

CENTRAL COLLECTION AND ANALYSIS OF THE FINANCIAL RESOURCES OF SEPARATED, DIVORCED AND RE-MARRIED PARENTS

by *Grant E. Curtis*

In the May 1975 issue of the *Journal of Student Financial Aid*, I advanced the proposition that *both* parents of aid applicants have the primary obligation to contribute to their children's educational expenses before public and private funds are awarded. The article emphasized the essential unfairness of the current double standard of awarding financial aid supposedly based on measured need. We now expect full disclosure of financial resources of those families who file a combined Financial Statement, but applicants from separated or divorced families frequently are given very substantial awards, based upon the income and assets of only *one* parent. A rich source of potential, and frequently actual support, is being ignored.

It seems illogical not to require financial information from each parent in such cases. Frequently the parent who did *not* claim the student as a dependent, and usually the one who has the lesser income assets, files the Statement asking for aid. Then, Basic Grant, state agencies, and colleges in competition with one another accept the partial disclosure of potential parental support. If the general public learns that the children of high income parents who do not live together are receiving large federal, state and private scholarship awards, especially from the Basic Grant "entitlement" program, it will surely discredit aid officers and put future aid programs in jeopardy.



Grant Curtis is Director of Financial Aids at Tufts University and a past president of the National Association of Student Financial Aid Administrators.

It is imperative that aid officers and the central need analysis services put their houses in order. Scarce aid resources, ever-rising costs, and larger numbers of applicants each year make necessary the revision of current laissez-faire procedures on a national basis. Every aid officer and agency should receive full financial information from *each* separated or divorce parent, and from step-parents as well when tax dependency is claimed, before funds are distributed. To make decisions without such knowledge is unfair to other students and families who do make full disclosure.

In brief, I ask that Basic Grant, state agencies, and the national services change their instructions to require a statement of financial resources by each parent when separation, divorce, and especially re-marriage complicate the determination of parental contribution. Aid officers and government agencies need central collection and analysis of each parent's circumstances in order that *two* parental contributions may be derived centrally, and later combined according to the best judgment of an aid officer into a reasonable family contribution more in line with that expected from parents who file as one family unit. After wrestling with the collection and analysis of this information for several years on my own campus, I have concluded that only by central analysis of separate Statements when parents separate, divorce, or re-marry, can we be fair to all students and families applying for aid.

In order to accomplish these sweeping changes, it will be necessary for the national services to develop procedures and directions for the collection of one Statement per parent from separated or divorced families, and to develop a methodology for the analysis of the complex information that will be received. In the remainder of this paper, I shall try to identify some elements necessary to implement such a policy change.

First, the current Basic Grant instruction—that the parent with whom the applicant lives file the Statement—is at the root of our current difficulties in assessing need fairly. The central services use a somewhat similar instruction, but beg the question by stating that some colleges and universities require each parent to file. Directions should be changed so that one Financial Statement is filed by the parent (and step-parent if any) who claims the student as a dependent. A one page Separated/Divorced Form should be included in each Financial Statement with directions to complete identifying information, (names of colleges etc.) and to forward the form to the other parent through a court or relative, if necessary. (I have found that “whereabouts unknown” parents frequently are discovered if the college insists on information.) The other parent would be instructed to send the Separated/Divorced Form with a second Financial Statement to the central service for analysis.

If the other parent has fled, disappeared or is truly unapproachable, the first parent could explain and give as much information as possible on the Separated/Divorced Form for review by each college. It is essential, however, that every effort be exerted centrally to obtain full information about each parent's income, assets, dependents in college, debts, and other pertinent information. Communication of identical information to each college and agency is essential to ensure equal treatment of mutual applicants.

Second, when both parents' Statements are filed, (the second identified by the Separated/Divorced Form), the national service should determine the contribution expected from each parent according to the circumstances in which each was living during the base year—just as we do for families that file a combined form. Changes that may or will occur in the “estimated year” can be considered for adjustment by the aid officer, just as we do now. A separate analysis should be produced for each Statement using the data which parents will be informed is to be verified eventually by their Form 1040 for the base year. When either parent has re-married, and a joint tax form has been filed by the new family in the previous year, the directions should specify that the Financial Statement contain full information about the step-parent and the parent's circumstances (income, assets, debts, dependents, children being supported in college.) By doing so, the parents and step-parent will receive full consideration of their financial complications, and a fair assessment of family strength is more likely to be made.

For *separated* families who file a *joint* return for the base year, the directions should indicate that a joint Statement be filed, and that a living allowance will be made for the parent who is outside the home. If parents prefer, of course, separate Statements may be filed.

Third, the service's assessment of *each* parent's financial strength and ability to contribute to educational expenses should:

a. Add applicant's child support for 9 months to student resources and deduct it from the income of the parent with whom applicant lives (as is done now for Social Security.)

b. Allow all child support payments actually made in the base year as deductions against income of the parent making the payments.

c. Determine family size allowance according to number of dependent persons actually living in home of each parent (and step-parent if joint return is filed). Applicant should be counted in family size of home where he or she resides.

d. A change in determining the contribution when 2 or more dependents are in college is recommended. Since almost all students can borrow and earn enough for living expenses for 9 months (\$2000 to \$4000), the central system should focus on net tuition paid for each dependent family member, except the applicant, as an offset to parents' available income. Scholarships received in the base academic year (the academic year before aid is awarded) would be deducted from tuition for that year only to allow for tuition actually paid. No siblings' share would be removed from the family offset for living expenses, and no division of total parents' contribution would be made. This change would produce a p.c. from each parent to be added to the applicant's own resources.

e. Show applicant's summer earnings, savings, Social Security and other benefits, plus child support, only on the analysis for parent with whom the student resides. Omit *family* contribution from analysis of other parent; determine only a recommended contribution from other parent.

Finally, aid officers should decide, after reasonably strong efforts have been made to obtain financial information from *both* parents, and from step-parents if appropriate, whether all or part of the total contribution estimated from both parents should be expected. We are confronted with varying situations ranging from the parent who has not been in contact with the applicant for years and has

no great resources, to the well-off parent who is quite able, if not willing, to help a son or daughter meet educational expenses. If one parent satisfies the aid officer that the other has not contributed any support for years (if ever), that the other can not be approached even through a court or by reasonable efforts, or is living so far away that contact with the applicant is difficult if not impossible, then need may be estimated from the resources of only one parent.

Socio-economic information about the other parent (from the Separated/Divorced Form) will provide the base for an estimated contribution if a second Financial Statement is impossible to obtain. Probably the middle and higher socio-economic groups are more likely to have resources, and more likely to contribute if expected to do so, than less fortunate groups. Salary, type of job, position and educational level of each parent may be used to judge the likelihood and the amount of support towards education. Professional judgment by the aid officer always is required but only should be exercised after collection of as much information about each parent's background and circumstances as possible.

Central service instructions, and college policies and procedures should emphasize the importance of separated/divorced families providing full financial information by which their ability, not their willingness, to contribute to educational costs may be judged. Full disclosure should enhance the student's chances of receiving aid if needed. Failure to provide similar financial information to that given by other parents (if the aid officer can not be convinced it is impossible to provide) should result in denial of aid, or *at best* consideration for the least desirable forms of aid (loans through banks and employment, if available) after awards to those who do comply with the request have been made.