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A FEDERAL/STATE/INSTITUTIONAL PARTNERSHIP IN PROVIDING OPPORTUNITY GRANTS FOR FINANCIALLY NEEDY STUDENTS

Joseph D. Boyd

To more nearly reach the goal that no qualified student who wants to seek post-secondary education should be barred for lack of money, the chief executive officers of the twenty-one (21) states with comprehensive undergraduate scholarship/grant programs have recently adopted a position statement.

In full support of the *Education Commission of the States* recent task force report on "Student Assistance", the position statement calls for a federal/state/institution partnership to provide a more equal educational opportunity in *all* the states.

The total dollar needs for student aid are of such magnitude that each of every available source must be used in the years ahead. Parents, the student, federal and state funds, institutional funds, private foundations, and the capital of private lenders must all be used to begin to meet the needs of all students and remove the inequity many students face because of their place of residence.



Joseph Boyd is presently the Executive Director of the Illinois State Scholarship and Loan Commission. He has also served as past President of the National Association of State Scholarship Programs and as Chairman of the Illinois College Testing Commission. He holds a Doctor of Education Degree from Northwestern University.

In the academic year 1971-72, the twenty-one (21) states of the National Association of State Scholarship Programs (N.A.S.S.P.) will assist 626,500 financially needy undergraduates with \$274 million of state funds. Although these states represent 66% of the nation's population, one-third of our college youth are not able to use state programs to help them meet their ever increasing college costs.

Member states of the N.A.S.S.P. provide nonrepayable gift aid programs for financially needy undergraduate students to attend either public and/or private institutions of post-secondary learning without the added requirement of a stated vocational choice, career choice or military service related benefit. The growth of such programs over the past two years is impressive. When compared with 1969-70, the 1971-72 year shows an increase of \$75.0 million assisting an additional 156,000 students.

Two important stated goals are mentioned in our position paper. They are:

(1) The establishment of programs of state financial aid in *all* states for its residents with financial need to attend either public or nonpublic post-secondary institutions and

(2) Recognition of effort on the part of states with existing programs meeting the characteristics of (1) above.

Only a positive response by the Federal Government can accomplish the above goals in all states. Federal legislation is called for which would motivate the twenty-nine (29) states without comprehensive programs to establish such programs. A special form of federal revenue sharing could greatly increase the number of monetary awards available to financially needy undergraduate students. The insured educational loan program has already demonstrated that federal/state partnership is plausible and workable. An involvement of federal funds can serve as an incentive for all states to initiate, retain, or increase their commitment of student aid funds.

State gift aid programs have existed to fulfill many purposes. Two of the major purposes are:

(1) *To provide for freedom of choice* in the selection of an appropriate post-secondary institution. The continued existence of many outstanding non-public institutions of higher learning is seriously threatened by fiscal problems and the preservation of strong public and non-public institutions is deemed to be an economic necessity and a desired educational goal. Comprehensive state programs can and have saved the state taxpayer additional expense by the diversion of students from public to private institutions. Without this diversion, the needed funds for operational and capital costs at tax-assisted state universities would far exceed the cost of a monetary award for the needy student to attend a private college.

(2) *Only modest borrowing* should be a part of financing a student's college cost. Any plan to assist students with college costs through excessive borrowing is deemed unwise and not an acceptable answer to extend post-secondary opportunities to students from low and moderate income families.

Total college debt which exceeds \$2,500 is considered excessive.

The historic purposes stated above, are best fulfilled in states with comprehensive programs. Limited federal nonrepayable grants and institutional funds are often not sufficient to permit choice of college or to avoid excessive borrowing.

Specifically, the N.A.S.S.P. asks for federal legislation and appropriations to be passed to provide federal funds for monetary awards to the States. These funds should be available if they match or add to their commitment of State funds to assist financially needy students at public and nonpublic institutions. The N.A.S.S.P. is convinced that more students and institutions will benefit than is currently provided when all States have comprehensive programs related to federal "seed" or incentive funds.

We have recommended that states with a new or emerging comprehensive state scholarship-grant program should be able to qualify for matching federal funds up to \$1 million per year for a period of time not to exceed three successive years.

Furthermore, we have recommended that all states with established comprehensive programs (those in existence three or more years) be able to claim as a federal expense 50% of their investment of state funds used to match or supplement federal E.O.G. recipients or any award given to a student considered as an E.O.G. eligible, but for whom no federal funds were available.

If the two above recommendations were currently in operation, substantially greater numbers of needy students could receive nonrepayable monetary awards and there would be an improved "packaging" of federal/state/institutional sources of aid.

When and if adopted and funded, our position paper would permit the following to take place:

- The institution makes a federal E.O.G. award following federal guidelines
- The state provides a supplementary gift aid award from its funds and receives a federal subsidy for its efforts in investing in the same student
- The federal subsidy received by the states would permit additional students to be assisted

Another long term advantage to our proposal is to keep the maximum value of a federal E.O.G. award at a lower level than otherwise would be possible as college costs increase. When severely needy students are benefitting from federal, state, and institutional efforts, a partnership exists to permit college attendance, freedom of choice, a modest level of borrowing, and a reduced impact of the current inequity now existing among all fifty states.

The members of the National Association of State Scholarship Programs (because of the magnitude and significance of their state-funded aid programs) firmly believe that they have demonstrated a professional competence

in administering financial aid programs based upon an objective assessment of eligibility. Although an institution can consider an applicant in a personal way not possible in most state administered programs, the N.A.S.S.P. membership believes it has achieved certain characteristics of administration which are not always possible in an institutional setting. These differences are:

- Greater standardization, objectivity and equity in eligibility and financial need assessment
- The preservation of freedom of college choice and transferability of an award
- A state-wide network of communicating opportunity
- A smaller per unit cost of administration

Although the above characteristics do support the involvement of state agencies in administering federal student gift-aid funds, it is not the intent of the N.A.S.S.P. of eliminating institution administered federal Educational Opportunity Grants. We only seek a means by which designated state agencies can and should assume an important role as another vehicle to award federal dollars to its residents.

Rich and highly industrialized are the characteristics of the states with established comprehensive state-funded student aid programs. A student's place of residence is a big determinant as to whether or not one might have access to need-dollars for post-secondary learning. Creative federalism (specialized revenue sharing) is challenged to provide incentives or programs to better equalize the opportunities for college attendance, wherever in the fifty states its citizens reside. Funds from Washington D. C., and all the state capitols must be combined to fully extend educational opportunity to all.

We can build on existing programs. The Federal Government should encourage expansion, not substitute for, the nonfederal sources. Certain incentives, or "seed money" must be provided to motivate the twenty-nine states without comprehensive programs. The development of our human resources in all the states should be a national concern of highest priority. Direct action by the Federal Government is the means to implement action to recognize this priority and eliminate current inequities.

The development of significant and comprehensive state programs (permitting freedom of college choice) with some of the funds provided by the Federal Government is, in the opinion of the N.A.S.S.P., the best long range answer as to how to administer student aid funds provided from tax sources. Just as institutions have demonstrated to be a good vehicle of federal funds, the states can also be used as a means to invest federal state dollars in needy students.

Never in the history of this country have so many students sought the "open door" of college for self-fulfillment and preparation for a better future. Never in our history has the cost involved in implementing their decisions been higher. The challenge and goal of our system of post-secondary

education is to be able to demonstrate by word and practice that no young, middle-aged, or senior citizen American (regardless of racial, economic, social background or state of residence), who qualifies and seeks more education, shall be denied the right to attend an appropriate post-secondary educational choice simply because he or she lacks the dollars to make the decision a reality.

The *Education Commission of the States* has stated in its task force report on "Student Assistance" as follows:

"From the standpoint of public policy, the prime need is for a real federal-state-institutional partnership in making equality of educational opportunity more of a reality in this country. Such federal-state-institutional partnership in complementation of efforts alone can assure substantial progress in meeting the needs of students combined with reasonable, efficient and effective allocation of existing and future aid resources."

State scholarship programs are proving to be a relevant and effective response, with the manner in which we open and permit entry and retention to the "doors" of opportunity for post-secondary education. Benefits are derived for the individual, the institution, and society.

What is needed is a public commitment of funds so substantial and adequate as to make it untrue for any financially needy student to say that he simply cannot afford the cost of any education beyond high school.

The National Association of State Scholarship Programs believes its proposal can contribute to the reaching of the above challenge and goal.