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UTILIZATION OF SOCIAL SECURITY

EDUCATIONAL BENEFITS

By Tom Blesch, Paul Novak, Lee Peterson

Background

Single full-time students whose families are eligible to receive Social Security Benefits are eligible for an extension of their Social Security Educational Benefits from age 18 to 22 in light of their continued study. The student brochure entitled "Social Security Checks for students 18 to 22" states:

"Over 600,000 students between the ages of 18 and 22 receive monthly Social Security checks because of the death, disability, or retirement of a parent (or, under certain conditions, a grandparent) who worked long enough under Social Security.

If you attend college but have not completed the requirements for a bachelor's degree, your checks can continue until the end of the semester or quarter in which you become 22. If you attend a trade or vocational school, your checks can continue until you complete your course or for 2 months after the month you reach 22, whichever comes first.

Your checks will stop earlier if you marry, stop attending school, or reduce your attendance below full-time."¹

Benefits such as these have been a source of concern to the financial aid community for some time. Professionals in the field have been searching for a way to assess equitably the effect of such benefits upon family ability to contribute toward student educational expenses.

The extent to which the financial aid community expects such benefits to be utilized for student educational expenses rather than for general family living expenses, affects the amount of other financial assistance for which the student might qualify. Thus, overly severe educational assessment of such funds could reduce the level of eligibility for other student aid resources below the point at which the student could afford to remain in school. Conversely, too lenient treatment of such benefits might result in the over-commitment of other financial aid resources to recipients of Social

This study presents a comparison of the treatment of student Social Security Educational Benefits by State of Michigan Scholarship and Tuition Grant Programs with the actual use of Social Security Educational Benefits as reported on a survey of recipients. Tom Blesch presently serves as Coordinator of the State of Michigan's Scholarship and Tuition Grant Programs; Paul Novak is presently a Title I Evaluator for the Michigan Department of Education; and Lee Peterson is Supervisor of the Information Services Unit within the Michigan Department of Education's Student Financial Assistance Service Area.

¹ *DHEW Publication Number (SSA) 74-10048, February, 1974, page 2.*

Security Educational Benefits (SSEB)²; in effect, poorly managing scarce resources.

The equitable distribution of all types of student assistance usually falls under the general heading of "needs analysis". While the topic of "needs analysis" *per se* is not the focus of this paper, it would be appropriate to make a brief statement regarding the typical computational procedures involved. This background will provide a context for comments made later regarding the various manners in which SSEB are handled. Most needs analysis procedures begin with a review of parental income and assets. After an appropriate allowance has been made for debts, retirement, and living expenses; a portion of any remaining resources is set aside by the computational system involved as an "expected parental contribution" toward the student's educational expenses. To this amount an "expected contribution" toward the student's educational expenses is added. Parenthetically, it should be noted that student resources are normally taxed much heavier in this regard than are parental resources, as it is commonly held that the student has primary responsibility to participate financially in his own education and does not yet have the breadth of financial obligations found in the established household. Such expected parental and student contributions are added together to form the "total expected family contribution". This sum is then subtracted from the student's college budget. If a positive difference is found this amount is defined as "demonstrated need". Various types of student financial aid may then be made available up to this predetermined "demonstrated need" amount so that insufficient resources do not preclude college attendance.

From the above description it can be seen that student educational benefits such as those provided by the Social Security Administration must either be considered a parental resource or a student resource if they are not to be ignored. To the extent that SSEB are considered part of parental income they are less heavily assessed for expected educational contribution purposes, thus producing potentially larger student eligibility for other types of assistance. However, to the extent that these SSEB are considered as student resources they are taxed more heavily and may limit the student's ability to demonstrate financial need.

While little consensus has been forthcoming regarding the treatment of special educational benefits, historically SSEB have been reviewed according to one of the following three procedures for needs analysis purposes:

1. Add all such benefits to regular parental income, thus minimizing the impact of these funds on eligibility for other educational resources.
2. Dividing such benefits between parental income and student resources in some manner, depending upon the family's overall financial circumstances. This approach apportions both the dollars and impact of SSEB somewhere between options one and three. The portion of such funds combined with student resources increases as indicators of fam-

² In the remainder of this paper the term Social Security Educational Benefits is abbreviated as SSEB.

ily financial strength improve: the assumption being that there should be less demand on these benefits within the home.

3. Consider all such benefits directly as part of student resources. This approach maximizes the impact of SSEB on student eligibility for other resources as it assumes that all or most of the SSEB funds can be applied directly against educational expenses.

A variety of arguments have been put forth supporting these various approaches but, for the most part, they have been based upon emotion and an individual sense of justice. Little research has been done documenting how such benefits are used.

The Basic Educational Opportunity Grant Program (BEOG) is a case in point. The administrative guidelines for BEOG stipulate that student SSEB are to be considered an educational resource. During the first two years of that Program (1973-74 and 1974-75) a severe assessment was made, designating these funds as "special student educational benefits" and allotting them directly toward educational expenses. For 1975-76, however, the BEOG Program has adopted a more liberal stance and these benefits are processed as part of parental income, thereby sizeably reducing the impact that these funds will have on Basic Grant dollar eligibility. This change was made at least in part because financial aid administrators felt the prior practice was not consistent with actual spending patterns. However, little documentation is available to support either practice.

In like manner, Pyrdol, writing in the *Financial Aid Report* published by College Scholarship Service recently reported concern that, at the University of Connecticut, it would be unrealistic to expect full utilization of SSEB toward actual educational expenses.³ However, no specific evidence was provided regarding realistic utilization rates.

While it is realized that documentation regarding reported utilization would not necessarily preclude continued operation according to a contrary theory based upon firm philosophic commitment toward a specific manner in which such funds "should" be spent; such evidence would provide a more tangible reference point against which such important policy decisions could be made.

Procedures

With these concerns in mind, the State of Michigan Competitive Scholarship and Tuition Grant Programs decided to survey students that participated in their programs during the 1973-74 school year who also reported receiving SSEB that year, to determine how Program assessment of these benefits related to the reported utilization.

During 1973-74 these Michigan Programs assessed SSEB as follows:

1. If the expected parental contribution was equal to, or less than, \$1,100 (College Scholarship Service — CSS — maintenance level for 1973-74), all SSEB were added to parental income for analysis purposes.

³ Pyrdol, John. "A Closer Look at Social Security Benefits", *Financial Aid Report*, CEEB, New York, Volume 3, No. 3, June 1974, page 1-3.

2. If the expected parental contribution exceeded the \$1,100 CSS maintenance figure, the student SSEB were divided evenly between parental income and direct student resources.

A similar policy has been used by the State of Michigan Student Aid Programs for several years, and there was concern whether this procedure accurately reflected the manner in which SSEB were being utilized.

At the end of the 1973-74 school year a questionnaire and cover letter were developed and distributed to all 2,163 State Scholarship and Tuition Grant recipients who had reported receipt of SSEB for that year. This survey was limited to dependent students, thus making the CSS Parents' Confidential Statement (PCS) the vehicle for needs analysis consideration. From this initial group responses were received from 1,083 families (50%). After review of the returned questionnaires it was determined that 1,060 (49%) had sufficient data to permit utilization in the study itself.

Summary of Data

The following table presents the average results found when the survey data on SSEB utilization was compared with key PCS and system expectations regarding use of these benefits across all 1,060 respondents.

TABLE 1 — Overview of Reported Data

Variable	Mean 1973-74 Data on All 1,060 Respondents	Source of Data
Net Family Income	\$ 7,244	1973-74 PCS
Net Family Asset Worth	20,774	1973-74 PCS
Expected Parental Contribution	580	1973-74 PCS
Total Family Social Security Benefits	\$ 3,777	Survey Form
Total Social Security Educational Benefits (SSEB)	1,415 (100%)	Survey Form
+ Educational Benefits Reportedly Used For Education	1,116 (79%)	Survey Form
+ Educational Benefits Reportedly Retained In Home	290 (21%)	Survey Form
Total Other Family Social Security Benefits	2,363	Survey Form
Expected <i>Direct</i> ⁴ Use of Social Security Educational Benefits (SSEB) For Education	\$ 145	Application of Michigan Program Formula to Survey Data ⁴
Expected <i>Indirect</i> ⁴ Impact on Expected Parental Contribution of Social Security Educational Benefits (SSEB) Allotted to Family	300	Application of Michigan Program Formula to Survey Data ⁴
Difference Between Sum of Direct and Indirect Expected Educational Utilization and Reported Educational Utilization	\$ 671	Computed From Above Data

⁴ For the purpose of this paper, the *indirect* SSEB is a measure of the increased expected parental contribution resulting from the increase in a family net income due to the inclusion of these student benefits. *Direct* SSEB, on the other hand, represents that amount of the Social Security Benefits combined with student resources and charged directly against educational expenses. A more detailed description of direct and indirect Social Security Benefit distinction and impact is found in its entirety in the Appendix at the end of the paper.

While some rounding is present in the data, reported educational utilization of SSEB far exceeds the amount *directly* allocated by the system utilized by the State of Michigan Financial Aid Programs, and sizeably exceeds even the sum of *direct and estimated indirect* system allocations for this purpose.

The underlying purpose of traditional systems of needs analysis determination, such as that employed by the State of Michigan Student Aid Programs, has been to assess equitably the differential ability of families with varying resources to contribute toward their students' educational expenses. Assumptions made concerning the expected educational utilization rate of SSEB represents an integral part of this process for families whose economic portfolios include receipt of Social Security assistance. Therefore, when apparent discrepancies are noted between expected and reported utilization of such funds, it is important to determine whether such differences occur throughout all resource brackets or are unique to certain economic segments of society.

Three potential barometers of relative family economic strength are (1) expected parental educational contribution level since this is a direct function of all parental resources, (2) actual parental net income level, and (3) actual parental net asset range ("Net Worth" in College Scholarship Service needs analysis parlance). Tables two through four highlight the differences between reported and expected (*direct and indirect* combined — see footnote 4) educational utilization of SSEB for all 1,060 survey respondents across these three variables.

While some of this raw data inevitably suffers from rounding errors, it provides some interesting insights as to the overall availability of SSEB across various socioeconomic ranges and any differences which might exist between reported and expected utilization of such funds.

It is interesting to note in this regard that there is no apparent inverse relationship between the size of total family Social Security Benefits or total SSEB reported and the various measures of parental economic strength considered (expected parental contribution, parental net income, parental net asset worth). In fact, to a limited extent at lower economic levels, a direct relationship appears to be present here. Evidently, the method by which Social Security Benefits are calculated prohibits such a simple inverse relationship. As the publication entitled "Your Social Security" indicates:

"Amount of monthly checks — Social Security checks are based on your (wage earner) average earnings over a period of years. The amount of benefits to your dependents or survivors also depends on your average earnings."⁵

Thus, the more wages earned and paid into the wage earner's overall Social Security account, the more benefits that will ultimately be available. Therefore, it appears reasonable that there be somewhat of a direct rela-

⁵ "Your Social Security" DHEW Publication No. (SSA) 74-10035, February, 1974, p. 15.

COMPARISON OF REPORTED AND EXPECTED (DIRECT AND INDIRECT)* EDUCATIONAL UTILIZATION OF SOCIAL SECURITY EDUCATIONAL BENEFITS FOR 1973-74 BY OVERALL:

Table II - Expected Parental Contribution Range, Table III - Parental Net Income Range, Table IV - Parental Net Asset Worth (Net Worth) Level

Overall Expected Parental Contribution		Comparative Educational Utilization								
Ranges	Average Amount	Mean Survey Reported Family Social Security Benefits for 1973-74	Mean Survey Reported Social Security Educational Benefits for 1973-74							
		Mean Survey Reported Educational Utilization of Benefits	Mean Michigan System Expected Educational Utilization							
		Amount	Amount							
		%	%							
		Direct*	Indirect*							
		Amount	Amount							
		%	%							
		Combined Direct & Indirect Total	Combined Direct & Indirect Total							
		Amount	Amount							
		%	%							
		Difference Between Reported And Expected Educational Usage of Social Security Benefits (Reported - Expected Total)								
\$ 0-220	\$ 31	\$ 3,731	\$ 1,377	\$ 948	69%	\$ 0	\$ 31	\$ 31	27%	\$ 917
221-440	320	3,963	1,433	1,170	82	0	320	320	22	850
441-660	544	3,831	1,520	1,166	77	0	390	390	26	922
661-880	768	3,900	1,514	1,312	87	0	430	430	28	882
881-1,100	994	3,628	1,345	1,142	85	0	394	394	29	746
1,101-1,320	1,198	3,771	1,429	1,271	89	715	200	915	64	356
1,321-1,540	1,408	3,730	1,426	1,298	91	713	260	973	68	325
1,541-1,760	1,642	3,786	1,552	1,405	91	776	310	1,086	70	319
1,761-1,980	1,845	3,417	908	816	90	454	261	715	78	101
1,981-2,200	2,105	4,529	1,584	1,547	98	792	331	1,123	71	424
2,201-2,420	2,275	3,770	1,303	1,303	100	652	292	944	72	359
2,421-2,640	2,436	4,075	660	440	67	330	100	430	65	10
2,641-2,860	2,676	4,320	2,160	2,160	100	1,080	576	1,656	77	504
2,861-3,080	2,952	1,560	780	780	100	390	271	661	85	119
3,081-3,300	Blank Cell									
3,301-3,520	3,311	1,410	470	470	100	285	95	380	80	90
3,521-3,740	3,545	4,314	2,157	2,157	100	1,079	593	1,672	78	485
3,741-3,960	Blank Cell									
3,961-4,180	Blank Cell									
4,181-	Blank Cell									
Totals/Avg.	\$ 580	\$ 3,777	\$ 1,415	\$ 1,116	79%	\$ 145	\$ 300	\$ 455	31%	\$ 671

TABLE III

Parental Net Income Range	Average Expected Parental Contribution	258	\$3,320	\$1,485	\$1,037	70%	\$ 15	\$ 10	\$ 25	2%	\$1,012
0-5,000	\$ 62	258	\$3,320	\$1,485	\$1,037	70%	\$ 15	\$ 10	\$ 25	2%	\$1,012
5,001-10,000	567	606	3,939	1,423	1,146	80	97	390	487	34	659
10,001-15,000	1,238	171	3,855	1,308	1,133	87	448	237	685	52	448
15,001-20,000	1,770	24	4,124	1,196	1,076	90	575	280	855	71	221
20,001-	1,858	1	1,971	1,971	1,971	100	985	269	1,254	64	717
Totals/Avg.	\$ 580	1,060	\$3,777	\$1,415	\$1,116	79%	\$ 145	\$300	\$ 455	31%	\$ 671

TABLE IV

Parental Net Asset Worth Range	Average Expected Parental Contribution	286	\$3,295	\$1,278	\$ 978	77%	\$ 64	\$303	\$ 367	29%	\$ 611
0-10,000	\$ 303	286	\$3,295	\$1,278	\$ 978	77%	\$ 64	\$303	\$ 367	29%	\$ 611
10,001-20,000	622	323	3,797	1,377	1,081	79	157	331	488	35	593
20,001-30,000	634	211	4,081	1,508	1,205	80	164	410	574	38	635
30,001-40,000	752	123	4,070	1,510	1,247	83	161	420	581	38	666
40,001-50,000	686	52	3,913	1,708	1,228	72	143	395	538	32	690
50,001-60,000	1,013	33	4,239	1,465	1,274	87	454	213	567	39	707
60,001-	1,025	32	4,054	1,506	1,281	85	357	260	617	41	664
Totals/Avg.	\$ 580	1,060	\$3,777	\$1,415	\$1,116	79%	\$ 145	\$300	\$ 445	31%	\$ 671

*See footnote 4 for explanation of determination process.

tionship between resource level and overall eligibility as opposed to the strict inverse relationship that is imposed by most purely need based public assistance programs. The Social Security eligibility formula is also complicated by family size and other variables which make interpretation difficult.

Current earnings, however, can and do impact upon Social Security Benefit eligibility in most cases. In this regard the booklet "Your Social Security" notes that:

"After you (wage earner) start getting Social Security checks, they will continue unless your circumstances change and cause payments to stop.

If you go back to work and are under 72 your earnings may effect your Social Security Benefits. You don't have to stop working completely though to get Social Security Benefits. Beginning in 1974, you can earn as much as \$2,400 in a year without having any benefits withheld. If your annual earnings go over \$2,400 we withhold \$1 in benefits for each \$2 in earnings over \$2,400."⁶

Similar earnings limitations are imposed upon students receiving SSEB on the basis of the family's overall Social Security eligibility. Thus, while such benefits are not totally tied to the family income situation, resources are not totally ignored; and this may be in part the basis for the apparent shift away from a more or less direct relationship between resources and reported Social Security eligibility to somewhat of an inverse relationship between these variables at relatively high economic levels. The survey instrument, however, did not provide for the kind of sophisticated analysis of the SSEB recipient population that would be needed to fully examine and interpret the factors undergirding these potential interrelationships. Such was not the purpose of this particular study, but might merit further subsequent investigation.

It is important to note, however, that there did appear to be a direct linkage between each measure of family economic strength employed and the SSEB recipient population that would be needed to fully examine and reported dollar and percentage utilization). This trend is not uniform in the data, but it occurs frequently enough to lead one to conclude that family financial circumstances do indeed influence utilization patterns of SSEB. This underlying relationship should be kept in mind throughout these efforts to evaluate the precise relationship between expected and reported educational utilization rates for these benefits.

Looking specifically at present reported and expected (direct and indirect) expenditure of SSEB for educational purposes, for this sample, it becomes apparent that some discrepancies do exist. In all economic situations noted, reported educational use of SSEB appears to exceed their expected (direct and indirect) usage as prescribed under the State of Michigan Competitive Scholarship and Tuition Grant Programs. Reported educational usage of student SSEB varies from about 75% of such funds at lower parental resource levels to approximately 90-100% at upper parental economic levels. Expected educational utilization (direct and indirect) of these same

⁶ *Ibid.*, page 20.

funds, on the other hand, ranges from roughly 5% to 75% across these same variables.

The difference between reported and expected (direct and indirect) educational utilization rate of SSEB is largest at lower parental resource levels and seems to persist if the raw respondent data is reviewed along any number of other noneconomic variables. Table V highlights these differences over a variety of variables:

TABLE V
Comparison of Reported and Expected (Direct and Indirect)
Educational Utilization Rates of Social Security Education Benefits (SSEB)
Across Selected Family Variables for 1973-74⁷

Variable Under Consideration	Mean Reported Social Security Educational Benefits (SSEB)	Mean Reported Social Security Educational Benefits (SSEB) Used For Educational Expenses	Mean State of Michigan System Expected Educational Utilization			Difference (Reported-Expected Total)
			Direct*	Indirect*	Total	
Student Sex						
1. Male	\$1,437	\$1,101	\$144	\$320	\$464	\$637
2. Female	1,396	1,134	148	330	478	656
School Type Attended						
1. Public 2 yr.	\$1,456	\$1,150	\$ 65	\$320	\$385	\$765
2. Public 4 yr.	1,433	1,105	130	360	490	615
3. Private	1,379	1,128	185	336	521	607
Number Dependent Children In Home						
1. One	\$1,547	\$1,251	\$136	\$410	\$546	\$705
2. Two	1,544	1,185	184	423	607	578
3. Three	1,246	1,013	133	330	463	550
4. Four or More	926	671	114	268	382	289
Number of Students In Postsecondary Study						
1. One	\$1,444	\$1,135	\$136	\$300	\$436	\$699
2. Two	1,400	1,126	189	336	525	601
3. Three	998	794	98	265	363	431
4. Four or more	768	506	253	201	454	52
Year In School						
1. Freshman	\$1,435	\$1,144	\$162	\$330	\$492	\$652
2. Sophomore	1,446	1,114	148	418	566	548
3. Junior	1,430	1,125	131	395	526	599
4. Senior	1,110	931	60	320	380	551

*See footnote 4 for explanation of determination process.

7 Note — A separate adjunct to this study is now under way which will further investigate the impact of variables such as these on different scores created as part of this study between expected (*direct only*) and reported educational utilization of SSEB for 1973-74 across this population. By subjecting these different scores to scrutiny under analysis of variance designs established using these economic and family variables, and by subjecting the difference scores to regression analysis based upon these variables; it is hoped that more can be learned about the nature of differences between reported utilization of such benefits and that amount expected as *direct* educational impact from these resources by the State of Michigan Student Aid Programs.

The data presented throughout this study appears to show a consistent pattern of difference between the extent to which the families sampled reported that SSEB were utilized for education related expenses and the degree to which the Michigan Student Aid Programs have taxed these resources for this purpose. These perceived differences must be tested statistically, however, to determine whether they represent other than chance occurrences. Table VI reports upon the results of a two-tailed t-test run for this purpose upon the overall discrepancies noted in the data:

TABLE VI
Statistical Significance of Overall Data Differences

Item	Sample Cases Below \$1,100 Expected Parental Contribution	Sample Cases Above \$1,100 Expected Parental Contribution	Total Combined Sample Cases
1. Sample Size (N)	841	219	1,060
2. Reported Average Data:			
a. Total Social Security Educational Benefits (SSEB)	\$1,417	\$1,406	\$1,415
b. Social Security Educa- tional Benefits (SSEB) Kept in Home	\$ 317	\$ 145	\$ 290
c. Social Security Educa- tional Benefits (SSEB) Used for Education	\$1,079	\$1,260	\$1,116
3. Expected Educational Utilization			
a. Direct	\$ 0	\$ 703	\$ 145
b. Indirect	\$ 250	\$ 340	\$ 300
c. Total	\$ 250	\$1,043	\$ 445
4. Difference Score (Reported-Expected)			
a. Direct	\$1,079	\$ 557	\$ 971
b. Total	\$ 829	\$ 217	\$ 671
5. Significant Difference			
a. Direct only	Yes at .01 Level	Yes at .01 Level	Yes at .01 Level
b. Total	Yes at .01 Level	Yes at .01 Level	Yes at .01 Level

While there evidently are some rounding errors present, the conclusion is clear — the data shows that reported educational utilization of SSEB is significantly higher than that expected by assessment procedures utilized in the State of Michigan Financial Aid Programs. This holds true both when only direct educational assessments by this system are considered and when an estimation of the indirect impacts are included via incorporation of projected changes in overall expected parental educational contribution level based on the amount of survey reported SSEB which would return to general family resources. Thus, it appears that the present assessment of student SSEB in the State of Michigan Financial Aid Programs is more liberal than year-end family reported practices would actually support.

While this study has documented some statistically significant differences between the Michigan analysis system's expected overall contribution from

SSEB and year-end reported utilization of these same resources; arguments can of course be raised with the validity of the type of data reported. For example, it can be suggested that since the survey forms utilized were not anonymous the families in question might have felt undue pressure to report a high educational utilization rate even though the instructions specifically stipulated that there would be no connection with individual State awards. Respondent identification was needed in this study so that questionnaire data could be matched with State Program file data and thus preclude the need for an inordinately long questionnaire. There is no foolproof method for insuring objective and candid response in such survey research. However, it should be pointed out here that if there was perceived psychological pressure on the part of the respondents to color their response in the direction of their own anticipated self-interest, the data should actually be biased in the direction opposite to the differences found. Extremely high reported educational utilization rates would support providing less assistance from other sources of aid such as the State of Michigan Student Aid Programs. This factor makes the direction of the discrepancies noted in this study even more meaningful.

Another argument which can be raised with regard to such a utilization study is that while the results showed a significantly higher educational use rate from SSEB than demanded by the State Program needs analysis structure, how do we know that these dollars did not simply replace other expected family contribution funds. This is another intriguing question for it is obvious that the distinction between various types of resources is not maintained once these funds reach the home. However, there are several points which would tend to minimize the impact of such a "trade-off" if it did actually take place. First, it can be noted that the mean expected parental contribution for all respondents was only \$580. The study further projected that an average of roughly \$300 of that amount could actually be attributed to the *indirect* impact of SSEB which the Michigan Program needs analysis system would return to the family income. This leaves a mean parental contribution of only \$280 expected from parental income and assets exclusive of the student's SSEB returned to *family* income. This compares with a reported average educational contribution of some \$1,116 from SSEB alone. Thus, the reported SSEB contribution dwarfs the full expected parental contribution and the discrepancy would simply be greater yet if the expected parental input from other resources was not forthcoming. In addition, previous research on the entire State Program's student population would tend to indicate that reported parental contribution to student educational expenses tend to fall below expectations across all portions of the student population.⁸ Thus, "undercontribution" would not be a phenomenon unique to Social Security families since it may be evidenced across the full range of family economic circumstances. This phenomenon again only

8 Peterson, D. L. *A Study of the Accuracy of Expected Family Contributions and School Budgets Used in Processing Student Financial Aid Requests in Michigan for the 1971-72 Academic Year*, Thesis, MSU, 1973.

serves to reinforce the meaningfulness of the high level of educational usage reported.

The above arguments tend to suggest that perceived self-interest and traditional parental "undercontribution", should dictate reported educational utilization rates from SSEB, either lower than or at most equal to system expectations in this area. Thus, the fact that reported educational utilization rates of these funds significantly exceeded expectations, countering expected trends, makes the results noteworthy. This trend, of course, needs to be replicated under other circumstances and upon other populations; but if the pattern is validated it carries weighty implications for the public policy decisions which must implicitly or explicitly be made in conjunction with this specific segment of formal needs analysis theory and practice.

APPENDIX

Direct expected educational utilization rate was computed on each respondent by identifying that family's CSS expected parental contribution figure for 1973-74 from the PCS. If it was \$1,100 or below, as pointed out earlier, the State of Michigan system mandated that all such benefits should be retained in the home, so a direct expected educational utilization figure of \$0 was entered. If the family's expected parental contribution figure exceeded \$1,100, as dictated by the analysis system, the total Social Security Educational Benefit (SSEB) figure reported on the survey form was divided by two, and the quotient was entered as the student's expected direct educational utilization figure. Simply summing all of these either \$0 or reported educational benefits/2 figures and dividing the overall sum by 1,060 (the number of useable responses) generated the \$145 in question.

Indirect impact of Social Security Educational Benefits (SSEB) upon actual expected family contribution toward education was computed in a somewhat different manner. The average number of dependent children reported by the respondents on the survey was approximately 2.0. It was also known that the average amount of Social Security Educational Benefits (SSEB) which the Michigan system returned to the home for general parental use across these respondents was \$1,270 (\$1,415 in average reported Social Security Education Benefits (SSEB) minus the \$145 in average direct expected educational allocation defined above). In addition, the data generated by the study produced an average expected parental contribution of \$580. Using these pieces of information, the net effect on resultant expected parental contribution of the student educational benefits which the Michigan system returned to the family can be determined. This was done by returning to Table E of the 1973-74 CSS needs analysis handbook. This table establishes the expected parental contribution figures for various "adjusted effective" parental resource figures which are essentially the parental resources available after all allowable deductions have been made and thus in part assumed to be available to meet educational expenses of the student. By deducting the aver-

age \$1,270 in educational benefits returned to the home from the "adjusted effective income" figure for an average two child family which initially precipitated the \$580 average expected parental contribution figure, and then identifying the revised expected parental contribution figure that the needs analysis system produces for this lowered "adjusted effective income" figure; the average impact of the Social Security Educational Benefit (SSEB) dollars returned to the home on expected parental contribution can be computed. This process indicates that approximately \$300 of the \$1,270 returned to the parents would be required of them by way of increased expected parental contribution. Thus, in effect, it becomes an indirect assessment of student Social Security Benefits toward educational expenses. The combination of these *direct* and average *indirect* Michigan system utilization expectations represents the full educational taxation made against reported Social Security Educational Benefits (SSEB). It is this sum, therefore, that must be compared against reported educational utilization of such resources. In subsequent tables this process of deducing the average "indirect" impact of Social Security Educational Benefits (SSEB) returned to the home is calculated on the specific subsamples in question.

MAKING IT: A GUIDE TO STUDENT FINANCES

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