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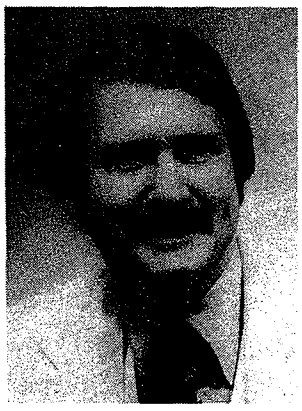
THE INDEPENDENT STUDENT DILEMMA: AN APPROACH TOWARD EQUITY PACKAGING

By Margaret Heisel and Marvin R. Hensley

During the past several years, financial aid administrators have worked to devise a fair and effective method of awarding aid to independent students. The problem in doing so is two-fold: selecting those students who are truly independent of parents' income and assets, and determining the amount and kinds of aid to be granted them. Much of the discussion of the issue up to this time has centered on the first step of the process which requires that a satisfactory definition of independent student status be established. A study at the University of California (UC) at Davis of the issues raised by this definition has led to the placement of greater emphasis on the second step in awarding aid, the assessment of the independent student's need, and packaging of his/her aid.

Attention focused on the problem of the independent student in the mid-1960's. At that time financial aid officers had the responsibility for making individual judgments on each student's independent or dependent status. Some guidance was provided by the regulations for the College Work-Study and the National Defense Student Loan Programs. These guidelines specified that documentation for establishing independent student status should include evidence that during the previous year the student had not received funds for educational costs, had not been claimed as a federal income tax exemption, and had not resided with parents (or others *in loco parentis*).

As the number of independent students grew, however, discussion of the need for more reliable guidelines increased. With the establishment of the Basic Educational Opportunity Grant Program (BEOG) a definition was provided which, with certain minor changes, is accepted by most institutions today. The current BEOG definition requires that an independent student:



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1. Has not and will not be claimed as an exemption for Federal income tax purposes by any person except his/her spouse for the calendar year (s) in which aid is received and the calendar year prior to the academic year for which aid is requested;

2. Has not received and will not receive financial assistance of more than $600 from his or her parent (s) in the calendar year (s) in which aid is received and the calendar year prior to the academic year for which aid is requested; and

3. Has not lived or will not live for more than two consecutive weeks in the home of a parent during the calendar year in which aid is received and the calendar year prior to the academic year for which aid is requested.

Many publications and papers have discussed the issue of the definition. In April, 1974, a national conference on the independent student was sponsored by the College Entrance Examination Board (CEEB) in Dallas, Texas. Papers delivered at that conference considered the independent student issue from sociological, legal, and financial perspectives. Later in 1974, a study prepared by CEEB, "Who is the Independent Student?", examined and evaluated alternative definitions of the independent student.[1] Despite the best efforts of the student aid community, however, the independent student problem has not been resolved. Neither the alternative definitions considered by the CEEB study nor those suggested by others promise to improve substantially the fairness of aid distribution to independent students.

Recently the Department of Health, Education, and Welfare issued a proposed revision in the definition of the independent student. The proposed changes would extend the tax exemption criterion of the current definition to include the year prior to the base year, but at the same time would extend the residence limitation from two to six weeks.

The most obvious weakness of all the definitions that have been used or proposed is their great breadth. The provisions of the present definition, for example, can be met by almost any student who plans a year in advance and whose parents are willing to forego their tax exemption advantage. The breadth of the definition has been necessary, however, in order to allow genuinely self-supporting students from a great variety of backgrounds and situations to be included.

Another reason that the requirements are easily met is that the definitions must be brief and simple enough to allow for quick, easy verification by administrators. Definitions that require more thorough investigation are difficult and expensive to administer and also risk violation of the student's and his/her family's privacy. A further major defect of the present definition, related to those already mentioned, is that two of its elements are impossible to verify. Neither quick nor thorough investigation can reveal whether an applicant has resided with his/her parents for more than two weeks during the previous year, nor whether more than $600 of support has been accepted. In addition, both of these requirements set an arbitrary time period and amount and sometimes exclude truly self-supporting students from the independent student category.

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[1] College Entrance Examination Board, "Who is the Independent Student?", Unpublished paper prepared for the Department of Health, Education, and Welfare, October, 1974.

Aside from these, an even more fundamental and important reason for the failure of the definitions to achieve their purpose is a general lack of agreement about the concept of the "independent student." Except in a limited number of cases, the definition does not describe a group of students whose status as "independent" has been traditionally recognized by society. Rather, the concept has been created as a result of legislative action and rapid changes in the social structure. It is a direct result of the 26th amendment which fixes the age of majority at 18 years and of a recent rise in the number of nontraditional students returning to college. Despite the legislative amendment, however, parental responsibility for the expenses of their children's higher education still has wide public acceptance.

Even among financial aid officers, opinions as to who should qualify for independent status range from those who recognize the claim of any 18-year-old to those who would accept only the claims of orphans or wards of the state. It is not surprising, then, that many parents and students, upon learning for the first time of the provisions for establishing independent student status, regard it as a legalism or a bureaucratic invention. Many parents and students are willing, however, to make use of the category once it is explained to them. The rapidly increasing number of independent students attests to the growing acceptance of the idea.

As a result of the lack of general agreement regarding parental responsibility for students' expenses, the financial aid officer is faced with the problem of maintaining two systems for assigning aid. In each, different kinds of information are required of students in order to judge eligibility for aid. For one group of students, the dependents, a parental contribution is assessed; for the other group, the independents, no parental support is expected. The result of this dual system is that students of not really different circumstances often receive unequal amounts of financial aid.

One solution to this dilemma is to award aid to all students, both independents and dependents, only after calculating and assigning an expected parental contribution. This is not a reasonable alternative in all cases, however. College and university student populations now include many older students who have severed financial ties with their parents a number of years earlier. It is unfair to deny financial aid to these students because of their parents' resources, and there would not be public support for doing so.

The need for reliable guidelines and the lack of success in establishing a viable definition have caused some educators and legislators to search for other solutions to the problem. A recent example of such an effort is Assembly Bill 4027 which the California State legislature passed in its 1976 session. This bill was designed to curb abuse of independent student status by requiring that the resources of applicants' parents be considered in determining their financial need for state-funded grants. (Exceptions are allowed for students who are detertermined to be self-supporting prior to June 30, 1977, or who meet other specified criteria.)

The bill is, in the opinion of the authors, a promising experiment. It modifies the definition and focuses on establishing a different basis for distributing grant aid. The bill requires that a standard measurement, consideration of the

resources of the applicants' parents, be used in allotting grant aid to both independent and dependent students. It does not affect the distribution of loan or term-time employment assistance. For those funds, the current federal definition of independence may be employed and students' full need can be met without consideration of parental resources.

The advantage of this approach is that it offers a reasonable choice to students. No one who meets the provisions of the independent student definition will be denied the means of meeting at least part of his/her postsecondary educational expenses. At the same time, the incentive for choosing independence will be lessened. Students who opt for independent status will understand that they are taking responsibility for their own educational costs through present earnings or through a lien against future earnings.

UC Davis had begun a study of the grant distribution approach to equity awarding of aid a year prior to the 1976 passage of AB 4027. A plan which corresponds closely to the system outlined in the bill was recently adopted although it is somewhat more restrictive in that it does not exempt students who were declared independent by an educational institution prior to July, 1977.

For the 1978-79 academic year, all UC Davis financial aid recipients will be awarded grant aid according to a scale based on a computation of expected parental contribution figures. Independent students will be required to supply their parents' federal individual income tax returns and a Financial Aid Form including parental information in order to qualify for grant funds. Students whose parents are deceased or who are wards of the court will be considered automatic exemptions to this rule. Exceptions will also be made for students who have been part of extremely adverse home situations which are documented and supported by school or appropriate community officials such as a minister or social worker, provided that the student has not received support from his/her family for the preceding 12 months. Students who provide evidence of having established independent status at least three years prior to the academic year for which aid is requested will be recognized as self-supporting. Any other independent student who does not supply parental information will be ineligible for grant funds, but will be awarded available loan and work-study funds up to the amount of his/her need.

This grant distribution plan was adopted after extensive consultation with advisory administrative committees and officers on campus, as well as a thorough study of the proposal within the financial aid office. Approval was given to the plan, first of all, because it fulfills the objectives of the University in offering aid to students. The aim of UC Davis in awarding gift aid is to equalize educational opportunity for its students by providing those from economically deprived backgrounds with the non-repayable aid which their parents are unable to give them.

In accordance with this objective, the plan will provide a mechanism for halting the diversion of grant aid from low-income background students. During the three-year period extending from 1974-75 to 1976-77, the percentage of students receiving aid as independent at UC Davis rose from 52% to 65%. This rate of increase threatened to reduce substantially the amount of grant aid that could

be offered to low-income students in the future. An additional advantage of the new system is that it will permit the establishment of a distinction between independent students of high-income background and those of low-income background. This is an important aspect of the plan, since it can be shown that a high percentage of independent students are of economically deprived backgrounds and assume independent status as a necessity rather than a choice. Under this plan, these students will be eligible for the same amounts of grant aid as their dependent counterparts.

Finally, the plan was judged to be sound because it is based on several logical assumptions about the independent student. It reflects the idea that those who choose independent status must be prepared to assume some adult responsibilities. Traditionally, the parental generation has paid for the education of students (either directly as parents or indirectly as taxpayers). In the case of the independent student, however, a decision has been made to remove this responsibility from the parents. It seems reasonable, therefore, that the responsibility remain with the students by means of their resort to loans and work-study employment, rather than shifting it back to the taxpayers of their parents' generation at the expense of more deserving low-income students. Work opportunities and loans allow the independent student (of high-income background) to provide for at least a part of his/her own education.

The implementation of this plan is expected to result in a much higher percentage of UC Davis grant funds being directed to students of economically deprived backgrounds. In the process of developing the plan, an attempt was made to assess its potential impact on current financial aid recipients. A random sample of 300 independent undergraduate students (out of a total of 3,630 undergraduate financial aid recipients) provided their parents' financial information. Using this information, each student's grant eligibility was computed according to the new plan and compared with his/her current grant. Of the 300 students surveyed, 176 were disqualified from receiving any grant aid because of high expected parental contributions while 127 received larger grant awards. Two students qualified for grant aid neither by current procedures nor under the new plan. Using the new plan, eligible students experienced an average increase of 80% of their grant awards.

A report on the results of the new plan it is hoped can be made at a future time. Meanwhile, a first step toward a fairer assessment of the needs of the independent students, as well as the composition of their aid, is underway. While the definition of the independent student remains elusive, progress can be made toward a more equitable distribution of funds for all students.