

Journal of Student Financial Aid

Volume 20 | Issue 2

Article 4

7-1-1990

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Recommended Citation

Case, Joe Paul (1990) "Is Simpler Always Better?," *Journal of Student Financial Aid*: Vol. 20 : Iss. 2 , Article 4.
Available at: <https://ir.library.louisville.edu/jsfa/vol20/iss2/4>

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in this regard. The political arena in which it was developed and in which it resides does not lend itself to publication of such statements. (The public does not tend to reward politicians who are too candid.) There is no place to which one can refer to determine whether any particular feature of the Congressional Methodology exists because it was copied from the Uniform Methodology, because it was an error or oversight, or because it implements a desired and defined philosophy. Subsequent modifications are likely to be made because vocal constituents want them, whether they conform to the philosophy of the rest of the formula or not. Since Congress is unlikely to relinquish control of the formula, this is a fact of life. It is the political process and some will find that very appropriate. (The exercise of "professional judgment," the traditional financial aid strength of placing a human between the formula and the student, is certainly made more difficult when there is not a consistent philosophy to serve as a guide.)

A student aid program should be configured to accomplish specific results. The results that Congress now wishes the Pell Grant program to accomplish, given the current state of higher education participation and the funding climate, are not very clear. Is the money to be scattered among the many or concentrated on the few? If the many, how many? If the few, which few? What are the priorities?

In summary, I don't find Mr. Fischer's arguments for adopting the Congressional Methodology as the single formula to be persuasive. Until a coherent philosophy of need analysis and a specific current purpose for the Pell Grant program are defined, it will be difficult to derive or adopt a single analysis formula to determine both. If you don't know where you are trying to go, how can you possibly tell when you've gotten there? ♦

Is Simpler Always Better?

by Joe Paul Case

The direction of Fred Fischer's paper has great appeal. Since the introduction of the Pell (then Basic) Grant formula in the early 1970's, financial aid administrators have wanted to simplify the student aid delivery process by using a single need analysis procedure for all federal Title IV programs. Simplification has merit, but implementation of Mr. Fischer's proposal, without alteration, could cause serious financial harm to many current Pell Grant recipients and their institutions. Mr. Fischer focuses too much on the budgetary advantages of adopting the Congressional Methodology for Pell Grant purposes, without giving sufficient attention to the potential dislocations that outright movement to an unadapted methodology would cause.

He has demonstrated that, contrary to popular opinion, in most cases the expected family contribution under the Congressional Methodology ("general need analysis") is greater than the contribu-

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tion derived from the Pell Grant formula.

With an eye to finding ways to reduce federal expenditures, he suggests that the Congressional Methodology be substituted for the Pell Grant formula. Since larger expected family contributions are the rule, he anticipates the objections that would be raised because of diminished Pell Grant awards. He argues that, if the Congressional Methodology were to produce an appropriate measure of family ability-to-pay, then the resulting distribution of Pell Grants would be appropriate.

If one applies Mr. Fischer's suggested substitution to the population that filed Financial Aid Forms at Amherst College for 1990-91, there would be substantial change in Pell Grant eligibility.

Table One (on the following page) illustrates the resulting shift in resource allocation.

My institution's filing population is atypical of the national filing population because it is largely made up of dependent students with only a scattering of independent students. Even so, I believe the point is valid. Because of students' own resources and regardless of the straitened circumstances of their families, there would be significant erosion of Pell Grant funding.

Mr. Fischer has identified the expected student contribution as the crucial difference between the products of the Congressional Methodology and the Pell Grant formula. The Congressional Methodology prescribes certain minimum levels of contribution for students, as follows.

Dependent first-year students	\$700
Other dependent students	\$900
Single independent students without dependents	\$1,200
Other independent first-year students	\$154 or less
Other independent students	\$198 or less

By contrast, the Pell Grant formula has no minimum student income contribution. Furthermore, for dependent students, it affects the family unit as a whole by allowing a student's income and asset resources to offset deficiencies in parents' resources.

If the Congressional Methodology result were used *without modification*, the only students who would ever have a maximum award would be independent students who are married or who have dependents and who have a negative income supplement offsetting their available income. To devise an award schedule in which the maximum award is essentially unattainable for the great majority of students is to hold out a hollow promise of Pell Grants providing basic access to postsecondary education.

Simplification should not be dismissed because of this objection. Instead, ways of dealing with this problem should be found. There are at least two approaches: (1) adjust the payment schedule so that students can achieve maximum awards at minimum contribution levels, or (2) alter the Congressional Methodology as it is used for the Pell Grant index.

"Mr. Fischer's proposal, without alteration, could cause serious financial harm to many current Pell Grant recipients and their institutions."

TABLE 1
Comparison of Congressional Methodology (CM) and Pell Grant Need Analysis

Parental Income	Dependent Students						Independent Students					
	Number	Average		Pell Grant Using:		Aggregate Pell Grant:	Number	Average		Pell Grant Using:		Aggregate Pell Grant:
		CM EFC*	Pell Grant Index	CM EFC*	Pell Grant Index			CM EFC*	Pell Grant Index	CM EFC*	Pell Grant Index	
\$ 0-\$ 2,999	34	\$2,258	\$625	\$0	\$1,611	\$0	\$0	\$0	\$0	\$0	\$54,774	
\$ 3,000-\$ 5,999	26	1,494	478	740	1,829	19,240	19,240	19,240	19,240	19,240	47,554	
\$ 6,000-\$ 8,999	57	2,086	829	0	1,393	0	0	0	0	0	79,401	
\$ 9,000-\$11,999	44	2,908	2,001	0	0	0	0	0	0	0	0	
\$12,000-\$14,999	51	3,785	3,093	0	0	0	0	0	0	0	0	
\$15,000-\$17,999	86	3,068	2,554	0	0	0	0	0	0	0	0	
\$18,000-\$20,999	78	3,641	3,166	0	0	0	0	0	0	0	0	
\$21,000-\$23,999	70	3,721	3,232	0	0	0	0	0	0	0	0	
\$24,000-\$26,999	75	4,404	3,975	0	0	0	0	0	0	0	0	
\$27,000-\$29,999	72	4,533	3,549	0	0	0	0	0	0	0	0	
\$30,000 or More	1,950	15,496	10,945	0	0	0	0	0	0	0	0	
TOTAL							\$19,240				\$181,729	

Student's Income	Dependent Students						Independent Students					
	Number	Average		Pell Grant Using:		Aggregate Pell Grant:	Number	Average		Pell Grant Using:		Aggregate Pell Grant:
		CM EFC*	Pell Grant Index	CM EFC*	Pell Grant Index			CM EFC*	Pell Grant Index	CM EFC*	Pell Grant Index	
\$ 0-\$ 999	12	\$1,202	\$0	\$957	\$2,300	\$11,484	\$11,484	\$11,484	\$11,484	\$11,484	\$27,600	
\$ 1,000-\$ 1,999	11	1,311	0	849	2,300	9,339	9,339	9,339	9,339	9,339	25,300	
\$ 2,000-\$ 2,999	5	4,289	2,389	0	0	0	0	0	0	0	0	
\$ 3,000-\$ 3,999	13	1,287	0	957	2,300	12,441	12,441	12,441	12,441	12,441	29,900	
\$ 4,000-\$ 4,999	8	2,278	291	0	2,046	0	0	0	0	0	16,368	
\$ 5,000-\$ 6,999	6	4,950	2,118	0	0	0	0	0	0	0	0	
\$ 7,000-\$ 8,999	6	2,550	361	0	1,938	0	0	0	0	0	11,628	
\$ 9,000-\$10,999	8	3,513	1,546	0	631	0	0	0	0	0	5,043	
\$11,000-\$12,999	10	5,417	2,699	0	0	0	0	0	0	0	0	
\$13,000 or More	24	9,733	9,056	0	0	0	0	0	0	0	0	
TOTAL							\$33,264				\$115,844	

*Congressional Methodology Expected Family Contribution.

The first approach is more complex administratively and is, therefore, not so clear to the grant recipient population. A similar approach has, nevertheless, been adopted in Massachusetts to handle the application of the Congressional Methodology to the awarding of state scholarships.

The second is more appealing administratively. The result of the Congressional Methodology, before application of contribution minimums, may be zero or even negative. In the instance of parents' contribution calculations, the arithmetic result of allowances subtracted from total income or of a negative income supplement added to available income may be zero or negative. A provision of the statute, however, determines that the resulting parents' contribution cannot be negative. Similarly, for independent students who are married or who have dependents, a shortfall in resources to cover the standard maintenance allowance may be added to the student expense budget according to Department of Education interpretations. The result is, in effect, a negative contribution. If a provision for expected family contributions lower than the minimum student income contributions were adopted for Pell Grant purposes, vertical equity would be better served and the very neediest students would still have access to maximum Pell Grants within a simplified, single need analysis scheme.

Mr. Fischer observes the anomaly of married independent students without dependents being treated differently under the Congressional Methodology and Pell Grant formula. This group is the only one in which the expected family contribution under the Congressional Methodology is less than the Pell Grant index. (I take exception to his characterization of this 5 percent population as "trivial" in size—especially at community colleges, urban institutions, and trade schools.) He comments that the Pell Grant approach appears to be more equitable both theoretically and practically. I believe most student aid administrators would support alteration of the Congressional Methodology to incorporate the Pell Grant formula's treatment of these students.

Citing the Keppel Task Force's *Final Report*, Mr. Fischer asserts that need analysis is fundamentally subjective and judgmental. On the whole he is right, but there is at least some empirically informed theoretical structure to need analysis to which he has given short shrift. Namely, the standard maintenance allowance is based on the Bureau of Labor Statistics definition (albeit now quite dated) of a lower budget standard and family size equivalencies. In addition, the first assessment rate on adjusted available income is based on the ratio of costs for a student's support in an intermediate standard family budget to the costs for supporting the entire family unit. The theoretical base is that a family is first able to contribute toward a student's postsecondary expenses at the lower budget standard and is able to provide for basic maintenance and begin contributing toward other costs (e.g., tuition) at the intermediate budget standard. Certainly judgments are involved in these points, but the methodology is objective, rather than subjective, in this approach.

"Small Pell Grants provide little incentive for pursuing postsecondary education."

In considering the definition of cost of attendance, Mr. Fischer finds that use of the Congressional Methodology's definition in place of the Pell Grant definition would have negligible fiscal impact. This is principally because the cost of attendance at most institutions already is above the point at which Pell Grant award rules are determined by cost of attendance. He finds difficulty in justifying "costly price floors" in the Congressional Methodology's cost of attendance definition. He cites survey data to underscore his point. It may be that the statute has been overly prescriptive and generous on the definition, but I believe that a review of student expense budget elements reported by institutions—especially for commuting students—would lead to a different conclusion. Many institutions, I maintain, do not fully and/or realistically state costs of attendance. The rationale for such a posture might be inability to meet students' needs or the presentation of a lower overall price tag to prospective students. NASFAA's monograph on student expense budget construction takes institutions to task for just the point that Mr. Fischer finds astonishing.

Mr. Fischer's discussion of the Pell Grant award rules is a valuable contribution to understanding their complexities, and the graph accompanying the appendix is especially illuminating. Concerning the minimum award rules, I agree that small Pell Grants provide little incentive for pursuing postsecondary education. Further, the administrative cost in making small awards cannot be ignored, especially at institutions with large numbers of part-time students. I likewise agree that the percentage-of-cost rule introduces some vertical equity problems, although these are relatively minor because of the limited scope of the rule's applicability (i.e., to those with very low expected family contributions). Altering the rule to percentage of need perhaps addresses the vertical equity concerns, but could create new ones about horizontal equity unless checked by the other award rules.

The problem with Pell Grant procedures from the beginning, I believe, has been the slavish adherence in the statute to a necessary arithmetic relationship between the Pell Grant index and the award amount. Although done from a budgetary standpoint, Mr. Fischer has at least sketched an award rule that attends to this problem—that is, one can use any coefficient as a multiplier of the Congressional Methodology's expected family contribution to control aggregate program costs. As he observes, this is more or less what is involved in application of the linear reduction formula to the Pell Grant payment schedule. In this instance, though, by applying the adjustment to a reasonable measure of ability-to-pay, the federal government could maintain equity and simplicity of a single need analysis system while rationing funds as necessary. Both of Mr. Fischer's objectives—removal of rationing elements from need analysis and simplification through adopting a single need analysis method—are thereby achieved.

In his paper, Fred Fischer has significantly advanced the argument for a single system of need analysis. Although I differ about an

unadapted application of the Congressional Methodology to Pell Grant determination, Mr. Fischer's basic points are valid and worthy of support. As we move forward to Reauthorization of the Higher Education Act, his paper can serve as an impetus for simplification of the aid delivery system for students, their families, institutions and the federal government. ♦

Barriers to Implementation of General Need Analysis for All Federal Financial Aid Programs

by Jerry Sheehan
Davis

It is likely that the vast majority of readers of Mr. Fischer's description of the need for, and benefits of, a single need analysis system for all federal student financial aid programs will agree that one system would be much better than two. The arguments for having one system are compelling enough to raise questions about why there are two systems in the first place.

Mr. Fischer's description of the reasons for establishing the Pell Grant system and developing the Congressional Methodology, what he calls "general need analysis," is a good, but only partial, explanation for having two systems for the federal programs. More important reasons for two need analysis systems in the federal programs, *and multiple systems* for assessing need in state, private and institutional aid programs, come from the very nature of what these systems purport to measure and how their measurements are used.

Financial need itself is a real phenomenon existing in the empirical universe. Students have real and different financial resources to spend on postsecondary education and experience real and different costs. But the need for financial assistance from public and non-public aid programs, *as it is assessed by need analysis systems*, is a theoretical construct. That is to say, assessments of ability to pay costs are based on economic theory and assessments of student costs are frequently estimates or often represent amounts programs are willing to consider and defray with their resources. The methods used to assess assistance need, and the results of these calculations, may or may not correspond to the reality of what a given student needs to "reasonably afford" postsecondary education or represent tangible differences in different students' needs.

Because financial need as "demonstrated" by the results of need analysis is a theoretical construct (and probably a political construct, since many elements of need analysis are changed for political reasons), a much smaller proportion of Mr. Fischer's readers will enthusiastically agree that "general need analysis," or *any* single need analysis system, is "best" for all federal programs. For example, some readers may argue that, because government subsidies to loan programs cost less per dollar in aid awarded than do grant programs, a *third* system for assessing "financial need" for loans should be used in the Stafford Loan Program.

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