DOING AWAY WITH THE SER

(as a Payment Device)

by Walter H. Moulton

Whenever aid administrators gather to discuss Basic Educational Opportunity Grants (BEOG), we concede generally that the program helps a lot of students, that it requires (and generates) a remarkable degree of cooperation between the financial aid community and federal officials responsible for the grants, but that the program is still burdened with too many administrative problems. We have gained enough experience since 1972-73 to justify some changes in how we administer the program. In a spirit of cooperation in anticipation that aid officers and federal officials can do a more efficient job of distributing BEOG awards, I am formally proposing some changes in the payment and reporting procedures. I ask that these recommendations be considered for implementation in the 1981-82 award period. This involves making some decisions very quickly, but is is impossible because the data necessary to effect my changes are already available and in usable format. The decisions involve doing away with the Student Eligibility Report (SER) as a payment device.

Before getting into the proposal itself, I offer some background information which will prove useful. In January of 1974 I wrote an open letter to then Congressman James G. O'Hara, Chairman of the House Sub-Committee on Post-Secondary Education, to point out several difficulties with the administration of the BEOG Program and offer some suggestions to improve the situation. Not surprisingly, most of those difficulties still exist. Limited administrative experience with the program at that time perhaps justified a wait-and-see attitude before attempting any sort of fundamental change in program operations. This is not so any longer.

In the letter to Congressman O'Hara, I outlined nineteen steps involved in administering the BEOG Program. It is not necessary to repeat them all here; most people who are familiar with the program could easily duplicate the list for themselves. The list was not intended to be comprehensive at any rate. Over the last few years one or two steps may have been eliminated and one or two others have been added. For my purposes here it is sufficient to point out that they can be grouped conveniently as follows: the application process involves four steps; the award process, including counseling of students and follow-up, takes ten steps; the reporting phase covers the remaining steps.

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The important consideration is that the division of duties, or responsibilities, has remained essentially what it was in 1974. The federal government or its contractors take care of the first four steps, i.e. from application to student notification. The aid administrator has responsibility for everything else, including validation. Regardless of how we change the program itself, the division of administrative functions will probably remain the same. A student eventually settles in some postsecondary institution and that is the point where it is the aid administrator alone who can deal with him or her. Thus the aid officer automatically assumes most of the award distribution, counseling and reporting or accountability functions.

From the beginning we all made a mistake that has unnecessarily complicated our lives more and more over the years as the number of BEOG recipients grew. That is the point I address now. From the program's origin, a requirement to notify a student of the award directly was linked to direct payment of the award, thus the Student Eligibility Report became both an award notification and a payment voucher. I am unable to find anything in the legislation or in regulations that requires us to use the SER to secure each student's grant individually. The SER may be essential as a notification device, but we can confirm student enrollment and cost of education in other ways and then the funds can be moved from the federal government to postsecondary institutions, in bulk, for subsequent distribution to the student. We are really doing this now anyway; the SER is incidental to that process. Why then is an SER required before payment can be made to an individual? What happens to the SER's we file anyway? Where are they stored and what use, if any, is ever made of them? All the data necessary to effect payment of the BEOG are available from the time of the student's application. It has to be keyed or entered in some way from the application itself and it is therefore available to us in any number of formats without further intervention of the SER. Quite simply, what is printed on an SER can be printed elsewhere to serve other purposes.

It seems logical then to eliminate the SER as part of the award distribution process. I am not advocating eliminating the SER entirely. It is useful as an asknowledgement form to the applicant, as a data correction device, and as a document form with which to begin validation efforts. As long as the SER has value in such ways, we should continue to use it. I am proposing that we produce only one copy of the SER for student use. It should be sent to the applicant with instructions to keep it until the one postsecondary institution to be attended or at which attendance already is taking place can be specified. At that point in time the student would record his or her postsecondary institution, sign the completed SER and return it to the processor. The completed SER's are then used to generate student payment rosters for each participating postsecondary institution. Just as with current Student Validation Rosters, a payment roster would contain whatever identification and financial information is needed to effect payment of a student's BEOG. The postsecondary institution would have to certify enrollment status for each student on its roster. It would also certify that cost of attendance is in excess of $3600, or enter actual cost of attendance if it were below that figure. For those with a cost of attendance above the currently required maximum of $3600, one check mark in an appropriate place on the

roster should suffice. When the roster has been marked up and signed, only once, it would then be submitted to the Education Department. It thus becomes both the institution's payment voucher and its Progress Report. Such rosters would have to be cumulative to allow for enrollment changes, award adjustments, etc., but the final payment roster for the award period would also become the Student Validation Roster.

By my proposal all payments for every enrolled student could be initiated, disbursed, adjusted, recorded and certified for audit purposes on one document. The kind of roster I am describing could mean, of course, hard copy paper output, or tape, or any other computerized information transfer system currently in use. Such rosters can be provided annually, bi-annually, quarterly, monthly or on any other schedule that is desired to fit the enrollment and cash flow needs of various postsecondary institutions. This proposal also means that the amount of each BEOG would be computed centrally from prerecorded and institutionally verified data, thus eliminating the current rash of mathematical errors that seem to be endemic with hand processing of SER's.

Such rosters will not eliminate any of the difficulties we currently have with erroneous data, the need for corrections, counseling problems and the inevitable administrative difficulties we have with students moving around among institutions and programs. I do see one administrative benefit along these lines: since the SER would no longer be an "official" payment device, students should be able to obtain copies of their SER freely, at any address of their choice, for such purposes as correcting data, changing college attended, etc. What such rosters should accomplish is to move money and record that movement more efficiently than the way we are doing now. Undoubtedly, technical problems will remain and others will materialize, but I strongly believe that something along the lines of this proposal is already overdue and that we should be moving in the direction I propose as soon as possible. It is necessary to plan such movement now if it is to be in place a year hence. We all owe greater efficiency to the student served by the BEOG Program.