology, the uniform methodology, selected references, and simulations of some possible alternatives. (Author/MSE)

ED161331

FINAL REPORT

VOLUME I

DETERMINATION OF THE FINANCIAL NEEDS OF ADULT PART-TIME STUDENTS IN POSTSECONDARY EDUCATION

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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Submitted to
National Institute of Education
Department of Health, Education and Welfare
Washington, D.C.

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EXECUTIVE SUMMARY

DETERMINATION OF THE FINANCIAL NEEDS

OF

ADULT PART-TIME STUDENTS IN POSTSECONDARY EDUCATION

Prepared by
Educational Testing Service
Princeton, New Jersey

for the
National Institute of Education
Department of Health, Education, and Welfare
Washington, D. C.

Contract No. 400-77-0057

June 1978

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INTRODUCTION

The available market of potential students of traditional age to which postsecondary education can turn is rapidly decreasing. The number of 18 year olds in the United States population will decrease by about 25 percent between 1979 and 1992. At the same time, increasing numbers of individuals in the nontraditional student population are seeking further education and training to better equip themselves for what is becoming a "learning society". Taken together, these conditions make it apparent that more adults will seek out postsecondary educational institutions and that more postsecondary educational institutions will seek out adults. Providing education and training to the adult learner will bring new problems to postsecondary education. The most important of those problems will be the determination of financial need and the provision of financial assistance appropriate to that need.

Anticipating an increase in the determinations of financial need and program eligibility for adults, the National Institute of Education contracted with Educational Testing Service for a review of the current eligibility for aid of adult learners, the procedures currently used in determining their financial need, and the policy issues which might arise as the numbers of adults seeking and obtaining financial assistance increased. This document summarizes a two-volume report submitted to the Institute in fulfillment of that contract.

The study should be reviewed in the context of the following limitations. First, the data are not adequate to fully define the financial needs of <u>adult</u> learners. Most available data confuse adult learners and part-time learners. Age and enrollment status are not directly related. Some adults are full-time students; some part-time students are not adults. Second, the study did not question the motives which cause individuals to participate in postsecondary education. Students under 25 years of age are not questioned about why they attend college; neither should individuals over 25 years be so questioned. Third, the report recognizes that the provision of more financial support may not be sufficient to maximize the participation of adult learners in postsecondary education. Other supportive services may be as necessary as money to achieve that end. And, finally, the report recognizes that the amounts of financial assistance currently available are insufficient to meet the full need of current participants in postsecondary education. Changes in procedures and techniques which would increase the number of adult learners seeking and obtaining financial assistance would require additional allocations of public resources.

CRITERIA FOR DETERMINING ELIGIBILITY

A review of the legislation and regulations governing Federal learners simply on the basis of age. Only four state programs, awarding only five percent of all states' award dollars restrict eligibility on the basis of age (or some directly age-related criterion such as length of time since high school graduation). No such limitations appear in Federal programs. Criteria which restrict participation on the basis of other characteristics common to adult learners, however, effectively limit their eligibility in indirect ways:

1. Most Federal and state student aid is available only to students enrolled half-time or more. Available data indicate that more than half of the adult learners spend fewer than five hours a week in instructional activities and probably would not be considered half-time or more students.

2. Most Federal and state student aid goes to individuals enrolled in "institutions of higher education," typically defined to include degree-granting colleges and universities, nursing schools, and proprietary institutions offering "not less than a six-month program of training to prepare students for gainful employment in a recognized occupation." Available data indicate that fewer than half of the adult learners are receiving instruction from an institution which would be likely to qualify for participation under this definition.

3. Most Federal and state student aid requires that recipients be enrolled in an "eligible program of study" typically leading to a degree, certificate, or other formal end. Adult learners who are taking courses for self-improvement, skill brush-up and other nondegree-related purposes may be denied assistance for those reasons.

As mentioned earlier, the data are inadequate to identify precisely the number of adult learners who are denied assistance because they fail to meet these eligibility requirements. Because of the characteristics of adult learners, however, the number approximates one-half of the adult student population.

DETERMINATION OF FINANCIAL NEED

The process of determining the need for financial assistance for postsecondary education involves three major steps: What are the "legitimate" expenses which must be met? Who will be expected to contribute toward meeting those expenses? How much of a contribution will be expected? The first and third steps usually are executed according to the recommendations of the "uniform methodology" developed by the National Task Force on Student Aid Problems. Both present problems in the treatment of the adult learner.

For the traditional student participating full time in postsecondary education, the allowable expenses include all those which are reasonably related to attendance at a specific institution. Typically, this includes the actual costs of tuition and fees, an estimate of the cost of books and supplies, allowances for transportation and personal expenses, and some recognition of the "cost of living" in terms of room and board. For those living away from home the room and board allowance approximates full actual costs. For those living at home, an estimate of the cost of maintenance as part of the family is allowed. When the needs of the adult learner are addressed, two major issues of budget determination arise:

1. What portion of the expenses will be considered reasonably related to the postsecondary experience and what portion are related to other activities of the adult and his or her family?

2. What standard of living will be recognized in determining the appropriate level at which expenses will be considered allowable?

Because substantially all adult learners are expected to contribute amounts determined by the <u>independent</u> student model of the uniform methodology, these budget-related issues are critical. In the <u>dependent</u> student model, certain allowances are made against income and assets to reflect nondiscretionary expenses and a proportion of the remainder, if any, is considered to be available for educational expenses. In the independent student model, after generally comparable allowances are made, the entire remainder is considered available only for educational expenses. No noneducational discretionary expenditures are recognized for the independent adult learner.

The results of these differences in treatment of the income and assets of the independent student can perhaps be best shown by comparing the financial need that would be demonstrated by the child and by the spouse of an individual with annual income of $20,000 and assets of $10,000, each applying for assistance at a private four-year institution. Using the standard need analysis procedures for the dependent child and the independent spouse, and applying the resulting contributions against the 1977-78 academic year average budgets for that type of institution, the child would demonstrate financial need of $1,945 while the spouse would have no financial need.

The most equitable method of reducing this substantial difference in expected contribution would be the inclusion of a marginal taxation rate in the calculation of contribution expected from the income and assets of the independent student. This would produce an independent student need analysis model generally indistinguishable from that used for the dependent student. Simulations reported in Volume II of the full report indicate that modifications of this nature would result in about 12 percent of the adult part-time student population demonstrating financial need. The average need of those students would be about $430 and their aggregate needs would be about $283 million.

ADMINISTRATIVE ISSUES

In addition to meeting formal eligibility criteria and demonstrating financial need the adult learner must successfully negotiate the administrative paths of institutions and institutional financial aid offices in order to receive assistance. With only limited resources available, institutional aid administrators must choose among eligible and needy students in determining who ultimately will receive assistance. There are indications that those determinations act to the disadvantage of the part-time adult learner. It would appear that those disadvantageous determinations are based on two assumptions:

1. Adult learners are not really "serious." For some reason students in the age group are automatically considered tc have genuine interest in and needs for education and consequently warrant financial assistance while those 25 years of age or older are somehow not as genuinely interested and less worthy of assistance.

2. Even adults with demonstrated financial need are not always considered to be "really needy". After all, the argument goes, the returning woman has been supported by her husband all along so why should she now get financial aid?

These administrative issues are difficult to document and easy to dismiss. They appear, however, to be the most important limitations on equal participation in financial aid programs for adults as compared with younger students. Even if program eligibility and need analysis are made "age neutral," failure to overcome these administrative difficulties will continue lack of parity and lack of equity. One way in which the administrative issues could be reduced would be the issuance by the Office of Education of an administrative memorandum affirming the rights of adults on an equal basis with younger students of the same financial need.

AGENDA FOR FURTHER STUDY

By intention and design, the current study was limited to review of the "queueing" system by which adults gain access to financial aid under current conditions. It did not address some of the broader public policy issues concerning participation of adults in postsecondary education. Some of these are:

1. To what extent are the benefits of postsecondary education for adults public benefits and to what extent are they personal? How should those differences influence the allocation of public support?

2. Are there valid reasons for discriminating against adults in student aid programs?

3. Is student aid the most effective way of financing education for adults?

4. What would happen if the amount of financial aid or the kind of financial aid available to adults changed? Would more people enroll? Would they enroll for more hours? Would they enroll in different kinds of institutions?

These and other subsidiary policy issues requiring further study are identified in the full report in the context of admittedly limited resources for the currently enrolled students and anticipation of changes in the number and composition of student bodies as more adults seek participation in postsecondary education. The answers to these issues will influence the expectations for financing postsecondary education as the nation moves into the "learning society."

Final Report

Contract Number 400-77-0057
National Institute of Education

VOLUME I

THE DETERMINATION OF THE FINANCIAL NEEDS OF ADULT PART-TIME STUDENTS IN POSTSECONDARY EDUCATION

James L. Bowman
Study Director

William D. Van Dusen
Principal Investigator

Educational Testing Service
Princeton, New Jersey

June, 1978

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CHAPTER 1. INTRODUCTION

In the development and administration of financial aid programs in the United States, groups which had previously been of only peripheral concern to program administrators suddenly emerged as vast new clienteles and constituencies. In the late 1970s, the new constituency is the adult learner. Many reasons have been proffered about why the adult learner is, or should be, of major concern to providers of postsecondary education. The most direct reason -- and the most relevant -- is that they are there. The numbers of present and potential students in the traditional 18- to 22- year-old groups are declining while the numbers of present and potential adult learners are increasing. The majority of students currently enrolled in postsecondary education are over 27 years of age. Their portion of the postsecondary market will only increase.

Most new constituencies bring new problems, and the adult learner is no different. Some of their most significant problems are in the determination of their need and eligibility for financial aid. This report is addressed to these problems.

Traditional need analysis techniques focus on dependent undergraduate students who have been supported by their parents through twelve years of elementary and secondary education. For these students it has been assumed that parental responsibility for support can and will continue through at least the first four years of postsecondary education (although that assumption is increasingly being called into question). In the traditional model, the student's participation in financing his or her education was usually limited "to a token contribution from his own expected earnings and from any assets held by him." (Windham, 1974) A few individuals would not fit this traditional mold, but they were so few that their problems could either be handled ad hoc or, more frequently, simply ignored.

In the late 1960s and early 1970s a new clientele began appearing in the financial aid offices -- the self-supporting student. An increasing proportion of students was not receiving any support from their families regardless of what the need analysis systems said they should get. New rationales for need analysis were developed and accepted. These rationales, however, assumed that self-supporting students differed from their dependent counterparts only in the amount of assistance provided by parents. The prototype of the self-supporting student was young, single or recently married, without an established life-style, and willing to devote all of his or her personal, academic, and financial resources to the pursuit of postsecondary education.

These rationales, or at least the assumptions upon which they are based, are clearly inappropriate for the adult learner.* Cross reports that "the largest numbers of (adult) learners fell in the

*For purposes of this study adult learners are defined as those age 25 years or older.

following categories: They were white high school graduates, between 25 and 34 years of age, employed more than 35 hours per week, with annual family incomes of $15,000 to $25,000." (Peterson et al, 1978) Data from the National Center for Educational Statistics (NCES) (Kimmel et al, 1977) indicate that nearly six in ten full-time students are not in the labor force, but more than three quarters of adult education participants are working. Among the employed adult education participants nearly one third work in professional positions.

As might be expected, adult learners have higher incomes than do their younger counterparts. In the NCES data reported by Kimmel, nearly half of the full-time students come from families with incomes of less than $10,000, whereas only slightly more than one third of the adult education participants come from families with those low incomes (47.3 percent and 35.5 percent respectively).

Family income, however, does not completely describe the financial situation of the adult learner. Many, if not most, of them are independent of parental support and must rely on their own income and assets for maintenance and payment of educational expenses. Data from the population of self-supporting students who filed need analysis documents with the College Scholarship Service in the 1974-75 year indicate that adult learners have considerably higher income and assets than do their younger counterparts:

Table 1

Mean Income and Assets
Independent Students
1974-75

Age	Mean Income	Mean Assets
Under 20	$ 425	$1,870
20 to 24	623	2,895
25 to 29	1,242	3,870
30 to 34	3,009	4,832
35 to 39	5,127	5,781
40 or More	6,484	5,539

NOTE: Unpublished data are from an analysis of the characteristics of students who filed the 1974-75 Student Financial Statement (SFS) with the College Scholarship Service of the College Board. Note that these statistics are for a population currently enrolled or seeking enrollment in postsecondary education and do not reflect the characteristics of the general population.

Clearly adult learners differ from traditional learners on more variables than age. Adult learners are probably independent of parental support, have significant income and asset holdings, and probably enjoy an established life style unlike than that of the younger students.

Adult learners are also most likely to be attending school on a part-time basis. Exact attendance statistics for them are difficult to identify, primarily because the terms "adult" and "part-time" tend to be used interchangeably in research and reporting. In this report the terms will not be used interchangeably. Age and enrollment status are two student characteristics that are not directly related. Some part-time students are adults. Some adults are part-time students. But there are full-time adult students just as there are part-time 18-year-old students.

This report has been prepared with several constraints. The first relates to the reasons why individuals choose to participate in education beyond the age of mandatory enrollment. If an individual is determined to invest time in education, the undertaking should be considered serious and worthy of public support if such support is needed. No attempts will be made to distinguish between the needs of students who are "genuinely interested" in pursuing some form of education and training and those who may be inferred to have other motives. Students under the age of 25 typically are not questioned about why they are seeking further education; those over 25 likewise should not be questioned about their motives.

The second constraint is that this report deals solely with the determination of financial need and eligibility for financial aid. Although money may be one of the important determinants of enrollment in postsecondary education among adults (National Advisory Council on Extension and Continuing Education), financial aid alone may not be enough to maximize access for would-be adult learners. However, the determination of need for support services, exposure to educational alternatives, assistance in developing choice strategies, and other non-financial resources is beyond the scope of this study.

A third constraint is that "financial need" as used here refers to an equitable measure of ability to contribute compared with cost, not to the function of a demand model.

Finally, alternative <u>programs</u> for financing the current or potential needs of adult (or traditional age) learners are not proposed. The nature, configuration, and funding of student aid programs are matters of public policy independent of the measurement of the needs of the individual. Consistent with the goals of postsecondary education, this report is based on the assumption that the criteria, procedures, and results of financial aid administration should not discriminate against any citizen. A major thrust of Federal educational policy is to provide equality of access to all.

To obtain financial assistance for postsecondary study, individuals must

- demonstrate that they meet the general basic eligibility criteria for the available student aid programs,
- demonstrate that they have financial need, and
- successfully negotiate the administrative path required to obtain information about, application for, and award of assistance regardless of eligibility or need.

Chapters 2 through 4 consider in sequence these three requirements as they relate to the adult learner. Chapter 5 makes recommendations for changes and Chapter 6 raises questions that might be addressed in making financial aid and needs analysis procedures neutral with regard to the individual's status as a full- or part-time student.

CHAPTER 2: ELIGIBILITY CRITERIA AND THE ADULT LEARNER

Recognizing that achievement of equality of access to, choice among, and retention in postsecondary education requires the elimination of financial barriers, the Federal and state governments have established massive financial aid programs. Generally, these programs have three objectives:

- to provide for increased enrollment of groups typically under-represented in postsecondary education,
- to provide a mechanism to supplant or replace contributions toward educational expenses that the student and family are unable or unwilling to make, and
- to defer payment of expenses for education from the current income of the students and families to their future incomes.

At the Federal level, these objectives are being reached through five major programs of direct student aid. The Basic Educational Opportunity Grant (BEOG) and Supplemental Educational Opportunity Grant (SEOG) Programs provide non-repayable assistance. The National Direct Student Loan (NDSL) and Federally Insured Student Loan (FISL) Programs provide mechanisms whereby students and families can borrow at subsidized rates. The College Work-Study Program (CWSP) provides employment opportunities for students with most of their wages paid by the Federal government. Various states' legislation provide similar grant, loan, and employment assistance programs.

A review of the legislation and regulations governing the Federal programs described above discloses nothing which discriminates against the adult learner simply because of age. In its initial years of operation, the BEOG program limited eligibility to students who had not enrolled in any form of postsecondary education prior to April 1, 1973. In practice, this discriminated against many adults, but its intent was to limit eligibility to "new entering students" during the "phase-in" years of the program. The limitation was removed for the 1976-77 academic year.

Only four state programs appear to have restrictions on the age of recipients. Idaho limits state scholarships to students in their first year out of high school. Indiana awards may go to students under 25 years of age. Michigan state scholarships are limited to students who are less than eight years out of high school. The Rhode Island war orphans program is limited to students 21 years of age or younger. These programs, however, amount to only five percent of all states' award dollars (Boyd).

Discrimination against adult learners is indirect and not directly related to age. Significant proportions of adults are part-time students and are enrolled in postsecondary education outside of formal postsecondary educational institutions. It is in these two areas that the adult (and the traditional aged student enrolled in similar programs and at similar course-load levels) are most disadvantaged in the determination of eligibility for both Federal and state student aid programs.

The BEOG Program is the foundation upon which all other student aid is intended to build. Section 491(c)(2) of the BEOG legislation provides that grants will be made only to students who are in attendance on "at least one half-time basis . . ." Awards to part-time students enrolled for between half- and three-quarters time are 50 percent of those established for full-time students; those for students attending between three-quarters and full-time are 75 percent of those for full-time students.

Section 413B(b)(2)(b) limits eligibility for Supplemental Educational Opportunity Grants to students "devoting at least half-time ..." to the pursuit of academic programs. SEOG award amounts are not legislatively or regulatorial by lower than those of full-time students.

Both the NDSL and FISL Programs have, since their inception, made eligible students who were carrying at least one-half the normal academic workload as determined by the institution . . . Sections 464(b)(4) and 427(a)(1)(b). Under both programs the maximum loan for a part-time student may be the same as that for a full-time student. Similarly, the College Work-Study Program jobs are available with no different restrictions on maximum earnings to any student who "has been accepted . . . on at least a half-time basis or . . . who is in attendance on at least a half-time basis . . ." [Section 444(a)(3)(c)]

Only ten state scholarship programs confer any eligibility on part-time students (Boyd). Colorado, Connecticut, Tennessee, and

Wisconsin (whose combined awards amount to 2.3 percent of all state award dollars) will make awards to students enrolled less than half-time. California, the District of Columbia, Idaho, Illinois, Nebraska, and Wyoming (whose awards make up an additional 22.5 percent of the national total of state award dollars) make awards to students who are enrolled between half- and full-time.

Carp, Peterson, and Roelfs (1973) reported that 54 percent of adult learners spent fewer than five hours a week in instructional activities. These adult learners probably would not be considered "at least half-time." Consequently, the limitations on Federal and state student aid programs described above effectively would act to deny both kinds of aid to over half of the adult learners.

In order to receive Federal student aid, an individual must be enrolled in an "institution of higher education." Section 491 defines that term to include traditional degree granting colleges and universities, nursing schools, and proprietary institutions offering "not less than a six month program of training to prepare students for gainful employment in a recognized occupation." Only 20 state scholarship programs (offering 72.3 percent of the total dollars, however) provide awards to students enrolled in hospital schools of nursing. The same number (but including only 60.0 percent of the total award dollars) provide awards to students enrolled in proprietary for profit institutions.

Kimmel, Harwood, and Driver (1976) report data from the National Center for Educational Statistics showing that, in 1972,

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only 47 percent of adult learners were receiving their instruction through an institution which would likely qualify for participation in the federal and state student aid programs. So limitations on educational institutions deny eligibility to more than half of the adult learners.

Another BEOG limitation acts to the disadvantage of many adults. Recipients must be enrolled in "an eligible program of study" which (a) leads to a degree or certificate in a recognized occupation, (b) is of at least six months duration and requires at least 600 clock hours of study, and (c) admits as regular students only those persons having a certificate of graduation from high school or equivalent. Adult learners taking courses for self-improvement, skill brush-up, or other reasons not necessarily leading to degrees or certificates may be denied BEOG assistance because their activities are not carried out within the framework of an eligible program of study.

Estimation of the number of adult learners who are denied assistance because of these program eligibility limitations is impossible. The data simply do not exist which would make possible such an estimate. So, too, is estimation of the number of adults who would be learners if these limitations did not make it impossible for them to receive aid. The Fiscal Operations Report submitted by institutions to account for their stewardship of the SEOG, NDSL, and CWSP does not indicate how many adult or part-time students actually received assistance nor how many were denied aid.

The BEOG Program does not provide statistics on students denied aid because they were obtaining their educations at ineligible institutions or because they were enrolled in ineligible programs. Published state records contain no information of value in estimating the numbers of adults denied aid because of these limitations.

Although the number of adult learners who are denied eligibility for student aid programs is impossible to indicate precisely, provisions concerning course load, institutional participation, and program eligibility effectively preclude many adult part-time students from receiving financial aid. Even though these provisions were not intended to discriminate against adults, they do so because of the preponderance of adults in the part-time student population.

CHAPTER 3: DETERMINATION OF ADULT LEARNERS' FINANCIAL NEED

Having fulfilled eligibility criteria for one or more forms of financial assistance, the adult learner must then demonstrate financial need. This need determination involves three primary steps:

- determination of the appropriate student expense budget which will be "allowed" for need analysis purposes,
- determination of who (the student, the parents, the spouse, etc.) will be expected to make a contribution toward those allowable educational expenses, and finally
- determination of the amount which will be expected from the income and assets of the "responsible" parties.

Chapter 3 will investigate the assumptions implicit or explicit in these three determinations and their impact on the "traditional" and "adult" learner.

The first (budget) and third (amount) determinations typically are made using the "uniform methodology" developed by the National Task Force on Student Aid Problems (the Keppel Commission). The private national need analysis services and most institutions have adopted the uniform methodology for determination of financial need for the campus-based Federal student aid programs (SEOG, NDSL, and CWSP). To the extent that FISL amounts are recommended by the postsecondary institutions (which is required if the borrower is to receive a Federal interest subsidy) the uniform methodology is generally used. Most state programs use the methodology in determining award amounts. The BEOG Program uses a similar methodology for determination of contribution.

The second determination -- who is to contribute -- is typically made by all parties on the basis of rules and regulations promulgated for the Federal student aid programs. These require analysis of both parental and student income and assets when the student:

- has been or will be claimed as an exemption for Federal income tax purposes by any person except his or her spouse for the calendar year(s) in which aid is received or the calendar year prior to the academic year for which aid is requested;
- has received or will receive financial assistance of more than $600 from his or her parent(s) in the calendar year(s) in which aid is received or the calendar year prior to the academic year for which aid is received, or
- has lived or will live for more than two consecutive weeks in the home of a parent during the calendar year in which aid is received or the calendar year prior to the academic year for which aid is requested.

Student Expense Budgets

The National Task Force on Student Aid Problems defined a student expense budget as including "all expenses which are reasonably related to a student's attendance at a specific institution for a specific period of time." For the full-time "traditional" student this typically includes the actual cost of tuition and fees; the estimated cost of books and supplies needed for the course of study;

the full cost of room and board while the student is enrolled; some allowance for personal and miscellaneous expenses; allowance for the costs of traveling to and from the campus and to and from a job if the student is employed; and other expenses such as child care, medical and dental expenses not covered by insurance, mandatory debt repayment, and so forth.

Few would argue that the expenses of an adult learner would differ in kind from those of the "traditional" student, although they probably do differ in amount. The argument arises about what portion of the expenses of the adult will be considered "directly related" to the postsecondary experience -- and consequently will be considered to be "allowable" -- and what portion are related to other activities of the adult "and his/her family." One argument proposes that only the incremental costs directly related to education (tuition and fees, books and supplies, additional transportation and parking expenses, and possibly meals on campus) should be allowed. The other expenses the adult must meet -- most of the room and board expenses, support of other family members, travel to work, clothing, recreation, and so forth -- would occur regardless of student status and consequently are not allowable.

The alternative argument is that all of the expenses of the adult learner -- both basic maintenance and incremental educational cost -- must be paid or the individual will not be able to participate in postsecondary education.

Resolution of these two positions is in large measure dependent on how the income and assets of the student and his or her resource pooling unit* are treated, and the "allowances" which are granted against those assets and resources.

Expected Contribution

The measurement of the contribution toward educational expenses expected from the student and family has probably been the subject of more comment, controversy, and confusion than any other element of the financial aid process. A large part of the confusion derived from the existence -- and use -- of several different systems for determining ability to pay.

Formal systems for determining ability to pay evolved from work done at Harvard College in the early 1950s. Concerned about using money as an inducement in what appeared to be unnecessary competition for students a number of institutions banded together to adopt the Harvard-developed need analysis system in determining the awards they would offer to students. That association developed into the College Scholarship Service (CSS) of the College Board. The CSS system was the only nationally-available procedure for need analysis for about 15 years, until the American College Testing

*The group of related individuals with a legal, moral, and/or ethical responsibility to make available the economic resources of one member, in whole or in part, to be used to meet the common expenses of all members and/or the individual expenses of one or more members (Van Dusen et. al., 1975)

Program (ACT) instituted a comparable service in 1966, and until the Graduate and Professional School Financial Aid Service (GAPSFAS) was established by ETS in 1973.

Although similar, the CSS and ACT need analysis rationales and forms varied sufficiently so that the two services could provide a student and family with different estimates of the amount they would be expected to contribute. This added to confusion about the entire student aid process. As the National Task Force on Student Aid Problems (1975) noted, "Students and parents find it difficult to understand how one set of financial circumstances -- their own -- can yield . . . different estimates of their ability to pay."

One of the major outcomes of the National Task Force was the development of a "uniform methodology" for determining ability to pay. That methodology uses two different models: one for students who are considered dependent (that is, those who fall within the definition on page 12) and another for those who are considered self- (or spouse-) supported. Appendix B provides a complete description of these methodologies.

Summarizing briefly, for dependent students, the contribution derives from the interaction of parental income, asset holdings, family size, number in college, standard estimates of required expenses, and unusual circumstances. For the dependent student the model of determining the contribution from income is:

Total income from all sources reduced by "adjustments to income" such as business expenses, moving expenses, and so forth.

Minus

U.S. income and F.I.C.A. taxes paid

State and other taxes paid

Medical and dental expenses allowable for Federal tax purposes

Casualty and theft losses allowable for Federal tax purposes

An employment allowance for families where both parents are employed or for a single-parent family

A Standard Maintenance Allowance (SMA)

Equals Available Income

To this available income is added an amount reflecting the family's asset holdings. This amount is determined by adding together the assets, granting an age-variable allowance as a protection of the assets, and taking a percentage share of the remainder.

In the independent student model, the treatment is much more one of "what have you got." (Case) The independent student model for determining the contribution from income is:

Total income from all sources reduced by "adjustments to income" such as business expenses, moving expenses, and so forth.

Minus

U.S. income and F.I.C.A. taxes paid

State and other taxes paid

An employment allowance for married students where the spouse is employed

Equals Available Income

As with the dependent student model, a supplement may be added to the available income from the student (and spouse) asset holdings. The calculation of that supplement is methodologically similar to that of the dependent student model although the allowances and pro-ration percentages are different.

In the dependent student model, the family's "available income" is then taxed at a variable percentage rate:

Table 2

Available Adjusted Income Taxation Rate Schedule, Dependent Students

Adjusted Available Income	Taxing Rate
Less than ($3,410)	($750)
($3,410) to $4,440	22%
$4,441 to $5,560	$976 plus 25% of amount over $4,440
$5,561 to $6,670	$1,256 plus 29% of amount over $5,560
$6,671 to $7,780	$1,577 plus 34% of amount over $6,670
$7,781 to $8,890	$1,954 plus 40% of amount over $7,780
$8,891 or more	$2,398 plus 47% of amount over $8,890

In the independent student model, on the other hand, the entire amount of the adjusted available income is considered available to meet the direct and indirect costs of maintenance and education. A marginal rate schedule is not used. Rather, the entire amount is applied against a "national budget standard" representing the non-educational expenses of the student and his or her family for a twelve month period. Any excess beyond this standard budget is considered available for payment of direct educational expenses (tuition and fees, books and supplies, travel to class, and so forth). Any deficiency is added to direct educational expenses to determine need.

In the dependent student model, the pro-rated contribution derived from the taxation schedule is applied against the total allowable direct and indirect expenses for tuition and fees, books and supplies, room and board, and so forth.

The primary differences between the dependent and independent student models are in the assumptions made about the purposes for which the adjusted available income should be used:

- In the dependent student model, adjusted available income is considered to be available for a variety of discretionary expenditures -- one of which is education.
- In the independent student, all adjusted available income is considered to be available for maintenance and payment of educational expenses.

These differences are based on value judgments about the commitment of different resource pooling units to postsecondary education. If the student is a dependent child, the assumption is that postsecondary education is only one of several legitimate uses for the discretionary income of the family. If the student is the head-of-household (husband, wife, or single independent student), postsecondary education is considered to be the only legitimate use to which discretionary income can be put.

Each year, the U.S. Commissioner of Education publishes "bench-mark" cases. These are used to measure how private need analysis service systems comply with expected contributions standards for dependent students in the campus-based Federal programs.

Table 3, on the following page, compares the contributions for those bench-mark cases according to the Uniform Methodology (a) when the student is a dependent child of the family and (b) when the student is one of the parents in the family.

Differences in Financial Need

In the financial aid office, the contribution derived as in Table 3 is deducted from student expense budgets to determine financial need. In the dependent student model, the budget consists of tuition and fees, books and supplies, transportation, maintenance, and personal-miscellaneous expenses. In the independent student model the allowance for maintenance is deducted from income before the contribution shown in Table 3 is derived.

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Table 3

Comparison of Uniform Methodology Expected Contribution
When Parent or Child is Student

1976-77 Processing Year Methodology

Net Assets	$10,000				$20,000			
Family Size	3	4	5	6	3	4	5	6
Net Income Before Taxes								
$8,000 and Student Is								
Child	88	-202	-462	-671	342	52	-207	-416
Parent	-8	-1,588	-3,058	-4,148	3,492	1,912	442	-648
$12,000 and Student Is								
Child	698	410	155	-47	954	665	410	207
Parent	3,008	1,438	-12	-1,052	6,508	4,938	3,488	2,448
$16,000 and Student Is								
Child	1,386	1,042	770	574	1,742	1,338	1,036	829
Parent	6,045	4,505	3,075	2,055	9,545	8,005	6,575	5,555
$20,000 and Student Is								
Child	2,368	1,856	1,484	1,232	2,893	2,298	1,858	1,562
Parent	9,125	7,605	6,205	5,205	12,625	11,105	9,705	8,705

Net Assets	$30,000				$40,000			
Family Size	3	4	5	6	3	4	5	6
Net Income Before Taxes								
$8,000 and Student Is								
Child	606	316	56	152	870	580	320	111
Parent	6,992	5,412	3,952	2,852	10,492	8,912	7,442	6,352
$12,000 and Student Is								
Child	1,261	929	674	471	1,624	1,229	938	735
Parent	10,008	8,438	6,988	5,948	13,508	11,938	10,488	9,448
$16,000 and Student Is								
Child	2,198	1,715	1,356	1,113	2,742	2,166	1,735	1,446
Parent	13,045	11,505	10,075	9,055	16,545	15,005	13,575	12,555
$20,000 and Student Is								
Child	3,457	2,860	2,334	1,986	4,021	3,434	2,902	2,493
Parent	16,625	14,605	13,205	12,205	19,625	18,105	16,705	15,705

The example below shows how a family of three (father, mother, and one child) with the primary wage earner over 35 years of age, income of $20,000, and assets of $10,000 would be treated if the child and the mother each applied for financial aid:

	Child	Mother
Budget*		
Tuition and fees	$2,476	$2,476
Books and supplies	215	215
Transportation	348	348
Maintenance, personal, and miscellaneous	1,292	---
	$4,313	$3,039
Expected Contribution from Income and Assets**	$2,368	$9,125
Financial Need	$1,945	---

Without considering the appropriateness of aid to a family with income of $20,000, the data above indicates that for some families the confusion persists about how one set of financial circumstances can generate two different estimates of ability to pay. In this example, the only difference in the two situations is who is the student. One is the "traditional" 18- to 22-year-old student whose education is considered to be only one of the discretionary purposes to which income can be directed. The other is the non-traditional adult learner whose education costs are considered to be the sole purpose of discretionary income. An aid administrator might find it difficult to present logical explanations to this family.

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*Approximately the average budgets at a private four-year institution for the 1977-78 academic year as reported by Suchar et al in Student Expenses at Postsecondary Institutions, 1977-78.

**From Table 3

CHAPTER 4: ADMINISTRATIVE ISSUES IN AID FOR THE ADULT

After demonstrating eligibility for the available Federal and state student aid programs, and showing need of some amount of financial assistance to pursue a postsecondary educational program, the adult learner still must clear the administrative hurdles associated with applying for and being offered assistance. It is in these administrative areas that the more complex issues exist.

Theoretically, demonstration of program eligibility and financial need qualifies a student for aid. In practice, the available resources are limited and aid administrators must choose among eligible and needy students in the award of these limited resources. Speaking of the part-time student, the American Council on Education (ACE) observed:

> "When competing for limited funds with the full-time student, postsecondary institutions routinely give preerence to full-time students over less than full-time students. We concluded from this that eligibility for Federal financial assistance does not mean parity of access to this assistance." (National Advisory Council on Extension and Continuing Education, p. 4)

Present Federal regulations allow individual institutions flexibility in determining which eligible student will receive priority consideration in the awarding of aid. For example, priority may be given to those students who received awards in the previous academic period, to full-time entering freshman students, to transfer students coming from public two-year institutions, and so on. The policies referred to by the ACE report quoted above would appear to work to the disadvantage of the part-time adult learner.

The policies are apparently based on assumptions about the seriousness of purpose of the part-time adult student, the "importance" of their measured financial need, and the availability of other sources of support which are available to these kinds of students.

The "seriousness of purpose" argument is perhaps the most pervasive. There are apparently some basic assumptions about why adults return to (or enter) postsecondary education -- assumptions which assign to adult learning less importance than to learning for the 17 to 24 year old. This is particularly true of part-time adults and returning women. In a memorandum suggesting legislation to help the less-than-half-time student, a representative of the National Association of State Universities and Land-Grant Colleges referred to interest in "providing funds to the less-than-half-time student who is <u>genuinely interested</u> in pursuing some form of education . . . " (Roschwalb) [emphasis added]

Seldom do program administrators investigate the motivations of students who enter college directly from high school. The assumption is that these students are "genuinely interested," even though conventional wisdom indicates that many of them enroll for purposes other than education, training, or skill development. The full-time 17 to 24 year old student is assumed to be a member of a monolithic group whose seriousness of purpose warrants recognition and aid. This same seriousness of purpose is not attributed to the part-time student and the adult. Consequently they are given lower priority in the award of aid.

Assumptions about the "importance" of their financial need are a second area of administrative difficulty facing the adult learner. As shown in the preceeding chapter, in a family earning $20,000 per year with $10,000 in assets, the mother who was seeking to attend a private institution could easily demonstrate financial need of $2,000. Many aid administrators, however, might consider that to be only "paper need." After all, the argument might go, she has been supported by her husband all these years and now, just because she decides to go back to college, she wants public assistance to do so. We might consider her if we had enough money to go around, but with so many "real needy" younger students to take care of . . .

A third area of administative inequity is faced by the part-time adult in the determination of award amounts. The Federal Basic Grant Program regulations provide for determining award amounts for part-time students by deducting the full amount of the family contribution from the full amount of the student expense budget -- and then dividing the remainder by .75 for three-quarters to full-time students and .50 for half- or three-quarter time students. What this procedure says to the adult part-time student is "we will measure your full financial need but, because you are only part-time, we will award you only part of what we know you need." An adult part-time student whose adjusted available income exactly equalled his or her maintenance expenses would have to continue to work, use all of the income to pay maintenance expenses, and receive aid in only half or three-quarters of the amount needed to meet educational expenses. This procedure seems somewhat less than equitable and considerably lacking in logic.

Finally, there are indications that adult learners do not receive full equity in the determination of award packages. Most postsecondary institutions have developed some formal or informal formula for combining grant, loan, and employment aid into a "package" for students with need. Too frequently, however, these formulas are not applied to the adult learner. Institutions are particularly reluctant to award scarce grant funds to the "not really serious adult who only has paper need." Loan and work awards may be made even though these may not be appropriate for the adult learner who is more likely to have existing indebtedness which is not recognized in the need analysis procedure or be working a regular job and unable to assume more employment. In some instances, students must accept a certain level of "self-help" assistance or forfeit grant assistance.

These administrative issues are difficult to document and easy to dismiss. In the opinion of the study staff, however, they are probably the most important issues limiting the award of financial assistance to adult learners. Even if the program eligibility and need analysis procedures are "age neutral," failure to overcome the administrative difficulties will continue lack of parity and lack of equity in the award of financial aid to adults.

CHAPTER 5: SOME POLICY ALTERNATIVES

In the opinion of the study staff, the need analysis principles which have been developed in the Uniform Methodology are as appropriate for adults as they are for younger students. It does not appear that additional elements need to be added to the models to be fair to adults. There may, however, be reasons to change the ways in which some of the elements are treated within the models.

Student Expense Budgets for Adults

Through a standard maintenance allowance, the Uniform Methodology attempts to recognize all of the legitimate expenses of an independent student, whether traditional college going age or adult. These allowances are based on the Bureau of Labor Statistics (BLS) "low budget" consumption expenditure estimates, adjusted for family size and age. Those standard allowances are shown in Table 4.

Table 4

Standard Maintenance Allowances
Independent Students
Current Uniform Methodology

Family Size (Including Student)	Under 35	35 or Above
1	$ 3,510	$ 3,610
2	4,720	6,530
3	6,220	8,130
4	7,430	10,110
5	9,440	11,850
6	11,140	13,860

The Uniform Methodology suggests that when the independent student's total family income (after allowances for taxes and a measure of the extra expenses involved if two of the household-heads are employed)* equals Standard Maintenance Allowance amounts, there is no need for support of living expenses through financial aid awards. Any excess beyond these amounts is expected to be used for payment of direct (out-of-pocket) educational expenses. Any deficiency can be made up from aid sources.

These standards were developed with the younger student, who had not established a specific standard of living, in mind. The amounts have been described as "miserable but adequate" for the traditional student. But in many states and jurisdictions they would qualify the family for public assistance welfare benefits. They may be inappropriate for the adult learner who, over the years, has developed a standard which may be difficult to modify in order to provide the required educational expense contribution.

An alternative to these amounts would be to set standards for the older students at the BLS "moderate" budget standard. This standard was used in the first year of the Unifcrm Methodology and has in the past been used in establishing contributions from the incomes of the parents of dependent students. Whereas the current

*Within the Uniform Methodology system, postsecondary financial aid officers may elect to allow a working spouse allowance of up tc $2,000 against the student's income.

low standard reflects the threshhold of poverty, the moderate standard reflects the life style and expenditure patterns of the middle one third of the income distribution in the United States.

Table 5 compares the standard allowances of the moderate and low budgets for families headed by an individual 35 years of age or older. For the single individual, use of the moderate standard would increase the allowance by $1,280. For the family of three it would be increased by $3,000, and for the family of six it would be increased by $3,490.

Table 5

Comparison of Standard Maintenance Allowances
Independent Students
BLS Low and Moderate Standards
Head-of-Household 35 Years or Older

Family Size (Including Student)	Low Standard	Moderate Standard
1	$ 3,610	$ 4,890
2	6,530	9,250
3	8,030	11,030
4	10,040	13,280
5	11,850	16,460
6	13,860	17,350

Implementation of such a change would provide adult learners with a standard of living more commensurate with that which they now enjoy. It would have the disadvantage of introducing horizontal inequity in the allowances for dependent and self-supporting students. Using different standards would imply that if the student is a child, it would be appropriate for the family to live at or near poverty, but if the student is a parent, this would not be appropriate. It would also require development of some magic number at which a person becomes an adult and is entitled to the higher allowance.

Simulations using a sample of currently enrolled students age 25 years of age and older indicate that implementing this change would reduce the expected contribution, for example from an income of $7,500 the contribution would be reduced from $2,089 to $69. From an income of $12,500 the contribution would be reduced from $5,237 to $2,921.

Contribution Calculation Procedures for Adults

The models for calculating expected contributions from the child of an adult learner (the dependent student model) and from the adult learner him/ herself (the independent student model) differ primarily in the taxation of the "adjusted available income" and in the subsidy of family members' living expenses. The dependent student model makes an allowance to reflect the maintenance expenses of the family and then applies a taxation rate to determine the portion of the remainder which will be considered available to meet post-secondary expenses. The independent student model makes a comparable maintenance expense allowance but the entire remainder, if a positive amount, is considered available to meet direct educational expenses. If the remainder is a negative amount, the student theoretically needs funds to support the family as well as to meet educational expenses.

This difference in treatment of the remainder reflects the principle that the parents of a dependent student have a variety of "legitimate" discretionary expenditures but the independent student has no legitimate expenditure other than maintenance. One possible modification of the system would be to extend some "taxing schedule" to the discretionary income of independent students in recognition of their legitimate discretionary needs besides the costs of education. It would treat the parent-student the same way it treats the student's parent.

The current taxing rate schedule for the income of the parents of dependent students is shown in Table 2. Economists concerned with the financing of students in postsecondary education have developed these rates on the basis of expenditure pattern information provided by the Bureau of Labor Statistics, the Social Security Administration, and consumer expenditure studies of other agencies. The rates represent the best estimate available of what it is reasonable to expect an individual with a given level of income and assets to provide toward support of a dependent family member participating in postsecondary education. Recent information suggests that, if anything, these taxing rates represent the highest level of expectation that can reasonably be made of families (Nelson, et al, 1978) of dependent students.

An extension of the marginal taxing rate system to the available income of the independent student (whether adult age or younger) will bring more horizontal equity into the measurement of ability to pay for those individuals whose incomes exceed the BLS budget standards. Available income would be considered available for a variety of purposes in both the expenditure patterns of parents of dependent students and of adult learners. It would, however, be at variance with one of the basic principles of need analysis for independent students as it has developed over the years: when an individual decides to enter postsecondary education, that decision carries with it a commitment to devcte substantially all financial resources to support of the endeavor.

Subsidy of Living Expenses

Perhaps the most important policy consideration for the measurement of resources and needs of adult part-time students is whether and to what extent financial aid should be used to subsidize their living expenses.

At present, the uniform methodology does not distinguish properly between full- and part-time students. The uniform methodology permits full subsidy of living expenses of the student's family on the assumption that the student would be unable to attend full-time without such a subsidy in the form of financial aid (grants, loans, and/or employment opportunities). However, if an adult part-time student filed one of the existing financial aid forms as an independent student, his or her financial need would be figured using the living expense budget standard at full value. Presuming for the moment that financial aid funding levels are adequate for the needs of both full- and part-time students (which obviously is not the case), then this method of determining need would operate to the decided advantage of part-time students, over the span of their educational careers. To illustrate, consider the single or unmarried student whose annual income after taxes is $1,500, and for whom the standard living expense budget is $3,610 -- the BLS lower consumption budget standard. Completing a bachelor's degree full-time, the student would be eligible theoretically to receive financial aid amounting to $8,440 to cover living expenses over the four year period:

	$3,610	Living expense budget
−	$1,500	resources
	$2,110	need per year to cover living expenses
x	4	years
	$8,440	need for aid to cover living expenses for four-year program, in constant dollars

This same student enrolled on a one quarter time basis, would take 16 years to complete the same educational program, and, in theory, $33,760 in financial aid, to cover living expenses. This example is intended only to illustrate the potential inequities, and considerably higher social costs in the long run, of providing aid to part-time students vis-a-vis full-time students if needs analysis procedures assume full subsidy of living expenses of part-time students throughout their educational careers.

This does not imply the opposite extreme, however, that none of the living expenses of needy adult part-time students should be subsidized. Need analysis procedures should be developed which are neutral with regard to full- or part-time status. What seems to be needed is a methodology which recognizes that without some subsidy of living expenses neither full- nor part-time adult students from lower income backgrounds will be able to pursue their educational goals. Moreover, to be horizontally equitable the methodology for adult students should be consistent with the uniform methodology used to measure the ability of parents' to contribute toward college or vocational school costs of their children.

If a marginal rate schedule is used to determine adult part-time students' contributions, a question remains with respect to the level of subsidy of their living expenses. Within the context of needs analysis procedures, the question is how negative contributions are computed, because the algorithm for calculating negative contribution specifies the level of subsidy of living expenses.

One approach would be to specify the maximum negative contribution as an amount equivalent to the low ISA ($3,610) for an unmarried student, to compute contributions, and if they are negative, adjust them according to enrollment status. Taking the earlier example of the single student with $1,500 in income and $3,610 living expense budget, the negative contribution would be $2,110. On a full-time basis, the full value of the negative contribution would be used to figure financial need. On a one-quarter time basis, one-fourth of negative $2,110, or negative $527.50 would be the maximum negative contribution per year. Thus, the part-time student would be eligibile to receive aid totaling up to $2,110 to cover the short-fall in living expenses, for the period required to complete the equivalent of one academic year of full-time study.

Table 13

Suggested Marginal Rate Schedule for
Adult Part-Time Students
1977-78 Academic Year

Adjusted Available Income	Taxing Rate
$8,890 and over	2,398 plus .47% of amount over $8,890
7,780 < 8,890	1,954 plus .40% of amount over $7,780
6,670 < 7,780	1,576 plus .34% of amount over $6,670
5,560 < 6,670	1,254 plus .29% of amount over $5,560
4,440 < 5,560	977 plus .25% of amount over $4,440
0 < 4,440	0 plus .22%
- 3,410 < 0	0 1.0*%

*percent of full-time academic course load (maximum negative contribution = -3,510)

Under this criteria, the part-time student's position would be more equitable compared to the full-time student.

Restricting the maximum negative contribution to the low budget, 12-month standard for a single person would preclude part-time students from receiving financial aid subsidies to living expenses and minimize potential abuse of the system by students who might be induced to enroll on a part-time basis solely for the purpose of receiving a subsidy to raise the family's standard of living.

To put some perspective on the modified method for measuring the resources and needs of adult part-time students, a series of simulations were run, using low ISAs for persons age 20 to 35, and the modified marginal rate scheduled presented in Table 13. The results of these simulations are summarized in Table 14 on the following page.

The modified methodology for adult part-time students -- use of low ISAs, and a modified marginal rate schedule -- results in 661 thousand adult part-time students qualifying as needy, out of a total of 5.58 million adult part-time students. Stated differently, about 12 percent of the adult part-time student population would have financial need, averaging $428, and totaling $283.3 million.

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Table 14

Simulated Theoretical Financial Needs of Adult
Part-Time Students, Age 25 or More Under Modified Methodology

	Base Number (in Thousands)	Number with Need (in Thousands)	Average Need	Aggregate Need (in Millions)
Public Colleges	2168	164	$392	$ 63.2
Private Colleges	376	47	457	21.6
Public Voc. Schools	972	117	394	46.0
Private Voc. Schools	2064	333	458	152.5
Totals	5580	661	428	283.3

Table Notes:

(1) These simulations assume adult part-time students on average enroll for 4.7 credit hours per year or 15 percent of a full-time course load. Accordingly, a 14.6 percent rate was used for the calculation of negative contributions. The maximum negative contribution for these simulations, therefore, was .146 x $3,610 = $530.

(2) See Volume II, Appendix Tables 37 to 40 for detail.

Alternatives for Resolving Administrative Inequities

Earlier, we identified two areas of administrative inequity in the treatment of adults in the student aid process. The "objective" areas of concern related to determination of eligibility for aid. The "subjective" issues related to granting the aid once the student had demonstrated eligibility.

The objective areas center around aid to less-than-half-time students and aid to students in "non-traditional" postsecondary institutions. This report has been predicated on the assumption that all postsecondary educational pursuits are equal and that all citizens are entitled to aid on the same basis. Some question those assumptions. Policy-makers would need to debate the issues of whether eligibility for participation in student aid programs should be extended to these currently-ineligible groups. If so, modifications would require formal legislative actions.

The subjective issues will be very difficult to eradicate. In essence they involve "discrimination" against a certain class of learners or would-be learners by those who favor educating the younger full-time student and who view the issue of financial need for adults as irrelevant. Even the study staff and advisors evinced some tendency to consider the educational needs and interests of the adults as less legitimate and less worthy of support than those of the younger student.

Nothing in the law or program regulations permits or approves of discrimination against the adult learner. Neither is there anything which specifically instructs against it. One step which could be taken to reduce or eliminate the subjective discrimination against adults, even under current programs, would be the issuance by the Office of Education of an administrative memorandum affirming the rights of older students to support from the federal programs on an equal level with younger students of the same financial need. Legitimization of the financial need of the adult as more than a paper figure, and recognition of the legitimacy of their educational needs and goals would help reduce the subjective discrimination which exists.

CHAPTER 6: AGENDA FOR FURTHER STUDY

The first five chapters described the "queueing" system by which adults gain access to financial aid for postsecondary education. The scope of this study did not include investigation of some of the broader policy issues which affect the participation of adults in postsecondary education. In Chapter 6, some of those broader issues that might be investigated are briefly identified.

No study of financial aid for postsecondary education could fail to note that lack of money is the cause of many problems. The reason for a different queueing system for adults than for traditional age students might be a short-fall of resources as compared with measured financial need. Some possible changes in the need analysis system for adults which have been identified here would increase that need. In times of short resources, choices must be made as to how they are allocated. Information about the real extent of need among currently enrolled students is inadequate. Information about the need which might exist if the system were changed and more people were induced to enroll is substantially lacking. Some issues which might be addressed in this area are:

> Why are the educational characteristics of adults different? Are they part-time students out of necessity or choice? Are they unwilling or unable to contribute more toward educational costs?
>
> What would happen if the amount of aid or the probability of adults' receiving aid changed? Would more people enroll for more courses? Would there be changes in the distributional patterns of adult enrollments?

A second area of needed information concerns the financial assistance that adult learners currently receive from postsecondary educational institutions. The reports which institutions are required to file describing their stewardship of the federal campus-based programs are silent on what aid goes to part-time students and/or to adults. The Basic Grant program statistics tell something about part-time students but little about adults. State data rarely report on either. The Committee on the Financing of Higher Education for Adult Students (1974) observed that:

> "Data on financing patterns for part-time students indicate that they are the recipients of both the most advantageous financing arrangements (when their organizations pay full salaries and all subsistence, travel, and tuition costs) and the least advantageous arrangements (when low income, fully employed persons not only have to pay their own expenses and tuition costs but must participate on their own time and pay taxes on their income)."

The fact that a committee studying the financing of higher education for adults had to draw conclusions on the basis of data about part-time students illuminates some of the data collection needs which might be addressed:

Can postsecondary institutions report on aid granted by or through them to adults, regardless of credit-loan enrollment? Should they?

What data would be needed to supplement that provided by institutions in order to understand the ways in which adults finance all forms of post-secondary education?

What would it cost to obtain those data? Would the increment in information be worth the expenditure?

A third area for consideration identified in the course of this study, but deemed to be outside its scope, was a consideration of the basic public policy issue concerning the financing of life-long learning. Others have commented pro and con and have suggested mechanisms such as vouchering by which it could be accomplished. Consideration might be given to such questions as:

> To what extent are the benefits of postsecondary education for adults public and to what extent personal? Is the allocation of benefits different for different adults?
>
> To what extent should the public subsidize the personal benefits of education for adults?
>
> Are there valid reasons for discriminating against adults in the existing student aid programs? For example, does the private capital market as a source of financing education function differently for adults than for younger students?
>
> Is student aid as now implemented the most effective way of financing education for adults? Might not tax credits or vouchers be more productive and efficient?

Finally, there is the basic issue of what constitutes an adult. This study focused on the needs of learners 25 years of age or older. But bodies as well regarded as the American Council on Education through its Committee on Financing Higher Education for Adult Students (op. cit.) would consider that "adult students are . . . all part-time students who have completed secondary education or are beyond compulsory school attendance age." If, as the ACE committee report appears to imply, the term adult is synonymous with "independent" and parental financing is to be automatically discounted for adult students, that definition would seriously alter the expectations for financing postsecondary education for substantially all participants.

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APPENDIX A

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APPENDIX B

THE NEED ANALYSIS SYSTEMS PRIOR TO THE UNIFORM METHODOLOGY

James L. Bowman
Principal Investigator

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The purpose of this paper is to set forth -- somewhat briefly -- a review of certain aspects of the need analysis systems which were used by the College Scholarship Service (CSS) and the American College Testing Program (ACT) prior to the adoption of the Uniform Methodology. In this review it should be noted that the need analysis systems were generally based upon and had been influenced by the following assumptions:

1. Parents have no obligation to pay for the education of their children to the extent that they are able to do so. Parents are expected to continue to provide, as well as they are able, the basic essentials of life whether the student lives at home or on the college campus. These essentials include meals, room, clothing, and medical care. If their means permit contributions beyond the essentials, they are expected to assist in the payment of tuition and other direct educational expenses.

2. A family's income is the primary source of support for college education, but its accumulated assets must also be considered. Income and assets, combined, produce the most complete index of a family's financial strength and therefore its ability to pay.

3. In determining a family's ability to pay for college, the computation system must consider the size of the family and the extraordinary expenses that the family may have. The system must consider special family circumstances such as age, marital status, and the working mother as these factors alter a family's financial strength.

These assumptions were the basic principles of CSS since its inception in 1954 and have remained relatively unchanged.

In general, then, expected parental contributions toward the educational costs of their children are derived from the interaction

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of income, unusual circumstances, asset holdings, and the "taxing rates" established for measuring ability to pay for education. In determining ability to pay, the family was considered as it appeared at the moment of time it filed a confidential financial statement. Evaluation was not made of past economic occurrences (except to the extent that residual effects affected the current financial situation) nor was the economic future considered except in a very minor sense.

Basic to the philosophy of both the College Scholarship Service and the American College Testing Program system of financial need analysis was that certain levels of income and assets were required to provide for the economic necessities of the family and that income and assets above those levels were available, to one degree or another, for the payment of the additional expense incurred by attendance at an institution of higher education. It was in the determination of the levels of income and assets that were required to provide the necessities and what was available for the payment of educational expenses that differences occurred between the two systems.

CSS Concept of "Effective Income"

The CSS used a concept of "effective income" in its procedures for calculating the parental contribution for educational expenses. Effective income can be defined as that income available to the family for the provision of its economic wants after allowance has been made for mandatory federal income tax payments and certain other expenses that CSS considered to be unusual. Such expenses as:

1. Housekeeping expenses for a working mother
2. Medical and dental expenses
3. Extraordinary expenses
4. Expenses for dependents other than children

were considered to be of an unusual nature when compared with normal expense patterns of American families, and allowances were made for them.

An allowance for the expense of a working mother was made because it costs more for a family to have two people earn a given income than to have one person earn the same income. Therefore, if both parents work, an allowance was granted of 50 percent of the mother's first $2,000 income and 25 percent of income over $2,000 (up to a maximum annual allowance of $1,500) reflecting the average ditional expenses incurred by the mother's working.

An allowance was made in those cases where families had medical and dental expenses that exceeded the average expenditures for such items. An allowance was made for medical and dental expenses (including the cost of medical insurance) in excess of 5 percent of before-tax income. This base amount represented the average expenditures for medical and dental expenses for families at a moderate level of income. Only expenses in excess of 5 percent of before-tax income were considered by the CSS to be unusual expenses.

Special allowances were also given for certain extraordinary expenditures that were not normal expenses of family life and which reduced the family's usable income. The allowable expenses in this category were those normally associated with "acts of God," that is, expenditures that are not foreseen and do not stem from an act of consumer choice.

Parents often provide total or partial support for one or more of their own parents or other relatives. An allowance of $600 was made by CSS for each such person reported by the family as receiving support from them.

When the income reported by the parent had been adjusted to reflect federal income taxes and the unusual expenses faced by the family, then the remaining amount was "effective income" available for food, housing, support of children, participation in social and community activities, and, to a greater or lesser extent, discretionary purchases.

Basic to the CSS system was the concept of a "moderate" level of living, a level of living that was neither luxurious nor poverty stricken. A family with moderate income and assets could maintain a standard of living similar to the middle-income third of the population of the United States. The moderate income allowed adequate funds for food and housing, for health and nurture of children, and for reasonable participation in social and community activities. The levels of effective income required to provide a moderate standard of living would vary depending upon the family size. Prior to the adoption of the Uniform Methodology, such effective income levels ranged from an after-tax income of $10,290 for the one-child family to an after-tax income of $19,020 for the family with ten children.

The moderate levels of living established by the CSS were derived from the 1967 cost estimates of the Bureau of Labor Statistics for a moderate standard, adjusted for changes in the Consumer Price Index (CPI) and to provide for a college-age child and families of differing sizes. In addition, under CSS procedures, a standard lower than the moderate level was adopted as a point of minimum contribution. This standard was the low-budget standard of the Bureau of Labor Statistics, adjusted for CPI changes and to provide for a college-age child and families of differing sizes.

For families with after-tax income below the moderate level, all income was applied to maintenance of the family. Income above those levels was considered discretionary and available to the family for purchasing other goods and services, one of which was assumed to be higher education.

The total expected contribution to higher education from the effective income of the family consisted of an expectation from the "maintenance" level of income and from the discretionary income, if such was present.

A major assumption by the CSS was that parents were expected to continue to provide, as well as they were able, the basic essentials of life, whether the student lived at home or on the college campus. Analysis of the changes in the moderate standard budget indicated that as family size increased, the added costs to provide a moderate standard decreased. order to provide a standard contribution for equivalent incomes representative of continuation of provision of the basic necessities of life, the CSS developed a weighted average budget change using CSS families as the population weights. The weighted average budget change for a nine-month period amounted to approximately $900 excluding taxes. At the moderate income level, the family would be expected to contribute $900 from income, an amount that represented the continuing obligation of the parents to provide for the continuing maintenance of the student. Below the moderate income level, expectations decreased from $900 to $0 at the level at which families had incomes equivalent to that of the Bureau of Labor Statistics low-budget standards.

ACT Concept of "Available Income"

In contrast to the CSS use of effective income, the ACT need analysis system utilized a concept of "available income." Available income was defined as a measure of the money that a family can employ for the various necessities of living after allowance has been made for deduction claimed under federal income tax procedures, the amount of federal income tax paid.

In determining what expenditures might be classified as "non-discretionary" and/or unusual and for which an allowance against income should be made, the ACT adopted those expenditures which were allowed as a deduction under federal income tax regulations. The rationale for such procedure was that, by reference to federal income tax forms, families could then furnish data that was not subject to individual interpretation and, as a result, more reliable data would be obtained. In addition, it was assumed that such deductions were accepted as equitable by the American public, were reasonably well understood, and therefore, could be more readily explained by the financial aid officer.

In those cases where both parents were working, or where there was only one parent, an allowance was made to compensate for the additional expenses incurred in earning the income.

A further allowance was made in the ACT system for the size of the family. The family size allowance was essentially the low-budget standard of the Bureau of Labor Statistics adjusted for families of different size using the revised equivalence scale developed by the Bureau of Labor Statistics. The rationale for this procedure was the ability to differentiate between families of different sizes and yet to be able to use the same "model" (wage, salary, business or farm) to determine the expected contribution toward educational costs.

When the income reported by the parents, both taxable and non-taxable, had been adjusted to reflect federal income taxes paid, federal tax deduction, and an allowance for family size, then the remaining amount was considered "available income," a measure of the money that a family could employ for the various

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necessities of living and for the payment of costs associated with attendance at an institution of higher education.

"Effective Income" and "Available Income" Compared

The terms "effective income" and "available income" were not synonymous. Effective income was total income less certain deductions for expenditures and was unrelated to family size. Available income, on the other hand, was derived by deduction for allowable expenditures and an allowance for family size based upon the low-budget standard of the Bureau of Labor Statistics.

In the matter of deductions from income to arrive at effective or available income, significant differences arose between the CSS and ACT systems. In general, the CSS system provided for the unusual and non-recurring type of expense that normally did not involve consumer choice.

The ACT system of deductions, based as it was on the federal income tax deductions, provided for allowances for expenditures associated with the so-called "acts of God," i.e., unusual medical expenses, casualty losses, etc.: but also provided for expenditures associated with consumer choice, i.e., charitable contributions, and interest expenses. Generally speaking, deductions allowable for tax purposes are not based solely upon the concept of determining ability to pay, but have evolved over the years as a result of pressure groups or to foster certain socially desirable results. Examples are the encouragement of philanthropic giving and home ownership.

The use of tax deductions also gave rise to unequal treatment of equals. For example, the homeowner and the renter, even though both have the same income and family size, were expected to contribute different amounts toward educational costs. The homeowner would be allowed to deduct the interest expense associated with his mortgage and state and local property taxes in determining available income. The renter, on the other hand, would be unable to deduct any portion of his rental costs even if they were equal in amount and for a comparable housing standard.

In the case of an employed spouse, the possibility existed of a double allowance. Federal tax laws provided for a deduction for child care expenses for a woman who is the sole support of her family, or for a working wife under certain circumstances. In addition, the ACT system provided for an allowance of 25 percent of the spouse's income in similar cases. This, gave rise to a double credit for similar expenses in certain cases. In addition, in using the low-budget standard with a family size allowance, provision had already been made for some expenditures relating to those provided by the Internal Revenue Code. For example, contributions, medical expenses, property and sales taxes were included to a degree in the expenditures necessary to provide a low-budget standard of living. Consequently, using the federal tax deductions could give rise to a double credit.

These difficulties did not occur in the CSS system where differences in family size were recognized by the absolute level of effective income required to maintain a family of a particular size at both the low-budget standard of the Bureau of Labor Statistics as well as the moderate budget standard. Use of these standards recognized the average expenditures required by such families in the U. S. for contributions, cost of housing, (both homeowners and renters), local taxes, interest expenses, etc., but minimized the individual consumer choice inherent in many of these outlays. Since such average expenditures were already represented within the standard, it was necessary only to provide for those unusual and non-recurring expenditures that fell outside the budget norms.

Parental Contribution from Assets

The treatment of family assets in determining what contributions could be expected toward college costs varied significantly between CSS and ACT.

In general, the CSS viewed the expected contribution toward the cost of attending college in light of the total financial strength of the family as generated by the interaction of income and assets. It was generally recognized that the possession of assets enhanced the economic position of the family because the combination of income and assets gave greater total financial strength than income alone. With this concept, the family with small income and large assets could have the same financial strength as another family with a higher income but few or no assets.

The CSS system measured the financial strength provided by various combinations of income and assets by determining the potential supplementary income that could be expected from a given value of assets. Since assets had been accumulated by deferring the purchase of goods and services from income in the past, the assets could be considered available to supplement the purchase of goods and services from income at the present and in the future. The CSS system assumed that this supplement to current family income from assets was prorated over the expected lifetime of the parent. While families may not have converted their assets according to the CSS formula, the technique served to group families equitably with approximately the same finanical strength when both income and assets were considered together.

Traditionally, families accumulated assets for three major purposes: discharging indebtedness, retirement, and future spending. In determining the supplemental income flow that could be expected from assets, the CSS system excluded that portion of assets needed for retirement and discharging indebtedness. The supplementary income flow was derived from the remaining assets, which was the discretionary amount of assets set aside for future spending and available for paying educational expenses.

The first step in computing the supplemental income flow was to determine the net worth of the family: the fair market value of family assets less indebtedness. Family assets were items such as real estate, bank accounts, stock, and bonds.

Indebtedness that the family had outstanding was deducted from total assets. Both indebtedness against the assets themselves and general indebtedness were taken into account. This procedure was followed because the repayment of debt reduces the ability of families to purchase goods and services from income in future periods; therefore, it was necessary to reduce total assets to the extent that they are not available for this purpose. The CSS system did not consider durable consumer goods (automobiles, furniture, applicances) as part of family assets; therefore, no debt attributable to those items were deducted.

One further step was necessary before the discretionary portion of net worth could be determined. As mentioned earlier, the CSS system recognized that one of the reasons families accumulate assets was to provide for retirement needs because social security insurance provided only a portion of the income needed by retired people.

The same budget estimates that produced the moderate income level for determining the family contribution from income provided parallel figures for retired people. Those estimates indicated that a retired 65-year old couple reached a moderate income level at $6,080; a single individual at $3,905. The average level of annual benefits from social security, based on data from the Social Security Administration, was approximately $4,220 per couple and $2,020 for a single individual. Therefore, the levels of moderate retirement income required a supplementary contribution of $1,860 or $1,930 per year from sources other than social security benefits.

To preserve that portion of family assets needed to provide retirement income, the CSS made a variable allowance against net worth. The allowance was the dollar amount required to purchase a fully paid annuity to provide the needed amount of supplementary income at age 65, assuming that the annuity was purchased at the present age of the primary working parent. The allowance varied from $8,600 for a male, age 40, to $21,600 for the same man at age 65. For a family in which the mother represented the sole source of financial support, the allowance ranged from $10,700 to $25,200 at age 65.

After provision had been made for indebtedness and for an appropriate retirement allowance, the family's remaining assets were considered discretionary and considered available to the family for a variety of purposes.

It is from the discretionary net worth of the family that the additional financial strength generated by assets was measured. The CSS procedures determined the annual income flow available to the family as though the discretionary net worth were prorated over the estimated remaining life-years of the primary working parent. The percentage of discretionary net worth that was assumed to be converted to annual supplementary income flow ranged from 12 percent for a male, aged 40-44, to 7 percent for a male, aged 60 and above. In those cases where a mother had sole support of the family, the percentages ranged from 7 percent for a mother, aged 40-44, to 3 percent for age 60 and above. These conversion ratios reflected the estimates of average expected life years for various age groups and an assumed growth of discretionary net work over time. The assumed rate of growth of the total discretionary net worth had been derived from the survey of the financial characteristics of consumers undertaken by the Federal Reserve Board under the auspices of Dorothy Projector and Gertrude Weiss, and updated for changes in economic conditions. This survey indicated that the size of asset holdings was closely correlated with age. It also demonstrated that the average level of asset holdings of individuals was higher at older ages than at younger ones. Consequently, the amount of assets possessed by an individual, aged 40, has a greater potential for increase than the same amount of assets held by an individual aged 60. The 40-year-old had many years of working life remaining in which he could add to his assets from future savings, and it was probable that his assets would increase in value during that time. On the other hand, the individual at age 60 had normally reached the peak of his earning power and his assets had little, if any, potential for increase. Moreover, the latter part of the life cycle was normally one of asset reduction rather than of asset growth.

In considering the needs of families in which the father was deceased and the mother was the sole source of support, special consideration was given. The conversion rates were based on two considerations -- the special economic circumstances that female heads of households face and their generally longer life span.

As an example of the different supplemental income flows that were provided from discretionary net worth, $10,000 of discretionary net worth would provide an annual income supplement of $1,200 in a family with a working 40-year-old father but only $700 would be provided for a 60-year-old father. For a widow, the annual income supplement from $10,000 of discretionary net worth would range from $700 for a 40-year-old mother to $300 for the mother at age 60.

In the CSS system the final step before determining the amount parents could reasonably be expected to contribute toward educational expenses was to determine the adjusted effective income of the family. Adjusted effective income was the effective income described above plus the income supplement from discretionary net worth. The adjusted effective income reflected the economic strength of the family resulting from a combination of its income and assets and from this amount, contributions toward educational expenses were expected.

The ACT system, on the other hand, assumed that parents would contribute toward their children's education as they were able from their assets as well as from their income. Consequently, contributions from income and contributions from assets were calculated independent of each other. This resulted in a given total of assets providing the same expected contribution toward education, ceteris parabus, whether the income of the family was $8,000 or $15,000.

Generally, the ACT followed the same procedures as did CSS in determining discretionary net worth. ACT used the term "available assets" to describe family assets after provision for personal indebtedness, a retirement or thrift allowance, and an emergency allowance.

The emergency allowance was based upon family size and was derived by allowing $500 for each person in the family. If the assets were those of an unmarried widow, or divorcee, an additional allowance of $5,000 was made. Such allowances, were somewhat arbitrary and were decided upon because some financial aid officers felt they were equitable.

The retirement or thrift allowance was based upon a dual purpose. One was to set aside a portion of the assets for use during retirement, and secondly, to provide protection against the assets a frugal family might have accrued. In essence, the allowance was designed to provide a standard of living at retirement comparable to that which the family enjoyed prior to retirement. The allowance ranged from a minimum of $8,000 to a maximum of $20,000. This form of procedure contrasted with the CSS procedures which were designed to provide a standard level at the time of retirement rather than a retirement standard based upon existing income levels.

After provision for indebtedness, an emergency allowance and a retirement or thrift allowance, the remaining assets were considered as available assets that would be directly taxed for education. In determining the contribution from assets a progressive rate structure was used. These taxation rates (25 percent of the first $10,000, 50 percent of the second $10,000, 75 percent of the third $10,000, and 100 percent of any remaining assets) were arbitrarily fixed according to the "reasonable judgment" of consulting financial aid officers.

The assets taxed were considered usable for education and were divided by the number of years of higher education remaining for all children in the family.

In summary, the ACT system of asset contribution was based upon a progressive rate structure determined by the size of the available assets and the years of education remaining to the children of the family. As a result, it did not relate to the total financial strength of the family as measured by the interaction of both income and assets. A given level of assets would produce the same expected contribution toward college costs for a particular family whether the income is $8,000 or if the income were $15,000. This resulted in an expected contribution from assets that was generally regressive with respect to income of families.

In contrast, the CSS system recognized the interaction of income and assets. A given level of assets would be expected to contribute less for a particular family with an income of $8,000 than it would if the same level of assets were associated with an income of $15,000. The increased financial strength of the latter family was recognized by a larger expected contribution associated with the assets.

Summary

In general terms, the CSS computation for the family contribution to college expenses involved the following:

1. Determination of the annual income of the family
2. Determination of effective income, by subtracting from annual income amounts that reflect federal income tax paid and special categories of expenses arising from unusual situations
3. Determinations of discretionary net worth, with special consideration of the age of the primary working parent and the family situation
4. Determination of any income flow supplement by prorating discretionary net worth over the estimated remaining life years of the primary working parent
5. Determination of the adjusted effective income by adding effective income and income flow supplement
6. Determination of family contribution from adjusted effective income by reference to parental expectation curves

Similarly, the ACT computation of the family contribution to college expenses involved the following:

1. Determination of the annual income of the family by combining income reported for federal income tax purposes with non-taxable income
2. Determination of the available income of the family by subtracting from the annual income amounts that reflect federal income tax paid, deductions allowed for federal income tax purposes and a family size allowance based upon the Bureau of Labor Statistics low budget standard
3. Determination of parental ability to pay from income by reference to the appropriate model
4. Determination of parental contribution from income by allocating parental ability to pay for education over the number of children in college

5. Determination of the contribution from assets by comparing the percentage of assets available for education with the number of college years remaining for all children in the family

6. Determination of total parental contribution by adding the parental contribution from income and the parental contribution from assets

APPENDIX G

THE UNIFORM METHODOLOGY

James L. Bowman
Principal Investigator

The purpose of this paper is to describe the national standard for measuring ability to pay for postsecondary educational costs than was implemented by the National Need Analysis Agencies beginning with the 1975-76 processing year.

The movement toward a uniform methodology of determining parental ability to pay to be used over time by all institutions and agencies awarding financial aid funds was consistent with the goals and objectives of the CSS and ACT and represented a continuation of the evolution of measurement that had been begun by the CSS with its inception in 1954. In addition, the uniform methodology brought into being several characteristics considered desirable by many financial aid administrators and agencies awarding student aid funds -- namely, a more simplified system in which the methodology could be readily understood by the users and in which accuracy of information was retained.

The development and maintenance of a uniform methodology for the measuring of a family's ability to pay will continue to be important as long as the primary purpose of financial aid programs is to permit attendance at postsecondary institutions by students who cannot afford to pay the expenses themselves. The desired equity in the awarding of financial aid can only be achieved through the widespread acceptance and application of a consistent method for measuring the ability of families to pay for educational costs.

Assumptions

The uniform methodology is based on the same general assumptions as the previous national need analysis systems. The underlying principle of the methodology is that parents have an obligation to finance the education of their children to the extent that they are able.

Another general assumption shared by the uniform methodology and the previous systems is that the family should be accepted in its present financial condition. A system that analyzes financial need should deal first with the objective facts of family financial circumstance. It should not make distinctions between the frugal and the spendthrifty. It should not distinguish between improvidence and financial hardships.

The uniform methodology attempts to treat all families equitably by recognizing and considering special family circumstances such as age, marital status, and the number of working parents, since these factors alter a family's financial strength. There are undoubtedly complexities in individual family financial circumstances and differences in attitudes toward education that require an aid administrator to consider appropriate adjustments for a specific family. In doing so he or she evaluates both the objective and subjective information available from all sources. The financial aid administrator's judgment is indispensable and must always be the final authority in any system of need analysis.

The uniform methodology considers both the income and assets of parents in measuring their financial strength and in determining their ability to contribute to postsecondary educational costs. This principle of need analysis is a reaffi nation of the assumptions that a family's income is the primary source of support for postsecondary education but that its accumulated assets must also be considered. Income and assets, combined, produce a compre' nsive index of a family's financial strength and, therefore, its ability to contribute to educational costs. The system recognizes certain expenses and expenditures that are generally not a matter of family choice; it does not, however, make adjustments in estimates of financial strength because of differences in family situations that do result from family choice. For example, a family that owes a large debt on an automobile is treated in the same way as a family that owns a fully paid-for car. Even though the first family has a debt and may be required to allocate more of its income to paying that debt, the purchase of a specific kind of automobile generally reflects family choice. Therefore, neither the debt obligation nor the value of the automobile is considered in the estimate of family financial strength.

In general then, the expected parental contribution toward educational expenses generated by the uniform methodology are derived from the interaction of income, asset holdings, family size, standard required expenditures, and unusual circumstances.

Basic to the philosophy of the National Need Analysis Agencies, and incorporated into the uniform methodology, is the concept that certain levels of income and assets are required to provide for the family's economic necessities, and that income and assets above these levels are available, in varying amounts, for meeting the costs of attendance at institutions of postsecondary education.

PART 1: THE DEPENDENT STUDENT

Concept of Available Income

The uniform methodology for measuring parental ability to pay uses a concept of "available income" in its procedures for calculating the parental contribution for educational expenses. Available income is defined as that income available to the family for the provision of its economic needs after allowance against the parents' total taxable and nontaxable income has been made for the following expenses:

1. U. S. income and FICA taxes
2. State and other taxes
3. Medical and dental expenses allowable for tax purposes (excluding medical insurance)
4. Casualty and theft losses allowable for tax purposes
5. Employment allowance (if appropriate)
6. Family expenses (Standard Maintenance Allowance)

An allowance is made for federal income and social security (FICA) taxes because these are mandatory taxes that are applicable to citizens in the United States and its possessions. The payment of such taxes reduces funds available for other economic needs such as expenditures for postsecondary education costs.

In addition to taking into account the allowance made for U. S. income and FICA taxes, the uniform methodology also considers the other taxes -- state and local income, property, sales, and excise -- families must pay. Collecting detailed information on these taxes within each locality and state for individual families would be an extremely difficult task and would result in inevitable inaccuracies. However, these taxes should be taken into consideration if all families are to be treated equitably. To avoid the problems inherent in attempting to collect precise tax information for individual families, the uniform methodology provides for a standard allowance for state and local income, property, sales, and gasoline taxes based on the family's reported total income for computation purposes and state of residence. Total income, rather than taxable income, is used because consumption taxes are directly related to the total income available to the family.

These allowances, which vary depending on income level and state of residence, were derived using estimates of the property, sales, and excise taxes contained in the BLS low budget standard, adjusted for changes in the CPI and average family size and information published by the Internal Revenue Service (IRS) on state income taxes deducted at various income levels throughout the United States.

Following previous need analysis techniques, an allowance is made in the uniform standard for provision of unusually high medical and dental expenses. In an effort to enhance the accuracy of the information reported, the uniform methodology uses those medical and dental expenses (excluding medical insurance) allowable as a deduction for federal income tax purposes, which are any expenses over 3 percent of family income. Since provision for the basic medical expenses (including medical insurance) of families is made in the Standard Maintenance Allowance, medical expenses that exceed 3 percent of family income more closely approximate unusual or extraordinary expenses to a family.

In the uniform methodology, special allowances are also given for extraordinary expenses that are not normal expenses of family life and reduce a family's usable income. The allowable expenses in this category are those for casualty or theft; they are unforeseen and not a result of exercising consumer choice. Again, in order to retain the reliability of the information reported and to minimize confusion about the terminology of "unusual expenses," the uniform methodology uses those deductions for casualty and theft losses as defined and allowed for federal income tax purposes.

In the development of the uniform methodology, emphasis was placed on simplicity, reliability of information, and horizontal and vertical equity. The provision for allowances for extraordinary expenses in the centralized processing system was delimited to prevent value judgments from being made by persons other [illegible] aid administrators. It is more properly the role of financial aid to consider individual family circumstance and ascertain the appropriateness of additional allowances for other unusual family expenses or debts.

In addition to these deductions, the uniform methodology provides employment allowance for those families in which there are either two working parents or a single parent. This allowance for two working parents is 50 percent of the lesser income or $2,000 whichever is less; the same allowance is made for the income of a single parent. The allowance is made in recognition of the additional expenses incurred by two working parents for clothing, transportation, meals away from home, and in some cases, child care that are not included in the BLS low budget standard which assumes only one wage earner. In the case of a single parent, the allowance provides for the added consumption expenditures in food, household operations, and in some cases, child care that are not part of the equivalent BLS low budget standard.

In an amalgamation of previous need analysis rationales, the uniform methodology provides for a standardized allowance called the Standard M n nce Allowance (SMA). The SMA represents the cost of the b cessities for all family members receiving over one-half support from the family, excluding the applicant, and represents the point of zero contribution toward postsecondary educational expenses of e student. The uniform methodology assumes that the student will not be p t of the family unit for a period of nine months; consequently, no provision for his or her expenses duri this period is included in the SMA. Use of the SMA, therefore, exempts from contribution the amount of income necessary to ovide for the most basic expenses of the remaining family unit. The uniform methodology does not provide for a direct allowance against income in the case of dependents in the family other than dependent children. This is because the costs associated with these other dependent family members are provided for in the SMA.

Table 1: Standard Maintenance Allowance (SMA)

Family Size (Including Applicant)	SMA 1977-78
2	$ 4,970
3	$ 6,200
4	$ 7,650
5	$ 9,030
6	[illegible]
7	$11,760
8	$12,960
9	$14,160
10	$15,360
11	$16,560
12	$17,760

The SMAs in Table 1 are based, with certain adjustments, on the spring 1967 consumption cost estimates of the BLS for a family maintaining a low standard of living. Since a direct allowance, based on total income for computation purposes, is made for state income and local property, sales, and gasoline taxes in the uniform methodology, all such taxes that were a part of the BLS low budget standard were subtracted. In addition, since the SMA represents the basic expenses required by the family unit remaining in the household, that portion of the standard representative of the applicant's basic living expenses for a nine-month period were also deducted. The remaining BLS low budget consumption costs were adjusted for estimated changes in the CPI through December 1977, and to provide for families of differing sizes by using the BLS equivalency scales. The derivation of the SMA for a two-parent, two-child family is illustrated in Table 2.

The BLS equivalency scale used in the derivation of the SMAs in Table 1 were based on age distribution appropriate for parents and students in the undergraduate years. When the uniform methodology is used to measure parental ability to contribute toward the educational costs of postbaccalaureate study in graduate or professional schools, these SMAs are increased by 5 percent in recognition of the higher consumption budgets implied by the BLS revised equivalency scale valued for household heads in the age group normally associated with postbaccalaureate students.

In the uniform methodology family size is determined by the number of family members receiving over one-half their support from the family. This family-member concept eliminates the use of an arbitrary allowance for dependents other than children, and the dollar level it represents (differing by family size) is considered a more current approximation of expenditures in dollars and in kind that the family is providing for other dependents.

Table 2: Derivation of Standard Maintenance Allowance (SMA) for the Uniform Methodology for the Two-Parent, Two-Child Family

BLS Low Budget Consumption Expenditures:		
Consumption costs	$4,862	
Other costs	265	$5,127
Less Estimated Taxes:		
Housing	$ 406	
Gasoline	54	
Sales	67	527
		$4,600
Less Costs Associated with Child:		
Clothing	$ 130	
Personal care	40	
Other consumption	55	
Food	390	
	$ 615	
Amount for 9 months (.75 x 615)		460
Adjusted BLS Consumption Costs, 1967		$4,140
CPI 1967 through December, 1977		x$1.848
		$7,650

Thus, from the total family income (taxable and nontaxable) are subtracted federal income and social security taxes, an allowance or state income and local property, sales, and gasoline taxes, certain allowable deductions, an employment allowance (if applicable), and an appropriate standard allowance based on family size. The

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remainder is considered to be "available income" and is available to the family for supplementation of the SMA and a variety of other discretionary purposes, one of which is assumed to be the provision of expenses of the applicant while attending a postsecondary educational institution.

The calculation of available income in the uniform methodology can be illustrated as follows:

Taxable wages, salaries, tips, and other employee compensation of parent or parents

+ Dividends

+ Interest

+ Income other than wages, dividends, and interest

− Adjustments to income (sick pay, moving expenses, business expenses, etc.)

= Total taxable income (adjusted gross income for year preceding academic year)

+ Nontaxable income for year preceding academic year

= Total income for computation purposes

− U. S. income and social security taxes

− Allowance for state and other taxes

− Deductions allowable for tax purposes on the basis of medical/dental expenses (excluding insurance premiums)

− Deductions allowable for tax purposes on the basis of casualty and theft losses

− Employment allowance (if appropriate)

− Appropriate standard maintenance allowance

= Available income for supplemental and discretionary purposes

It is from the available income of the family, if any, that support is expected toward the expenses of the student while attending a postsecondary educational institution. When the family income is insufficient to provide a minimum standard level of living for the family members and the student, the family has a "negative available income," and the student's need will be greater than the institution's standard student expense budget.

Parental Contribution from Assets

Since assets contribute to the financial strength of the family, it is important to include them when assessing the family's ability to pay for postsecondary education. A strong net assets position indicates greater capacity to finance postsecondary expenses out of current income and greater access to financial resources in general. The assessment of assets determines the family's ability to contribute more (or less) from its income.

In general, the uniform methodology assesses the expected contribution toward the cost of attending a postsecondary institution on the basis of the total financial strength of the family as evaluated by the interaction of income and asset levels. It is generally recognized that the possession of assets gives greater total financial strength than income alone. Therefore, the family with small income and large assets may have the same relative financial strength as another family with a higher income but fewer or no assets.

In a manner similar to that previously used by the CSS, the uniform methodology measures the financial strength provided by various combinations of income and assets by determining the potential supplementary income that would be expected from a given value of assets. Since assets generally have been accumulated by deferring the purchase of goods and services from income in the past, the assets can be considered available to supplement the purchase of goods and services from income in the present and future. The uniform methodology assumes that this supplement to current family income from assets is prorated over the expected lifetime of the major wage-earning parent. Although families may not convert their assets according to this formula, the technique serves to group together families with approximately the same financial strength when both income and assets are considered.

In general the uniform methodology for determining parental ability to pay follows the same procedures as the previous CSS system in determining discretionary net worth. Discretionary net worth in the CSS system had been the value of assets after the allowance of a provision for retirement and indebtedness. The standard items considered as assets in the uniform methodology are:

1. Residence equity
2. Other real estate equity
3. Other investments
4. Cash assets
5. Adjusted business/farm net worth, determined according to the following formula:

Net Worth	Adjustment Rate
\$ 1 - \$ 20,000	40% of net worth
20,001 - 60,000	\$8,000 plus 50% of excess over \$20,000
60,001 - 100,000	\$28,000 plus 60% of excess over \$60,000
100,001 or More	\$52,000 plus 100% of excess over \$100,000

In those cases in which a farm or business is the principle source of family income, a portion of the assets of that farm or business are protected to avoid endangering its income-producing ability. The uniform methodology accomplishes this by allocating increasing shares of net worth of a farm or business toward educational costs in accordance with the above formula.

The uniform methodology, as in the previous need analysis systems, takes into consideration indebtedness for past nondiscretionary expenditures; it does not take into consideration the value of consumer goods as assets, nor does it consider outstanding loans or debts incurred in connection with purchases of such durable consumer goods as automobiles, household furnishings, and appliances.

The uniform methodology recognizes that all family assets are not available for the payment of postsecondary educational costs but rather have been accumulated for a variety of purposes including emergencies, future consumption, and eventual retirement. In order to provide an allowance that recognizes differences in family situations due to age, family type, and changes in the economy and yet is not subject to arbitrary or pragmatic decisions regarding the size of the allowance to be made, the uniform methodology follows the procedures previously adopted by the CSS.

The uniform methodology provides, as an allowance against assets, the amount that might be demanded as a single payment by a commercial insurance company at differing ages of the primary working parent in return for the payment of such annuity (excluding dividends, if any) per year beginning at age 65. Allowances for single-parent families are derived in a similar manner. Current retirement reserve allowances for selected ages and family types under the uniform methodology are illustrated in Table 3.

Table 3: Retirement Reserve Allowance Under the Uniform Methodology

Age of Major Wage-Earning Parent	Two-Parent Family	One-Parent Family
40 - 44	$10,220	$11,400
45 - 49	11,780	14,560
50 - 54	13,890	17,000
55 - 59	16,670	20,110
60 - 64	20,670	24,450
65 and over	24,000	28,000

Under the uniform methodology, the allowance made prior to considering the amount of assets available to help meet post-secondary educational costs will change <u>only</u> in relation to the difference between BLS estimates of the moderate income levels required for a particular family type and the average social security benefits then being paid. When the average social security benefit increases at a greater rate than the CPI, the retirement reserve allowance will decrease. On the other hand, when the CPI increases at a greater rate than the average social security benefits then being paid, the allowances will increase.

After provision against net worth has been made for an appropriate retirement reserve allowance, the family's remaining assets are considered discretionary.

It is from the "discretionary net worth" of the family that the additional financial strength generated by assets is measured. Discretionary net worth represents the portion of family net worth above that required to provide a moderate level of retirement income and is considered available for the family to use in supplementing income at present and in the future.

The purpose of the income supplement is to take account of the contribution that discretionary net worth makes to a family's ability to pay for goods and services out of current income. The percentage of discretionary net worth that is assumed by the uniform methodology to be converted to an annual supplementary income flow is 12 percent. This is a slightly different procedure from that used by the original CSS procedure where the conversion ratio varies by age and sex of the head of household. The varying ratios used by the CSS were a function of mortality tables, years of working life, and interest rates in the economy. In the current complex economic situation, some of the underlying variables have lost the stability that previously recommended their use.

In order to provide equity in those cases where family assets are below the uniform methodology allowance levels and available income is less than $4,000 (an income level approximating the moderate budget level), the system provides an allowance against income at the rate of 6 percent of the discretionary net worth. Because families with assets need to be "protected" to the extent of their retirement needs, similar income families without such assets should also have a portion of their income protected for future retirement needs. This methodology is similar in concept to the current IRS regulation that allows for reduction in income for federal income tax purposes if the amount subtracted is devoted to future retirement needs. The rate of 6 percent was chosen as an appropriate approximation of the annual rate of saving that would be required to achieve the necessary additional assets given the average age of parents seeking financial assistance for their children. Where available income is greater than $4,000, families are considered to have sufficient discretionary income to provide for such future needs and no allowance is made.

Expected Parental Contribution from Adjusted Available Income

The final step before determining the amount parents can reasonably be expected to contribute toward meeting educational expenses it to determine the "adjusted available income" of the family. Adjusted available income is the available income plus the income supplement from discretionary net worth. The adjusted available income reflects the economic strength of the family resulting from a combination of its income and assets. Contribution toward educational expenses is derived from this amount.

Since available income represents money available for supplementary and discretionary purposes, the question remained: What portion should be expected to be put toward the total postsecondary educational expenses? The national need analysis services (CSS and ACT) approached this question by applying progressive tax theory to need analysis. Given the concept of a basic minimum standard, income over the SMA level can be considered available for a variety of purposes. Economists have demonstrated that as the amount of money available to the family for discretionary purposes increases, the ratio of basic consumption expenditures to total income decreases. Thus, as income increases, a larger percentage of income may be taxed with less effect on the support of the family. The uniform methodology currently uses the taxation rate schedule in Table 4 for estimating the ability of the family to contribute toward educational costs from adjusted available income.

Table 6. Adjusted Available Income Taxation Rate Schedule

Adjusted Available Income (AAI)	Taxation Rates
Less than $(3,410)	$(750)
$(3,410) - 4,440	22%
4,441 - 5,560	$976 plus 25% of AAI over $4,440
5,561 - 6,670	$1,256 plus 29% of AAI over $5,560
6,671 - 7,780	$1,577 plus 34% of AAI over $6,670
7,781 - 8,890	$1,954 Plus 40% of AAI over $7,780
8,891 or more	$2,398 plus 47% of AAI over $8,890

These rates were developed to approximate the expected parental contribution used by the national services for the 1974-75 processing year and adjusted for changes in the Consumer Price Index (CPI).

Measuring Student Resources for Postsecondary Educational Expenses

The national financial need analysis systems have from their inception incorporated the basic principle that the student has an obligation to assume a responsibility for a protion of the cost of his education. This obligation is reflected through a systematic expectation of contributions from a student's own savings and employment income. This principle is also basic to the uniform methodology, which expects the student to make some contribution from summer earnings, previous savings, and other resources such as social security, veterans, and war orphan benefits.

Expectation from Summer Savings

Table 5 lists the standard summer savings expected from dependent students by the uniform methodology.

Table 5: Standard Summer Savings Expectation

Student Status	Expected Contribution
Prefreshman (first year)	$500
Presophomore (second year)	600
Prejunior (third year)	700
Presenior (fourth year)	700

The standard summer savings expectation serves primarily as a guideline to what the student's responsibility toward his or her own education should be. Because of the aid administrator's knowledge of local conditions, he or she will be better able to judge the opportunities for employment and hourly earnings, which will vary considerably between geographic regions and even by size of city. In addition, it may be impossible for a student to obtain summer employment because of illness, academic scheduling, or other factors. The financial aid administrator should be prepared in such cases to assist the student meet the self-help obligation through employment during the school year or loans. In recognition of these factors, the CSS national standard provides an institutional option in the treatment of summer saving expectations.

Student Assets

In the case of a student who may be considered dependent on his or her parents, the calculation of contribution from the student's assets is achieved in the following manner:

Total assets of student

- Indebtedness of student (excluding educational and consumer debts)

= Net worth

- Asset exclusion allowance

= Discretionary net worth

x Asset taxation rate of 35 percent

= Contribution from dependent student's assets

Other Student Resources

In the uniform methodology, social security benefits which continue to be paid on behalf of a student over the age of 18 enrolled in postsecondary educational institution are treated as part of family income or as a student resource depending on the level of the family's adjusted available income.

The uniform methodology recognizes that the contribution to family expenses that such benefits covered prior to the student's 18th birthday continue while the student is pursuing postsecondary educational opportunities. Where the family income is low, all social security benefits are considered part of family income in determining the expected parental contribution toward postsecondary educational costs. However, when family income is above the

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equivalent moderate standard of living, it is assumed that sufficient income is available from resources other than the student's share of social security payments to meet the continuing expenses of the family and that all of the student's share of the social security payment is available to meet the student's expenses at a postsecondary institution.

Table 6 illustrates the allocation of that portion of the social security benefits attributable to the continued dependency of the student, as a protion of family income or as a direct student resource.

Table 6: Allocation of Student Benefit Payments as a Family or Student Resource

Adjusted Available Income	Percentage of Student Benefit Payments Allocated as: Family Resource	Student Resource
Less than $440	100%	0
$ 440 - $ 889	90	10
890 - 1,329	80	20
1,330 - 1,779	70	30
1,780 - 2,219	60	40
2,220 - 2,669	50	50
2,670 - 3,109	40	60
3,110 - 3,559	30	70
3,560 - 3,999	20	80
4,000 - 4,439	10	90
4,440 or more	0	100%

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Veteran and War Orphan Benefits

Benefits provided through federal and state programs dealing with veterans and their dependents (educational benefits for veterans, war orphan benefits, etc.) are considered to be available for educational expenses at a 100 percent rate. These are specifically student benefits and are made available to meet the specific costs of postsecondary education.

Total Family Contribution

The final step in the uniform methodology is to add together the parental contribution and the contribution from the student. This generates the total family contribution, which is used in determining a student's needs by subtracting it from the appropriate institutional budget.

PART 2: MEASURING SELF-SUPPORTING STUDENTS' ABILITY TO PAY

In contrast to the detailed methodology and rationale that had evolved over the last 20 years in the measurement of parental ability to pay postsecondary educational costs, the measurement of self-supporting students' ability to pay has been of comparatively recent origin. The current uniform methodology was based on the widely accepted principles then being used by the national need analysis services. In general, the methodology is concerned with the measurement of total student resources that would be available to meet the educational and living expenses during the period that the student is seeking assistance.

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Since a self-supporting student, by definition, must provide for his own subsistence and other expenses both within and without the academic year, it is necessary to measure the resources available to the student based on the estimated income during the summer months and the traditional academic year period.

The national financial need analysis systems had from their inception incorporated the basic principle that the student has an obligation to assume a responsibility for a portion of the cost of the education. In the dependent student model of the uniform methodology, this obligation is reflected through a systematic expectation of contribution from a student's employment income during the summer period prior to the academic year. A minimum self-help expectation is also incorporated in the independent student model to reflect a similar obligation. The mere fact of independence does not lessen the student's obligation to contribute toward his or her educational costs. On the contrary, it should increase the obligation. The uniform methodology currently provides for the following self-help expectation in the independent model:

Prefreshman (first year)	$500
Presophomore (second year)	600
Prejunior (third year)	700
Presenior (fourth year)	700

A $700 expectation from summer earnings also is used when the student is pursuing post-baccalaureate studies.

It should be kept in mind that this standard serves primarily as a guideline to what the student's minimum responsibility toward his or her own education should be. Because of the aid administrator's knowledge of local conditions, he or she is considered to be better able to judge the opportunities for employment and hourly earnings, which will vary considerably between geographic regions and even by size of city. The financial aid administrator is expected to adjust this minimum standard upward or downward depending on the individual circumstances of the student during the summer months.

Concept of Available Income

The uniform methodology currently utilizes the concept of "available income in its procedures for measuring the resources available to the self-supporting student. Available income is defined as that income available to the student for meeting living and educational costs after allowances have been made against the total estimated resources for the following expenses:

1. U. S. income and FICA taxes
2. State income tax
3. Employment allowance (if appropriate)

An allowance is made for federal income and FICA taxes because these taxes are mandatory and will vary depending on the amount of income earned and the number of employed persons within the family unit. For estimates of the federal tax payment, a standard income tax is computed, assuming the appropriate standard deduction and number of exemptions in the family unit. The estimated social security taxes are developed by multiplying the applicant's and spouse's (if appropriate) income from wages, salaries, and tips by the current FICA tax (5.85 percent) to a maximum allowance of $965 for each working parent.

At the present time, an institutional option employment allowance is made in the uniform methodology for a student whose husband or wife is employed. Similar to the dependent model allowance, the appropriate adjustment is best handled through the budget side rather than as a flat allowance against available resources. After allowing for federal taxes, the remaining taxable income is added to the applicant's other nontaxable income, resources and benefits. The total is the available income to meet the student's living and educational expenses in the forthcoming year.

The calculation of the available income for the academic year in the independent student methodology can be illustrated as follows:

Applicant's estimated wages, salaries, and tips (but not less than minimum self-help expectation)

+ Spouse's estimated wages, salaries, and tips

+ Other taxable income

= Total taxable income for computation purposes

- U. S. income taxes to be paid

- FICA taxes to be paid

- Employment allowance (if a selected option)

+ Estimated financial assistance from applicant's parents

+ Estimated financial assistance from spouse's parents

+ Other nontaxable income and benefits

= Available income

Self-Supporting Student's Contribution from Assets

Since assets also contribute to the financial strength of the applicant, it is important to include them in assessing the applicant's ability to pay for postsecondary education. The uniform methodology assumes that students who are self-supporting and who have substantial assets have decided that education is the most important expenditure that they can make. Therefore, the uniform methodology expects a single self-supporting student to commit a significant portion of his or her assets to help meet educational and basic living expenses. For students who are older, it is important to protect a portion of their assets, and the uniform methodology expects an increasing exclusion from the student's net assets as the applicant's age increases.

In general, the uniform methodology for self-supporting students follows the same procedure in arriving at the contribution from assets as does the uniform methodology for dependent students.

Calculation of this income supplement in the uniform methodology can be illustrated as follows:

Home equity

\+ Net value of investments and other real estate

\+ Total cash, checking, and savings accounts

\+ Adjusted net worth of business/farm

− Other debts (excluding education and consumer debts)

= Net worth for computation

− Asset exclusion allowance

= Discretionary net worth

x Asset taxation rate

An asset protection allowance, based on the age of the applicant, is incorporated in the case of independent students. This allowance is similar in concept to the asset protection allowance used in determining the income flow supplement from parental assets in the dependent model of the uniform methodology. For independent student applicants the following asset protection allowances are currently incorporated:

Table 7: Asset Protection Allowance

Age	Two or more Persons	One Person
25 or less	$ 0	$ 0
26	830	420
27	1,450	730
28	2,080	1,040
29	2,700	1,350
30	3,320	1,660
31	3,950	1,980
32	4,570	2,290
33	5,200	2,600
34	5,820	2,910
35	6,440	3,220
36	7,070	3,540
37	7,690	3,850
38	8,310	4,160
39	8,940	4,470
40 or above	9,560	4,780

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Inasmuch as the asset protection allowance provides for a decreasing share of the assets to be considered discretionary net worth, a uniform asset taxation rate of 35 percent is applied in the independent student model regardless of the age of the applicant.

The income supplement, thus derived, is then added to the self-supporting student's available income to equal the "adjusted available resources."

National Budget Standard

Since the adjusted available resources are the total funds considered available to the student to meet his or her living and educational costs during the forthcoming year, an estimate of the consumption portion of the student's expenses must be provided in order to determine the amount ofstudent resources available to meet direct educational costs (tuition, fees, books, and supplies).

The uniform methodology also provides a national budget standard, the Independent Student Allowance (ISA), based on the 1967 BLS low budget level consumption expenditures updated by changes in the CPI and adjusted for age and family size differences.

The ISA represents an average of basic expenses, at the BLS low-budget standard, required by the applicant and/or his or her family for a 12-month period. In 1967 BLS low-budget consumption expenditures, adjusted for estimated changes in the CPI through December, 1977, and appropriate family characteristics using the BLS equivalency scales are as follows:

Table 8: Independent Student Allowances

Family Size (Including Applicant)	Age of Head Under 35	Over 35
1	$ 3,510	$ 3,610
2	4,720	6,530
3	6,220	8,130
4	7,430	10,110
5	9,440	11,850
6	11,140	13,860
Each additional dependent	+1,000	+1,200

The Independent Student Allowances used in the uniform methodology are national averages based on the BLS standards. In those cases where institutions have developed appropriate budgets for independent students reflecting local conditions and norms, such budgets should be used in lieu of the appropriate ISA.

The difference between the ISA or the appropriate institutional budget and the adjusted available resource equals the students contribution available to meet out-of-pocket direct educational costs for tuition, fees, books, and supplies and from which estimates of the applicant's financial needs are measured.

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APPENDIX D

ABSTRACTS OF SELECTED STUDIES RELATED TO FINANCING ADULTS IN POSTSECONDARY EDUCATION

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Bishop, J., and Van Dyk, J. Can Adults be Hooked on College: Some Determinants of Adult College Attendance. Madison, Wi.: University of Wisconsin Institute for Research on Poverty, 1975.

A discussion paper prepared under a grant from the Sloan Foundation in support of a joint faculty-student study of higher education finance, this report describes a re-analysis of 1970 Census data to determine factors which influenced participation in postsecondary education by individuals over 25 years of age living in metropolitan areas (defined by the Department of Labor Standard Metropolitan Statistical Areas).

Being a Vietnam veteran tripled the liklihood of a male's attending college. Age, sex, number of children, income and occupation also played important roles in determining attendance. Lowering tuition from $400 to zero doubled attendance among adults. As might be expected, establishment of a low-cost public community college in a SMSA also had a significant impact on attendance by adults. The study did not identify any characteristics of public four-year colleges which would comparably influence adult attendance.

The study concluded that adults are most responsive to changes in the level of tuition. It suggested that federal support for low or no tuition would result in larger increases in attendance by adults than of students of tradional college age.

Brici, M. S. A Study of the Financial Support Sources Utilized by Part- and Full-Time Students Enrolled in Associate Degree Programs. Bloomington, Ind.: Indiana University, 1972.

This dissertation attempted to determine the extent to which full-time or part-time attendance at two public vo-tech institutes was related to sources of financial support.

The researcher surveyed 503 students in 1970-71 and compared responses of full-and part-time students. It was found that part-time students, if they are 22 years of age or older, had to rely on income support sources almost to the exclusions of other support sources. More part-time students than full-time students used full-time employment and work-study assistance for financial support in achieving their educational objectives. More full-time students used part-time employment, family support, savings and securities. scholarships, grants and loans for support.

Full-time students use more sources of financial support to achieve their goals than do part-time students. Student aid, generally, was not used to any important degree by part-time students.

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Carp, A., Peterson, R. and Roelfs, P. Learning Interests and Experiences of Adult Americans. Berkeley, Ca.: Educational Testing Service, 1973.

A report on a survey of a nationally representative sample of adult learners and would-be learners in 1972. "Learners" were those who had received some instruction in the year prior to the survey. "Would-be Learners" were those who indicated they wanted to participate in a learning activity.

Learners were equally apportioned among men and women and were just slightly more likely to be White rather than Black. Over 76 percent were married and 78 percent were 25 years of age or older. Eighty percent had completed high school and/or some postsecondary training. About one-fifth were employed in sales/clerical occupations, 18 percent were employed in skilled occupations, 16 percent were professionals, 7 percent owned or operated small businesses, 16 percent were employed in unskilled or semi-skilled occupations, and the remainder were housewives. Learners were slightly more likely to live in Western states and much more likely to live in urban areas. While only 74 percent of the respondents lived in urban areas, 81 percent of the learners were from these areas.

Over four out of ten (42 percent) of the learners had studied recreational subjects, 35 percent had studied vocational subjects, 25 percent had taken general education courses (16 percent at the high school level), 14 percent had taken courses related to personal development, e.g., investments, physical fitness, public speaking, and the remainder had taken courses in a variety of other areas.

Only 17 percent of the learners received their instruction at postsecondary institutions. The others received instruction at home (17 percent), on-the-job (13 percent), at high schools (9 percent), and the remainder received insturction at other locations, such as libraries, business sites, and community centers. Of the adults receiving instruction at postsecondary institutions, 35 percent received it at two-year colleges, 35 percent at four-year colleges, 18 percent at private vo-tech or business schools, and 12 percent at graduate schools.

Over four out of ten (46 percent) of the learners spend five or more hours a week in instructional activities, a third spent from two to four hours, and the remaining one-fifth spent less than two hours a week. Over four out of ten learners (42 percent) paid for their own instruction. A third had taken free courses, and a fifth had had expenses paid for by an employer.

Among would-be learners, costs (53 percent), not enough time (46 percent), not wanting to attend full-time (35 percent), home responsibilities (32 percent), and job responsibilities (8 Percent) and the amount of time required to complete programs (21 percent) were the most frequently mentioned barrier to taking instructions.

Committee on the Financing of Higher Education for Adult Students. Financing Part-Time Students: The New Majority in Postsecondary Education, Washington, D. C.: American Council on Education, 1974.

An examination of the characteristics of part-time students, their patterns of enrollment in postsecondary education, and the ways in which they finance their education. Four major policy issues are discussed: that of providing equity for part-time students with full-time students; that of providing equity between students in collegiate and non-collegiate institutions; that of including part-time students in program plans for financing higher education; and, that of developing a strategy for providing assistance to all postsecondary students.

The study staff estimated that, in 1972, 15.7 million students were enrolled in some form of instruction on a part-time basis. Of these students, 2.2 million were enrolled at high schools, 1.4 million were enrolled at private vocational, trade, or business schools, 2.6 million were enrolled in employer instructional programs, 2.0 million were enrolled in community organizations' programs, 5.9 million were enrolled in colleges, and the remainder were in other types of institutions or instruction.

Over half the students (54.6 percent) received financial support from just themselves or their families, 25.9 percent received financial support from employers, 18.0 percent from public funding sources, 7.4 percent from private organizations, and 4.6 percent received support from other sources.

The study reported that part-time students were charged higher per credit hour rates of tuition at 59 percent of the four-year colleges than full-time students.

It was reported that part-time students are the recipients of the most advantageous financing patterns (when their employers or organizations pay full salaries and all subsistence, travel, and tuition costs) and the Least advantageous patterns (when low-income, fully employed persons have to pay their own expenses but must participate on their own time and pay taxes on their income).

English, R. J. Financial Need and Other Characteristics of the Part-Time Undergraduate Student in Selected Colleges and Universities in Illinois. DeKalb, Il.: Northern Illinois University, 1974.

This dissertation sought to identify and describe part-time students in relation to their sex, marital status, age, and type of institution attended with an emphasis on their financial status and needs.

The 2,210 students surveyed were enrolled at nine colleges, 66 percent at public colleges and 64 percent at two-year colleges. The typical student attended on a part-time basis for financial reasons and had been a full-time student in the past. His primary motivation to attend was to receive vocational or job-related training to increase his income.

The typical student has an annual income of between $6,000 and $8,000. He did not own a home but had savings of $2,041. He was married, about 28 years old, and had 2.05 dependents. He paid for his own education expenses which averaged $576 per year. Between 38 and 85 percent of the students (depending on their family marital status, income and types of institutions attended) had demonstrated financial need, when the need analysis system of the Illinois State Scholarship Commission was applied to their financial data.

The typical student attended classes two days a week primarily after 5:00 p.m. When not attending classes, the typical student worked at single, full-time, non-manual labor jobs.

On the basis of the survey data, and statewide enrollment data, it was estimated that between \$7.4 million and \$16.2 million in financial aid would be needed to implement a state financial aid program to meet the needs of part-time students.

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Hamilton, I. B. The Third Century: Postsecondary Planning for the Non-Traditional Learner, A Report Prepared for the Higher Education Facilities Commission of the State of Iowa. Princeton, N.J.: College Entrance Examination Board, Educational Testing Service, 1976.

A report on a statewide study of the needs for continuing education opportunities for persons motivated toward further study but unable to take advantage of conventional delivery systems of postsecondary education.

It was found that less than nine percent of the adults were enrolled in postsecondary education. Of these students, 52 percent were enrolled at community-area colleges, 30 percent were enrolled at public four-year colleges, and 18 percent were enrolled at private institutions. There were more likely to be women than men, 66 percent as compared to 34 percent. Over 81 percent were 25 years of age or older, 42 percent being 35 years of age or older. Their median income was $13,226. Over four out of ten were employed in professional or managerial occupations, 33 percent were employed in technical/skilled labor occupations, and 22 percent were employed as operators, laborers, or service personnel. All but two percent had some high school postsecondary education. Over 80 percent were from metropolitan areas.

About one-fourth of the students were enrolled in education or basic education courses, 22 percent were enrolled in liberal arts courses, 15 percent were enrolled in professional courses, e.g., nursing, law, library science, 18 percent were in business and management courses, 11 percent were in technical courses, 6 percent were in agriculture courses, and the remainder were enrolled in personal growth and development or other courses.

Over seven out of ten (71 percent) devoted five or more hours per week to learning activites. The median amount of time spent was eleven hours per week. Over half the students (51 percent) spent less than $100 on their instructional costs. Of those spending more, the median expenditure was $600. Only about 9 percent of the enrolled students received some tuition aid toward educational costs and about one-fourth received some tuition reimbursements from an employer, a union, or some other source.

Among adults who would like to attend school, 39 percent perceived costs as a major barrier, 45 percent said home responsibilities were a problem, 28 percent saw job responsibilities as a problem, and 23 percent had child care problems to surmount. One-fourth of the adults said that no nearby college had desired courses, and one-fifth said that courses were scheduled at the wrong time.

Hefferlin, JB. L., Peterson, R. E., Roelfs, P. California's Need for Postsecondary Alternatives. Berkeley, Ca.: Educational Testing Service, 1975.

Study assesses the present demand of adults for postsecondary education, the potential interest in further education, and the future need for new approaches to education for life-long learning.

About 13 percent of the state's adults were enrolled in some form of postsecondary education in 1974-75. About one-fourth were continuing their studies through some school or college. About two-thirds of the part-time postsecondary students were 30 years of age or older. They were more likely to be women and men, 55 percent as compared to 45 percent. They were slightly more likely than full-time students to be White, 87 percent as compared to 83 percent. Over 95 percent had earned at least a high school diploma, and 78 percent had had some college experience. Nearly half the adult students were employed in professional or managerial occupations, one-fourth were employed as skilled craftsman, and one-fifth were employed as sales or clerical personnel. Their median family income was $14,230, with only 10.1 percent having incomes below $7,000 and 45.3 percent having incomes of $15,000 or more.

Of the part-time students enrolled in postsecondary education, half were enrolled in community colleges, 33 percent were enrolled in four-year colleges, and the remainder were enrolled private vocation, business, or technical schools.

Potential California learners were about equally apportioned among men and women. About 60 percent were 30 years of age or order. Their median income was slightly less than that of current learners, $13,360 as compared to $14,230. Almost half the potential learners (47 percent) are interested in vocational subjects, 27 percent are interested in general education, 13 percent in hobbies and recreation, 6 percent in home and family living courses, and the remainder in a variety of topics.

The primary barriers to further study identified by potential adult learners were: home responsibilities (important to 37 percent), costs of courses(33 percent), job responsibilities (27 percent), classes not scheduled when attendance is possible (24 percent), no nearby colleges offering preferred courses (16 percent) and child care needs (14 percent).

Nolfi, G. J., Jr. and Nelson, V. I. Strengthening the Alternative Postsecondary Education System: Continuing and Part-Time Study in Massachusetts, Vol. 1, Summary Report and Recommendations. Cambridge, Mass.: University Consultants, Inc., 1973.

A report on a study of the demand for and needs of the Massachusetts postsecondary system to serve students in continuing education and part-time adult students in regular courses of instruction. The study focuses on the structure and function of the system for providing continuing and adult part-time education; on interinstitutional cooperation and planning by geographic regions; on statewide planning and coordination; on meeting student counseling, instructional and financial needs; and, on the role of the Massachusetts Open University in providing services to the target clientele.

The characteristics of students in continuing education, but not those of part-time or adult students are described. Characteristics of the former include the following: Two-thirds are men. The primary reason for attendance is job advancement. They are representative of the racial-ethnic composition of the adult population in the state. Student characteristics do not vary by public or private college attendance. Costs are not a significant factor in the students' decisions to enroll in continuing education. Costs per course are low, from $50 to $150 per course, and many students are reimbursed by veterans or teachers vouchers or by employers.

Over half the men are between ages 25 and 35. Although 82 percent have previously attended postsecondary institutions, only 59 percent have a postsecondary degree. Over half the men (53 percent) earn over $10,000 a year. About 61 percent of the women are over 25 years of age. They are more likely than men to be single and less likely to have children. Their educational training is similar to that of the men, but only 14 percent earn over $10,000 a year. However, when their husband's incomes are considered, half live in homes with incomes of $10,000 or more.

Men are likely to be enrolled in business (23 percent), professional courses (27 percent), or regular academic subjects (25 percent). Women are likely to be enrolled in social or community service courses (28 percent) and regular academic subjects (42 percent). Men take, on the average, 2.3 courses; women take an average of 1.8 courses. Students live a mean distance of 14 miles from their classes.

The study staff, even though no significant financial needs were demonstrated for continuing education students, recommended that they receive educational vouchers or tax credits as a means of financing their educations.

Voda, F. A. Relation of Attendance Patterns of Financial Aid Applicants to Financial Aid Practices in Selected Illinois Junior Community Colleges. Columbia, Mo.: University of Missouri, 1973.

A dissertation which examined the relationship of total family contributions financial need, and aid offered and awarded and full-time, part-time, and drop-out/no show attendance patterns at 20 community colleges.

No differences in total family contributions were found among the three attendance patterns. Students in part-time attendance at all 20 colleges showed significantly higher approximate need than full-time or drop-out/no show students. Data from four colleges indicated that full-time students received significantly greater aid offers than part-time students. The critical difference related to attendance patterns appears to be the degree to which the students' need for financial aid is met.

APPENDIX E

SIMULATIONS OF SOME POSSIBLE ALTERNATIVES

Alternative Contribution Calculation Models
Educational Testing Service
Study of
The Determination of Financial Need
for Adults in Postsecondary Education

Model 1 -- The current independent student consensus methodology treatment using "low standard" independent student allowances.

Model 2 -- The current independent student consensus methodology treatment but substituting "moderate standard" independent student allowances.

Model 3 -- The current treatment of parental income and assets under the consensus methodology.

Model 4 -- The current treatment of parental income and assets under the Basic Grant Family Contribution Schedule.

Model 5 -- The current independent student Basic Grant Family Contribution Schedule calculation.

Model 6 -- The current independent student Basic Grant Family Contribution Schedule but substituting "moderate standard" independent student allowances.

The sample used for the simulations reported on the following pages was drawn from the population of students and families who filed the Financial Aid Form with the College Scholarship Service during the 1976-77 processing year (generally for awards in the 1977-78 academic year). It included 5,000 randomly selected independent students over 25 years of age.

In reviewing these simulations it should be remembered that the sample was drawn from the population of adults who (1) are in or are

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planning to enter postsecondary education and (2) submitted applications for financial assistance. It does not represent the population of adults who might consider postsecondary education if changes were made in need analysis or program eligibility requirements.

The current consensus methodology for determining independent student contributions providesuition, fees, books, and supplies to reflect the costs of living for the student and his/her family. In these simulations that independent student allowance has been used as an offset against income. The contributions reported here, if positive, represent the amount that the student and family could contribute to offset the direct costs of education. If negative, they represent the amount of living expenses which would require subsidy in addition to the direct costs of education.

Finally, it should be noted that the independent student allowance is only an approximation of the actual living costs which must be met by present and potential students. As with any "national average" it will be too high for some locations and some institutions while too low for others.

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Model 1
Mean Contribution by Income Level
and Family Size

Total Twelve-Month Academic Year Income	Family Members (Including Student) 1	2	3	4	5 or More
Under $1,000	($3,076)	($4,483)	($5,877)	($6,875)	($9,473)
$1,000 to $1,999	(1,697)	(3,036)	(4,298)	(6,053)	(8,700)
$2,000 to $2,999	(608)	(2,121)	(3,706)	(4,615)	(8,494)
$3,000 to $3,999	226	(1,031)	(2,827)	(3,939)	(6,399)
$4,000 to $4,999	1,376	(266)	(1,508)	(2,856)	(5,608)
$5,000 to $5,999	2,279	811	(41)	(2,024)	(5,805)
$6,000 to $6,999	3,495	1,072	(94)	(1,305)	(4,512)
$7,000 to $7,999	4,348	2,287	1,369	(634)	(2,954)
$8,000 to $8,999	4,260	2,911	1,696	270	(2,843)
$9,000 to $9,999	5,097	3,154	2,804	1,351	(933)
$10,000 to $10,999	6,471	4,490	2,884	2,735	(883)
$11,000 to $11,999	5,883	5,430	4,341	2,954	380
$12,000 to $12,999	7,956	5,772	4,522	5,355	893
$13,000 to $13,999	8,008	6,510	5,307	4,257	2,860
$14,000 and above	13,639	10,637	8,744	9,771	7,870

Model 2
Mean Contribution by Income Level
and Family Size

Total Twelve-Month Academic Year Income	Family Members (Including Student) 1	2	3	4	5 or More
Under $1,000	($4,311)	($6,510)	($8,274)	($9,480)	($13,435)
$1,000 to $1,999	(2,931)	(5,062)	(6,660)	(8,730)	(12,798)
$2,000 to $2,999	(1,843)	(4,130)	(6,156)	(7,133)	(12,633)
$3,000 to $3,999	(1,010)	(3,037)	(5,210)	(6,552)	(10,345)
$4,000 to $4,999	139	(2,247)	(3,885)	(5,479)	(9,798)
$5,000 to $5,999	1,023	(1,170)	(2,421)	(4,569)	(9,919)
$6,000 to $6,999	2,251	(946)	(2,486)	(3,825)	(8,627)
$7,000 to $7,999	3,108	294	(1,031)	(3,195)	(6,884)
$8,000 to $8,999	2,959	907	(736)	(2,238)	(6,983)
$9,000 to $9,999	3,796	1,165	459	(1,168)	(4,936)
$10,000 to $10,999	5,142	2,477	527	134	(5,165)
$11,000 to $11,999	4,757	3,468	1,966	410	(3,709)
$12,000 to $12,999	6,708	3,745	2,189	2,760	(3,207)
$13,000 to $13,999	6,771	4,502	2,935	1,605	(1,192)
$14,000 and above	12,157	8,578	7,343	7,206	3,672

Model 3
Mean Contribution by Income Level
and Family Size

Total Twelve-Month Academic Year Income	------ Family Members (Including Student) -----				
	1	2	3	4	5 or More
Under $1,000	($645)	($956)	($1,227)	($1,382)	($1,924)
$1,000 to $1,999	(330)	(609)	(869)	(1,243)	(1,756)
$2,000 to $2,999	(77)	(419)	(749)	(910)	(1,833)
$3,000 to $3,999	96	(164)	(591)	(773)	(1,309)
$4,000 to $4,999	380	(7)	(264)	(523)	(1,083)
$5,000 to $5,999	584	288	157	(363)	(1,268)
$6,000 to $6,999	900	282	44	(208)	(918)
$7,000 to $7,999	1,092	588	451	(66)	(562)
$8,000 to $8,999	999	723	485	105	(539)
$9,000 to $9,999	1,227	731	727	374	(62)
$10,000 to $10,999	1,638	1,104	664	810	(24)
$11,000 to $11,999	1,408	1,397	1,094	759	269
$12,000 to $12,999	2,039	1,397	1,069	1,514	411
$13,000 to $13,999	2,037	1,585	1,262	1,048	924
$14,000 and above	4,451	3,145	2,814	2,855	2,355

Model 4
Mean Contribution by Income Level
and Family Size

Total Twelve-Month Academic Year Income	----- Family Members (Including Student) ---- 1	2	3	4	5 or More
Under $1,000	($578)	($862)	($1,099)	($1,223)	($1,708)
$1,000 to $1,999	(289)	(540)	(770)	(1,108)	(1,557)
$2,000 to $2,999	(56)	(369)	(663)	(800)	(1,657)
$3,000 to $3,999	99	(133)	(529)	(678)	(1,165)
$4,000 to $4,999	365	7	(222)	(448)	(946)
$5,000 to $5,999	552	289	185	(309)	(1,151)
$6,000 to $6,999	852	268	57	(169)	(816)
$7,000 to $7,999	1,026	556	448	(42)	(488)
$8,000 to $8,999	920	679	469	107	(469)
$9,000 to $9,999	1,147	674	689	360	(20)
$10,000 to $10,999	1,546	1,032	611	789	22
$11,000 to $11,999	1,322	1,228	1,030	717	291
$12,000 to $12,999	1,937	1,309	989	1,462	428
$13,000 to $13,999	1,928	1,494	1,168	981	914
$14,000 and above	3,770	2,773	2,509	2,592	2,111

Model 5
Mean Contribution by Income Level
and Family Size

Total Twelve-Month Academic Year Income	Family Members (Including Student) 1	2	3	4	5 or More
Under $1,000	($2,330)	($2,067)	($2,381)	($2,811)	($3,864)
$1,000 to $1,999	(1,388)	(1,377)	(1,755)	(2,462)	(3,553)
$2,000 to $2,999	(624)	(1,006)	(1,514)	(1,195)	(3,414)
$3,000 to $3,999	22	(506)	(1,145)	(1,619)	(2,606)
$4,000 to $4,999	747	(171)	(635)	(1,192)	(2,313)
$5,000 to $5,999	1,342	260	(94)	(848)	(2,326)
$6,000 to $6,999	2,046	464	(60)	(559)	(1,839)
$7,000 to $7,999	2,620	1,017	478	(287)	(1,223)
$8,000 to $8,999	2,857	1,297	627	87	(1,177)
$9,000 to $9,999	3,256	1,497	1,070	504	(440)
$10,000 to $10,999	3,868	2,067	1,140	887	(433)
$11,000 to $11,999	3,866	2,540	1,671	1,131	66
$12,000 to $12,999	5,031	2,706	1,776	1,986	260
$13,000 to $13,999	5,272	3,106	2,086	1,654	1,007
$14,000 and above	7,220	4,991	3,797	3,753	3,011

Model 6
Mean Contribution by Income Level
and Family Size

Total Twelve-Month Academic Year Income	Family Members (Including Student) 1	2	3	4	5 or More
Under $1,000	($3,226)	($2,989)	($3,340)	($3,853)	($5,449)
$1,000 to $1,999	(2,297)	(2,274)	(2,700)	(3,534)	(5,192)
$2,000 to $2,999	(1,528)	(1,914)	(2,494)	(2,902)	(5,082)
$3,000 to $3,999	(873)	(1,392)	(2,099)	(2,665)	(4,184)
$4,000 to $4,999	(136)	(1,084)	(1,586)	(2,241)	(3,989)
$5,000 to $5,999	483	(691)	(1,046)	(1,866)	(3,972)
$6,000 to $6,999	1,183	(493)	(1,025)	(1,567)	(3,485)
$7,000 to $7,999	1,768	42	(482)	(1,312)	(2,795)
$8,000 to $8,999	2,857	342	(346)	(916)	(2,833)
$9,000 to $9,999	2,401	524	132	(503)	(2,041)
$10,000 to $10,999	3,030	1,077	197	(43)	(2,145)
$11,000 to $11,999	3,055	1,574	721	113	(1,570)
$12,000 to $12,999	4,185	1,713	843	948	(1,382)
$13,000 to $13,999	4,426	2,119	1,137	594	(614)
$14,000 and above	6,422	3,979	2,836	2,727	1,332

Mean Contribution by Income Level
Alternative Contribution Calculation Models

Total Twelve-Month Academic Year Income	1	2	3	4	5	6
Under $1,000	($3,512)	($4,943)	($735)	($659)	($2,346)	($3,262)
$1,000 to $1,999	(2,172)	(3,625)	(429)	(377)	(1,461)	(2,384)
$2,000 to $2,999	(1,110)	(2,552)	(187)	(156)	(773)	(1,695)
$3,000 to $3,999	(530)	(2,084)	(67)	(48)	(278)	(1,198)
$4,000 to $4,999	234	(1,464)	127	135	192	(743)
$5,000 to $5,999	573	(1,334)	219	222	399	(564)
$6,000 to $6,999	1,068	(958)	323	317	684	(314)
$7,000 to $7,999	2,089	69	570	546	1,148	163
$8,000 to $8,999	1,716	(596)	454	432	950	(95)
$9,000 to $9,999	2,847	654	711	669	1,503	483
$10,000 to $10,999	3,479	1,106	904	857	1,657	595
$11,000 to $11,999	4,123	1,762	1,035	974	1,875	836
$12,000 to $12,999	5,237	2,921	1,342	1,273	2,462	1,413
$13,000 to $13,999	5,401	2,912	1,366	1,292	2,532	1,432
$14,000 and above	9,854	7,136	2,937	2,608	4,198	3,043

APPENDIX F

MEMBERS OF THE STUDY ADVISORY COMMITTEE

Mrs. Pamela Christoffel
The College Board
1717 Massachusetts Avenue, NW
Washington, DC 20036

Mr. William Goggin
Department of Health, Education
and Welfare
South Portal Building
200 Independence Avenue, SW
426F2
Washington, DC 20201

Dr. Norman D. Kurland, Director
Study of Adult Education
New York State Education Department
Room 232 EB
Albany, NY 12234

Mr. Kurt Kendis
Office of the President
University of Pennsylvania
Philadelphia, PA 19174