

PASFAA

NEWSLETTER

PENNSYLVANIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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Number 4

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FROM THE PRESIDENT

Dear PASFAA Member:

It is hard to focus on what to write in the midst of this busy period. Our Council and Officers have worked very hard this year to serve the needs of our association. Council has met four times this year. Each session had a long full agenda causing us to work right through lunch.

On May 10, we met with the Financial Aid Subcommittee of the Governor's Commission on Postsecondary Education. I prepared and presented a paper stressing the need for additional grant funds for both undergraduate and graduate students. I further stressed the serious long-range social and economic implications of depending on student debt as the primary source for financing student aid. This paper served as a springboard for productive discussion to which the entire council contributed. Rick Stafford, the subcommittee chair, was well pleased with our contributions.

It is my pleasure to commend all of our council members, committee chairs, and members who have been working so hard for us all. PASFAA has many, many talented and hard-working people in its membership. We can really count them among our many blessings. It is this talent and willingness to use it that makes PASFAA one of the nation's top associations.

That our work may continue to prosper, if you have not already done so, please make use of the nomination forms to place some new names on the ballot for the coming year.

Father Charles McFadden of St. Vincent College who has served in the financial aid field for over 20 years has been assigned to the pastorate of a small parish. We shall miss him, but surely wish him all success and joy in this new assignment. Fr. Cyprian G. Constantine, O.S.B. will succeed Fr. McFadden at St. Vincent. We welcome Fr. Constantine and wish him well in financial aid.

Catherine Kratzer and her conference committee are whipping things into shape for our annual conference starting September 30. It looks as though we shall have another excellent conference as a result of their efforts.

May you all have a productive summer, one that not only produces a lot of good for your students and schools but also results in some refreshing vacation time for yourself. Have a great summer!

Respectfully,

Art Switzer, President

RECEIVED
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FINANCIAL AID OFFICE

SUMMER INSTITUTE ASSISTS NEW AID OFFICERS

The week-long PAATP Summer Institute held at Dickinson College July 15 - 20 provided instruction on a variety of aid topics to 45 participants from Pennsylvania and near-by states. The busy week included hands-on calculations, philosophical discussions and lectures and provided new aid administrators with the opportunity to meet with ED Region III and PHEAA staff. Instructors included Don Raley of Dickinson, Bill Boyd of Penn State, Betty Davis of Community College of Allegheny County, Renee Saleh of Kutztown and Sheila Angst of Albright. Art James served as director of the program under the guidance of Barbara Williams of PHEAA. A reunion of summer institute participants is planned for September 30 at the annual conference.

GOVERNMENT RELATIONS COMMITTEE REPORT

Chairman Don Raley and his committee prepared a response in June to the May 9 NPRM on the Pell Grant Program. One main objection, also included in NASFAA's formal comments to the department, concerned the suggestion that schools recalculate Pell awards when enrollment status changes within an academic term. Both organizations emphasized that institutional standards of academic progress would address the problem and that recalculation of Pell Grants was not the rational approach.

The Government Relations Committee and its reauthorization subcommittee headed by Bill Irwin of Lock Haven is working to prepare a paper on reauthorization for the association. They have cited several main points for emphasis including the following:

- the need for additional need-based aid for students registered for less than half-time course loads;
- recommending no consolidation of Title IV programs as they currently exist;
- recommending a definition of the dependent student based on single status and age under 22 years;
- recommending self-regulated verification;
- encouraging federal funding to assist with training efforts.

The final paper on reauthorization will be submitted to council and presented for review by the membership.

POSITION OPENING

Institution: Ursinus College

Title of Position: Director of Financial Aid

Brief Job Description: Responsible for administration of institutional, state and federal financial assistance programs; the coordination of work study and campus employment; and the supervision of professional and clerical staff. A minimum of three years experience in financial aid and a bachelor's degree are required. A master's degree in Student Personnel or related field is preferred. Reports to the Dean of Student Life and participates in management decisions involving the overall student life program for 1,100 students.

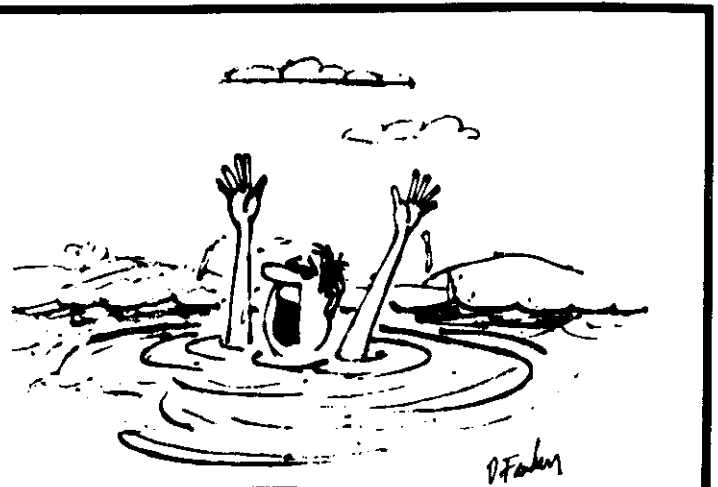
Salary: Appropriate to qualifications.

Starting Date: September 1, 1984

Contact Person: J. Houghton Kane
Dean of Student Life
Ursinus College
Collegeville, PA 19426

THE LIGHTER SIDE

PASFAA members are encouraged to submit financial aid related cartoons for this column. All submissions received so far have been greatly appreciated.



"Self - help !! Self - help !!"

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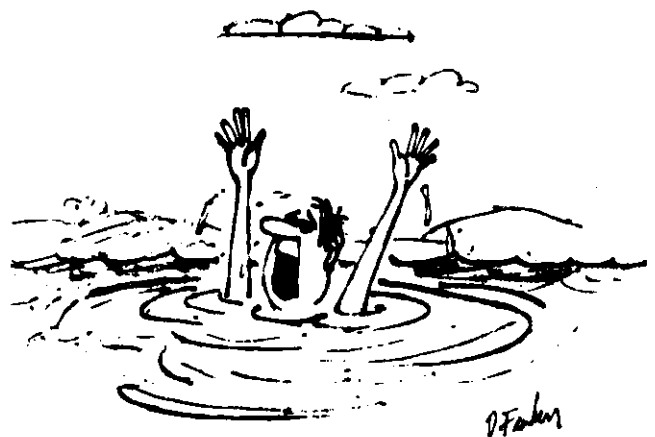
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"Self - help !! Self - help !!"

EDITORIAL

NEED vs. MERIT

by Barry McCarty, Lafayette College

A speech delivered May 9, 1984 at the annual conference of the Eastern Association of Student Financial Aid Administrators, Franklin Plaza Hotel, Philadelphia.

I was once told some of the ways you can tell that it's going to be a rotten day:

- 1) You see a "60 Minutes" news team in your office when you arrive.
- 2) Your car horn goes off accidentally and remains stuck as you're being passed by a group of Hell's Angels on the Schuylkill Expressway.
- 3) Your supervisor tells you not to bother to take off your coat.
- 4) For the divorced among you, your blind date turns out to be your ex-spouse

and

- 5) Someone stands before you this morning and announces he is opposed to the awarding of no-need scholarships, a practice employed by 75 percent of post-secondary institutions according to a recent CSS/NASFAA survey, and then goes on to explain why.

The issue is not one of those wearing the black hats or the white hats but shades of gray are represented. For effect I shall take an extreme position.

When no-need scholarships are offered by institutions, which is usually the case, they can be called enticement scholarships. When they are offered by governments, which is rare but threatens to become more common, they should be called irresponsible. I believe that no-need scholarships are wrong -- wrong for society, wrong for institutions, and wrong for students, *even those who receive them.*

In this room are people who will be involved in making decisions regarding no-need scholarships. In the hope that there might be a few here who can be swayed by logic, I shall forge ahead.

Most of you are familiar with the historic context basic to any discussion of no-need scholarships. Through the 1940's, attraction of students and upgrading of student quality were traditional objectives of scholarship programs. There was no system of financial need analysis, and so if a scholarship served to meet a student's financial need this was either accidental or based purely on a local and probably very informal determination of need. In the mid 1950's, though, with the emergence of the College Scholarship Service and its financial needs analysis procedures, most colleges welcomed the opportunity to participate in a system that allocated scarce resources where they were most needed. With the exception of athletic scholarships, whose eradication was resisted strongly by the athletic establishment at many institutions, for the most part need-based financial aid replaced no-need scholarships. This development did not exclude "merit" from consideration in awarding funds as is implied in the title of this speech. At selective institutions merit was and *is* implicit in admission, which is of course a prerequisite for financial aid. At a great many institutions merit was and *is* the major factor considered in determining which needy students receive aid

and how attractively the aid will be packaged. Recently, as anyone who reads *The Chronicle* is aware, the use of no-need awards has returned with vengeance, and that is why we are all here today talking about them. It is often pointed out that no-need scholarships are the means by which institutions can "buy brains", but that tells only part of the story. Enticement scholarships can also buy brawn, as in the case of athletic scholarships. And in still other instances, neither brains nor brawn is involved, for increasingly enticement scholarships are used simply to fill otherwise empty beds.

When brains are bought, the criteria used for selecting scholarship recipients are usually rigorous enough to assure that most of those receiving awards will be competent scholars. When brawn is bought, evaluation by coaches whose livelihood depends on an accurate assessment normally means that recipients will be able to throw a neat spiral through a swinging tire, dunk with both hands simultaneously *or* separately, or move quickly to their left without ever having their feet leave the ground.

With the exception of athletic scholarships, whose main purpose is implicit in the name, most no-need scholarships come in disguise. They are described as "recognition for outstanding scholastic achievement" or "assistance for the neglected middle class", and given high-sounding names: presidential prizes, trustee scholarships, and so on. "Merit Scholarship" is the generic term currently in favor. It's a good one, because it quells the opposition. It's very difficult to argue against either "merit" or "scholarship", and therefore anyone opposed to "merit scholarships" is two strikes behind in the count even before stepping to the plate. Meanwhile, the true purpose of these scholarships are concealed behind the veil of rhetoric. When offered by institutions, their purposes are to lure strong students away from other, more attractive institutions, and to enlarge the applicant group by preying on the many who hope, often quite unrealistically, that they will be chosen as scholarship recipients. When offered by government, the purposes may be political or ideological or both. Unfortunately, no-need scholarships fit in nicely with the current federal administration's systematic effort to increase benefits for the well-to-do.

There are seven major reasons why I oppose no-need scholarships:

First, no-need scholarships offered by institutions erode the principle, generally accepted by college guidance personnel, that whenever possible students should select colleges on the basis of educational considerations, not financial inducements.

Often they put students in an unfortunate position of having to attend a college they don't prefer, simply because of perceived financial benefit to their parents.

Second, no-need scholarships ignore the principle, widely accepted during the thirty years since it became feasible to determine financial need, that the limited funds available for financial aid should support college attendance by qualified students who could not otherwise afford to enroll, not those who will go to college anyway.

Third, no-need scholarships reject the principle that to the extent possible, college education should be made available to qualified students of all socio-economic levels. Using limited aid funds to lure students who could pay their own way -- and who would attend college with or without a scholarship -- may well deny use of these funds to deserving but needy students. Colleges are put in the position of supporting a system in which the rich get richer and the poor get poorer.

Fourth, no-need scholarships, when billed as "academic merit" prizes, weaken the principle that academic achievement should be its own reward. This principle has been challenged by some who say that financial awards should be given for good performance in high school just as they are for doing a job or performing research. Professor Steven Higgins took this position in an article in the Spring '83 *College Board Review*. I should add that this position was effectively rebutted by our own Sam Jones of MIT, in the Reader Forum of the Winter '84 issue of the *Review*. I would argue that good high school grades yield many rewards, but that the high school student has not made the kind of contribution to society that justifies a monetary reward in the sense that a job, or even graduate-level research does.

The truly able high school student's rewards include parental approval, as Sam wrote "one has been known to pat the child on head or back and one recollects as parent and child a certain wash of pleasure and rededication", community recognition, high self-esteem, expanded options for further study, and -- not incidentally -- generous financial aid to pursue whatever educational goals he or she might choose, *if* such aid is needed. Need-based aid *does* reward merit, when it is appropriate to do so.

Fifth, no-need scholarships contradict the trust and the policy statements of the major needs analysis services, as well as most state and federal financial aid programs, the purpose of which has been to help equalize for needy families the cost of various educational alternatives for their children. They also raise a bothersome public policy question: can Congress and state legislatures rightly appropriate tax dollars, collected in large part from families which can't afford college, to families that can afford college. Or, on a more local level, can institutions rightly give wealthy students tuition subsidies that are funded in whole or in part by tuition payments from less wealthy students? College Scholarship Service's survey revealed that over half of the institutions awarding no-need scholarships funded them, at least in part, from tuition and fee income.

Sixth, no-need scholarships damage the image of higher education. They make it appear that education is being discounted as if it were an overstocked commercial product. They encourage "bidding wars" and other degrading excesses in student recruitment. Students paying full charges at such institutions may soon catch on and begin to challenge such pricing policies, especially any students who may be achieving higher grades than some of the scholarship recipients.

Seventh, despite apparent short-term advantages for some colleges, no-need scholarships are not economically viable in the long run. Any widespread proliferation of bidding for student talent will aid primarily the wealthier institutions, thus damaging the less wealthy institutions, which ironically comprise the bulk of those resorting heavily to no-need scholarships. Even in the unlikely event that all needy students have been provided for -- as some institutions claim -- and the no-need scholarships can therefore be said to be drawn from "excess" funds, diversion of this money from other legitimate educational needs weakens institutional quality over the long term.

These seven points summarize my reasons for opposing no-need scholarships. I would like to augment these arguments with two additional observations.

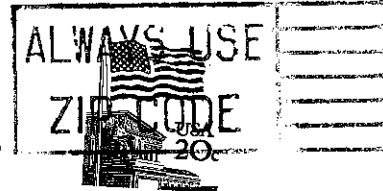
First, in my judgment no-need scholarships are inappropriate no matter who offers them, but they are at their most distasteful when offered by state-supported colleges and universities or -- worse yet -- by the government itself. Tax money, much of which comes from families which *cannot* afford college, redistributed to families which can afford college, and which are already receiving a tax subsidy in the form of artificially low tuitions is unfair. Incredibly, the CSS/NASFAA survey revealed that 89.5 percent of the public four-year colleges and universities offer no-need scholarships. Only about 10 percent of the financial aid dollars spent by the states themselves goes for no-need awards, but pressure is growing to increase this amount in the name of "educational excellence," a term whose meaning politicians are distorting. And the federal government, while denying the existence of hunger in America and redefining ketchup as a vegetable, is considering the use of public monies to award scholarships on a no-need basis.

My final observation regards the way in which good college prospects are going to view no-need scholarships in the years to come. While many students now are grateful for the money and the recognition attached to these awards, I believe that even the intended recipients may view them with a jaundiced eye in the future. A recent University of Michigan study revealed that no-need scholarships offered in sums in excess of \$500 do not influence college choice to a greater degree than modest no-need awards. Are students already suspicious of the motivation and circumstance of institutions offering enticement scholarships?

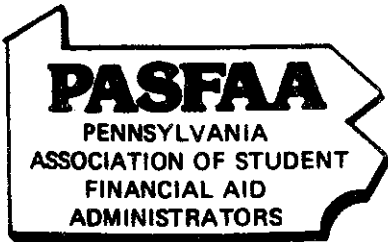
I submit that the effective strategy for the late 1980's can be for an institution to offer programs which are worth what is charged, and to use financial aid funds to assist able students who cannot afford the full cost.

TIDBITS

- ★ NASFAA is offering the *Encyclopedia of Student Aid* to members and non-members with distribution expected in late October. Prior to August 15 pre-publication discounts were available with regular prices in effect after that date.
- ★ PHEAA conducted seven workshops in August throughout the state on the topic of state grant certification procedures, to help institutions in their completion of disbursement rosters for the coming year.
- ★ FISAPs were mailed to institutions in mid-July with an October 5, 1984 due date. More than 100 institutions throughout the country will participate in a pilot project for electronic data transmission for that report to ED.
- ★ PHEAA is busy with loan processing this summer. The new PALS system is in place for GSL processing; other institutions are batching GSL applications and mailing them directly to PHEAA instead of to lenders. The new bond issue Family Partnership Loan Program is underway. Mailings of information on the new program, under the direction of Bob Pearl, were sent to all who inquired in late spring and to all students who process GSLs but are ineligible or eligible for less than the maximum and appear to qualify. Out-of-state students attending Pennsylvania institutions are also eligible and are receiving Partnership Loan forms from PHEAA when the institution provides their names and addresses to Harrisburg.
- ★ As most are aware, the Supreme Court rendered its decision on the Selective Service registration link to student aid, upholding the constitutionality of the law. At the NASFAA annual conference held recently in Orlando, ED officials indicated they are reviewing the regulations scheduled to go into effect for 1985-86 which would require institutions to actually acquire copies of the Selective Service documents from those who are registered.
- ★ Region III staff in meetings with aid officers recently indicated that the new Pell payment system is moving forward but that no Pell payment documents or IPS forms should be submitted prior to September 15. None will be processed until that time.



The PASFAA Newsletter is a bi-monthly publication of the Pennsylvania Association of Student Financial Aid Administrators. Contributions, questions or comments may be addressed to Sheila Angst, Albright College, P.O. Box 516, Reading, PA 19603.



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