

What are the Factors Affecting the Levels of Grants and Loans to Post-Secondary Education Students?

Overview

The objective of this question scan was to locate research of potential relevance in determining what factors affect the level of grants and loans given to post-secondary education students. Searches applying applicable terms to four major databases initially yielded 247 documents. Subsequent examination of article abstracts reduced this number to 167.

The majority of articles located in this question scan come from the United States. The considerable number of reports may be due to the influence of politics on funding, a phenomenon particularly evident in the US over the last two or three decades. In addition to the ideological interests and practices of ruling political parties, economic and social conditions influence grant and loan levels. As might be expected, in some articles all three issues are topics of inquiry or concern.

Observations

Quantitative 21 Articles- These articles use statistical evidence to support the claims made. Experimental, quasi-experimental, and large-scale descriptive studies such as surveys and questionnaires exemplify this research approach. A number of these articles examine data on financial aid and grant packages over a given period of time in order to determine which students are receiving funding and what factors govern the amounts. For example, Boschung *et al.* (1998) *Racial, Ethnic, and Gender Differences in Postsecondary Financial Aid Awards* use loan-package data in a model-based study to explore how independent variables affect the award of financial aid. In addition to studies of how individuals are awarded aid, the longitudinal assessment of financial data may assist in determining the economic effects of specific policy decisions. For example, Humphrey's (2000) *Do Business Cycles Affect State Appropriations to Higher Education?* examines measurements of business cycles and appropriations for higher educational funding and finds that state appropriations to financial aid recipients are highly sensitive to changes in the business cycle.

Qualitative 30 Articles- Included under this heading are descriptive case studies, narratives and interviews published in academic journals. These articles illustrate how strong the interrelationship between politics, economics, and social issues of the moment can be in determining grant and loan levels. For example, *Strategic Determination of Higher Education Subsidies and Tuitions* (Fethke, 2005) examines the interplay between U.S. state legislative bodies and publicly funded post-secondary institutions in determining allocations and levels of assistance provided to individuals. Doyle *et al.*'s (2004) *Institutions Amplifying State Policy: How Public Colleges Award Institutional Aid* illustrates how the relationship between the state and educational institutions is so close that universities seem to reinforce state policy when distributing their own institutional aid, rather than use this opportunity to rectify situations in which the state may have misdirected its aid. *How California's Ambitious Aid Program Stumbled Badly and Disappointed Many* (Selingo, 2002) is a case study of the challenges faced by legislative

bodies attempting to influence or change politically sensitive policies such as education subsidies.

In addition to political concerns, much literature examines the social and economic dynamics of student aid. An issue currently generating interest in the United States is whether grants and loans should be based on merit and other non-need-based issues or solely on need. *Need Analysis and Tuition Discounting: Do Institutional Grants Still Help Low-Income Students?* (Redd, 2001) concludes that despite the rise in merit-based aid, institutional grants are still being distributed to low-income undergraduates. In *Financial Aid Problems for Dependent Students from Low Income Families* (Mortenson, 1991) the author is less positive, and describes how changes in determining what kind of aid needy students receive (an increase in loans over grants) and the conditions related to setting aid levels (parental contribution, an imposed personal-responsibility criteria) are affecting those students from lower-income families.

While the United States generates most research of this nature, documents from other countries offer glimpses of other funding approaches. See, for example: *Financial Support Systems: The Student Experience in England and France* (Curtis & Klapper, 2005); *Patterns of Education Financing and Debt: a Comparison of Two Cohorts of Canadian Post-Secondary Graduates* (Hiscott, 1996); and, *Evolving A Student Financing Policy: The Ghanaian Experience* (Aboagye, 1994).

Editorials 9 Articles- These are position or opinion papers advocating for certain principles or practices to guide funding allocation for students. Because of the political and social ramifications of change, financial aid for students is a “hot” topic likely to generate both calls for and critiques of changes to the existing system. Instead of taking one side in the merit based vs. need based debate around funding criteria, Nelson’s (2003) *Use Both Merit and Need in Awarding Student Aid* argues funding levels should be determined on a sliding scale based on both need and merit. A number of additional schemes to better provide allocated funding at appropriate levels are also promoted: for example, *Rethinking the Allocation of Pell Grants* (Breneman & Galloway, 1996); and *What Colleges Must Do to Help Needy Students* (Wilkinson, 2005). In *How the Earthlings Pay for College--A View from Mars* (Silber, 1994), the author argues for a tuition advancement fund in which any amount of aid can be offered and then repaid through a payroll-withholding tax.

Reviews 6 Articles- Included under this heading are articles that review literature focused on financial aid or provide historical perspectives on current issues in this policy area. These articles provide a ‘how did we get here’ analysis of current student-aid approaches. Green’s (2005) *Financial Aid, Access, and America's Social Contract with Higher Education* examines historical influences upon public policy and the outcomes of those influences on student financial aid in the United States. Additionally, Green points out the ways in which “federal, state, and institutional programs are the manifestation of the value we place on who should and who does pay the costs of higher education.” In *The Causes and Consequences of the Federal Student Financial Aid Policy Shift from Grants to Loans* (Melvin and Sticks, 2001) the authors examine more recent trends in

educational funding, specifically how the shift from grants to loans influences levels of funding available to individuals.

Reports 91 Articles- These are relevant articles found in trade or academic journals that do not necessarily include new research. Because funding for education in the U.S. is apportioned from federal and state budgets, changes in administrations often cause changes in funding criteria. For example, *The Changing Nature of Financial Aid* (Heller, 2004) examines the increase in merit-based need and the author contends that “merit grants go disproportionately to students who would have attended college even without public assistance, while need-based programs help those who require assistance to enrol in college.” While the argument that need-based funding is shrinking is refuted in *Need-Based Student Aid Rising* (Fields, 2005) there is little question that recent alterations to the criteria for funding allocations is negatively affecting the most needy students. Both *Change in Federal Formula Means Thousands May Lose Student Aid* (Burd, 2005) and *Prepaid-Tuition Plans Reduce Eligibility for Need-Based Aid* (Fleming, 2004) illustrate that current federal funding rules have complex tax restrictions which counter-intuitively punish those students whose families attempt to save small amounts of money for their education.

Changing social conditions also influence funding. For example, most analysis only considers funding from the perspective of attending a post-secondary institution directly after high school. Seftor and Turner’s (2002) *Back to School: Federal Student Aid Policy and Adult College Enrollment* examines how grant and aid are allocated to older students attending traditional universities and colleges as well as technical and community colleges. In *Innovative Ways to Finance Education and Their Relationship to Lifelong Learning* (Oosterbeek 1998) the author illustrates the economic rationales for orienting financing toward these non-traditional students, and provides examples of various countries experimenting with new funding models for doing so.

One of the more troubling aspects of the ideological nature of funding is how arbitrary it appears over time. Zook (1993) in *Clinton Unveils Plans for Loans, National Service* shows how a Clinton initiative to establish a national fund that would provide loans in exchange for after graduation time spent in a national service plan evaporated after failing to generate political support. More recently, President Bush has enacted a socially-conservative measure by decreeing that no student with a drug conviction may receive grants from the U.S. government (McQueen, 1999, *Drug Offenders Barred from Student Aid*).

Grey Literature 10 Articles - Grey literature may subsume any of the above four genres. Documents are primarily reports, publicly available on the internet, for example the Millenium Scholarship Foundation’s *Assessing Canada’s Student Aid Needs Assessment Policies* (Hemingway, 2003). The author examines current policies and finds that while “current student aid programs in Canada do a reasonable job of measuring financial need and targeting assistance to those who need it most” there are problems with how aid is apportioned and the overall complexity of need assessment criteria is problematic for many. In another report by the Millenium Scholarship Foundation,

Pressure Points in Student Financial Assistance (Hemingway, 2004) the author explains how current levels of aid may not be adequate, pointing out that the “gap between expenditures and student aid limits suggests that some people may have difficulty meeting expenses and therefore need alternate sources of financing, and some may not attend because of a lack of financing.” Additionally a report from the Canadian Association of University Teachers, *Funding Shortfall* (2004) asserts that all “funding levels remain well below what is needed to assist the provinces in maintaining a high quality post-secondary education system that is accessible and affordable.”

Summary

This scan of the educational funding literature over a twenty year span provides an historical overview of society’s continually shifting trends, practices, and beliefs. The awarding of grants and loans to students interested in pursuing post-secondary education has been a mainstay of the pursuit of equity, an important value in most democracies. Therefore it is not surprising that educational funding responds to, and is emblematic of, the social, political and economic forces at play in any given era. The literature scanned illustrates the capricious and inconsistent nature of factors relating to the setting of funding levels. Little information appears to exist on concrete and objective criteria used to set funding levels.

Appendix A: Included References

References - Canada

CAUT Bulletin *Ontario students getting fewer loans.*(2002),, 49(10).

"Access to student loans is one of our only barometers for determining how many low-income students are gaining access to colleges and universities," said Joel Duff, Ontario chairperson of the Canadian Federation of Students. "Soaring hydro fees are costing Ontarians millions of dollars. Soaring tuition fees are costing students their futures," Duff said. Soaring tuition fees are costing Ontario students their futures.

CAUT Bulletin. (2004). *The Funding Shortfall*. Retrieved 11/30, 2005 from

<http://www.caut.ca/en/publications/educationreview/educationreview6-1.pdf>

This report draws upon the latest data on government revenues and expenditures to examine recent trends in public spending on post-secondary education in Canada. The data presented in this report shows that governments continue to seriously under-invest in post-secondary education. This lack of funding is occurring at the same time as access to a university or college education is widely recognized as becoming more important for the economic and social development of the nation, and for improving the standard of living and quality of life of all Canadians.

CAUT Bulletin. (2001). *The Growing Funding Gap*. Retrieved 11/30, 2005 from

<http://www.caut.ca/en/publications/educationreview/default.asp>

This report draws upon the latest data on government revenues and expenditures to examine recent trends in public spending on postsecondary education in Canada. Increasingly, governments of all political stripes and at both the federal and provincial level claim to be committed to improving the quality and accessibility of university and college education. However, the data presented in this report show these words are rarely matched by the financial commitment required to rejuvenate Canada's ailing post-secondary education system.

Canadian Alliance of Student Associations. (2003). *Opening Doors: An Agenda for*

Improving Opportunity. Retrieved 11/30, 2005 from <http://www.casa.ca/index.asp>

Post-secondary education plays an important role in shaping Canada's future. It benefits our society through economic, cultural, and social gains. In recognizing this, the Government of Canada has put forth an innovation, skills and learning agenda that will strengthen our nation's capacity for individual and societal development. Financial barriers play a large role in deterring low-income individuals from pursuing post-secondary education. According to Statistics Canada, young people from high-income backgrounds are 2.5 times more likely to attend university than those from low-income backgrounds. CASA believes that the Government of Canada can help reduce financial barriers, improve access to PSE, and decrease student loan debt for low-income individuals by investing in an upfront income-based grant system much like the U.S. Pell Grant System.

Hemingway, F. (2004). *Pressure Points in Student Financial Assistance*. Retrieved 11/30, 2005 from http://www.millenniumscholarships.ca/images/Publications/pressure_en.pdf

The Canada Millennium Scholarship Foundation was established in 1998 to promote access to post-secondary education through the provision of bursaries to needy students. To do this effectively, the Foundation launched a research program on financial challenges facing post-secondary students. EKOS Research Associates was hired to study the overall picture of education financing, including student expenditures, sources of income and debt, and how students' financial circumstances affect access to post-secondary education. EKOS's findings were published by the Foundation in March of 2003 in a report called *Making Ends Meet: The 2001–2002 Student Financial Survey*. That report focuses specifically on the income and expenditures of students, and does not try to capture what others spend on their behalf, such as the “in-kind” support of room and board that students living at home receive. It contains valuable information on students' socio-demographic, education and employment profiles, expenses, and sources of financial support both during school and over the summer. However, the Foundation felt the data EKOS gathered had the potential to be even more useful to administrators. This report explores the data using Canada Student Loans Program definitions and categories to identify additional information for analysis, and the policy implications inherent in the reformatted data. Recommendations on forming questions for further surveys, which would use those definitions, are included.

Hemingway, F. (2003). *Assessing Canada's Student Aid Needs Assessment Policies*. Retrieved 11/30, 2005 from http://www.millenniumscholarships.ca/images/Publications/assessing_en.pdf

Over the past few years, an environment of fiscal restraint has led to restrictions on the amount of resources that governments are able to direct to the post-secondary system, and the cost to individuals of attending post-secondary study has increased as a consequence. Family incomes have remained relatively stable while tuitions have increased substantially. Student aid grants have been replaced with loans in many jurisdictions and debt has increased as a result. There is some evidence to indicate that the participation gap between low socio-economic status (SES) and middle SES students in the university sector is increasing, and that rural students may be choosing college programs over university programs. While decisions to participate in post-secondary study are impacted by factors such as family background, motivation and academic preparation, financial considerations no doubt also play a part.

Hiscott, D. R. (1996). Patterns of education financing and debt: a comparison of two cohorts of Canadian post-secondary graduates. *The Canadian Journal of Higher Education*, 26(2), 23.

McElroy, L. (2004). *The Millennium Bursary in British Columbia: Exploring its Impact: Summary Report 2004*. Retrieved 11/30, 2005 from

http://www.millenniumscholarships.ca/images/Publications/bc_summary_en.pdf

This report summarizes the findings of research on the impact in B.C. of the Canada Millennium Scholarship Foundation's Millennium Bursary Program. (Detailed results can be found in the Technical Report.) In particular, this report documents how the millennium bursary led to the expansion of the B.C. government's grant program to serve more students. The report goes on to show how students benefited from this expansion, using information from the B.C. Student Financial Assistance System (SFAS).¹ This report also explores whether the available data can indicate any effect on education persistence.

Plager, Laurie, & Chen, Edward. (1999). Student debt from 1990-91 to 1995-96: an analysis of Canada Student Loans data. *Education Quarterly Review*, 5(4), 10.

There has also been a noticeable distribution shift in the type of institutions attended by student borrowers in the years analysed. In 1990-91, 56.3% of borrowers were studying at universities, 32.9% at community colleges and 10.8% at private institutions. By 1996-97, university borrowers represented only 48.6% of all borrowers, while 34.6% of borrowers were at community colleges, and 16.8% at private institutions. Between 1990-91 and 1996-97, the proportion of borrowers studying at community colleges remained fairly constant; the major shift was from universities to private institutions. The degree to which borrowers experienced repayment difficulties varied with the type of institution attended (see Graph 6). The majority of university borrowers had a relatively smooth transition from school to work in their first year out of school. Only 16.2% of the 1990-91 cohort that attended a university encountered repayment difficulties in their first year after studies. This proportion increased to 22.9% for the 1995-96 cohort of university borrowers. Community college students fared less well: 23.1% of the 1990-91 cohort experienced difficulties in the pivotal first year after school. This proportion had increased to 32.8% by the time the 1995-96 cohort entered into repayment. Borrowers that attended private institutions had the greatest difficulties. About 36.6% of the 1990-91 cohort had trouble repaying their loans. By 1995-96, more than 47.2% of the cohort encountered difficulties shortly after ending their studies. The percentage of borrowers in a cohort able to repay their loan early decreased steadily over the study period. University borrowers had the highest rates of early repayment in the first year of all institutional types. Students who borrowed to attend private institutions had the lowest rate of early repayment. In 1990-91, 7.1% of borrowers from private institutions, 10.4% of borrowers from community colleges and 12.6% of university borrowers were in a position to pay back their Canada Student Loans in full in the first 12 months after loan consolidation (see Graph 10). By 1995-96, the rates had dropped to 3.0% for borrowers from private institutions, 4.2% for borrowers from community colleges, and 6.6% for borrowers from universities.

Rowley, R. (1993). Income Contingency and the Repayment of Student Loans. *Journal of Income Distribution*, 3(2), 263-99.

The current systems of financial support to postsecondary students in Canada and elsewhere are clearly inadequate. Their evident deficiencies have revived interest in the possibility of income-contingent loans and in the use of the tax system to deal with repayments. Some simulative experiments are used here to explore the feasibility of income contingency and to explore the sensitivity of financial flows to various assumptions about interest rates, income growth, age-earning profiles, default, and take up rates for loans. Evidence from these experiments points to some salient features in the design of new schemes for the support of postsecondary students, and it also permits the identification of relevant issues which might significantly affect the practical implementation of any scheme involving income contingency as a basis for repayments.

Soule, George. (2005). Student aid regime preys on the poor [Income contingent repayment plans represent the single largest threat to accessible post-secondary education]. *CAUT Bulletin*, 52(1), A3.

Income-contingent loan repayment schemes for post- secondary students are old models of transferring a greater share of the cost of post- secondary education on to individuals. Devised as a way to make massive tuition fees more palatable, ICR is designed to spread loan obligations over a lifetime to lessen the immediate financial hardship on borrowers. However, extending the repayment period of student loans means those with the lowest incomes after graduation will ultimately pay more for their education as compound interest accumulates. Income contingent repayment means one thing - higher tuition fees. But don't take my word for it. Consider this admission from Human Resources and Skills Development in a document obtained through the Access to Information Act: "... ICR loans would solve the problem of university and college under funding, by allowing institutions to increase tuition fees to cover a greater portion, or even all of its costs. Fees would be unregulated and institutions would charge whatever the market would bear. Needy students and those with cash flow problems would pay the increased fees with the help of ICR loans." Les articles reflètent l'opinion de leurs auteurs et pas nécessairement celle de l'ACPPU. Tribune libre est une chronique régulière du Bulletin. La rédaction invite les lecteurs à soumettre des articles. Veuillez vous renseigner auprès de [Liza Duhaime], la rédactrice en chef (duhaime@caut.ca). La rédaction communiquera avec les auteurs de commentaires si leurs articles sont acceptés pour la publication.

Sweet, Robert, Bell, Stephen, & Anisef, Paul. (2001). Accessibility and student debt: the shift from public to private support of higher education in Canada. *Forum - Ontario Confederation of University Faculty Associations*, , 14.

Usher, A. (2004). *Are the Poor Needy? Are the Needy Poor? The Distribution of Loans and Grants by Family Income Quartile in Canada*. Retrieved 11/30, 2005 from <http://www.educationalpolicy.org/pdf/PoorNeedy.pdf>

This report, along with the compendium report "Who Gets What?," documents financial aid issues for poor students in Canada, and who gets what aid in the system.

Usher, A. (2004). *I Love You, Brad, But You Reduce My Student Loan Eligibility*. Retrieved 11/30, 2005 from <http://www.educationalpolicy.org/pdf/LoveUBrad.pdf>
 This report concludes that many Canadian Student Loan Programs actively penalize married students by refusing sufficient aid to those whose spouses do not come up with thousands or even tens of dollars in contributions every year. "Current student aid rules are punitive and confiscatory with respect to married students," said report author and EPI Vice-President Alex Usher. "It is very difficult for a student with a working spouse to obtain a sufficiently large student loan to permit them to pursue their studies, and this needs to change."

Usher, A. (2004). *Who Gets What? The Distribution of Government Subsidies for Post-Secondary Education in Canada*. Retrieved 11/30, 2005 from http://www.educationalpolicy.org/pdf/Who_Gets_What.pdf
 This study is one part of a two-part inquiry into subsidies for post-secondary education in Canada. A second study, which looks more specifically at need based assistance, also available from the Educational Policy Institute, is entitled *Are the Poor Needy? Are the Needy Poor? The Distribution of Student Loans and Grants by Family Income Quartile in Canada*. Governments in Canada spend over \$4 billion each year in transfers to individuals for the purpose of post-secondary education. Roughly half of this money goes out in need-based loans and grants, while the other half goes in "universal" benefits to which all are entitled, such as tax credits and the Canada Education Savings Grant. Based on a combination of administrative and survey data, the study estimates the distribution of these two forms of assistance by family income quartile. The study shows that need-based assistance is only lightly progressive; 40% of all assistance goes to students from families with above-median incomes. "Universal" assistance is outright regressive, with over 62% of assistance going to students from families with above median incomes. As a result, the overall skew in combined need-based and universal assistance is slightly regressive. Given the known problems in access for low-income students, this skew is inconsistent with a strategy to help low-income families. An appendix also examines the distributional effects of the major hidden subsidy to students, which is the indirect subsidy to tuition fees implicit in government subsidies to institutions. The examination finds that these subsidies, too, are highly regressive and that a fee-reduction approach to improving access will in fact aggravate the overall problem of too many subsidies going to high-income families.

Warson, Albert. (1993). On the financial fringe : when it comes to loans programs, part-time students are often shoved aside even though their numbers, and needs, are growing. *University Manager*, 1(3), 33.

Wellen, Richard. (2004). The tuition dilemma and the politics of "mass" higher education [Income-contingent repayment]. *The Canadian Journal of Higher Education*, 34(1), 47.

ICR plans are part of what can be called a "smart funding" approach to postsecondary reform. They involve deferred and contingent payment of fees on the basis of a loan scheme that specifies income thresholds for repayment -- usually

through the tax system -- after graduation. Some observers argue that what makes the ICR approach "smart" is that it opens the door for an increasingly market-based orientation. However, most countries that have adopted ICR have not tried to deregulate fees. Nor have they cut total public funding over the long term, but, instead, have used it to finance expansion. Recent announcements by fiscally conservative governments in the U.K. and Australia have promised to supplement ICR-covered tuition increases with government transfers in order to expand the system. In reality, then, what makes this approach "smart" is that it avoids the binary choice of whether the state or the "user" should pay. Instead, contributions are scaled to the life-cycle of students on the grounds that current "users" are also potential "beneficiaries." Since higher education is the type of good for which "ability to pay" and the experience of benefits cannot be known up front, it is both fairer and more efficient to scale payment obligations to income after graduation. ICR means that the system is "beneficiary-financed" rather than "user-financed" (or "parent-financed") in a way that is not possible with either of the traditional "state" or "market" models. The exact repayment formulas and mechanisms are subject to significant variation, and they can be either well or poorly designed from both a technical and a normative perspective. Typically, those who don't earn above the threshold do not pay, and a sunset clause may stipulate that the loan is forgiven after a certain number of years. In addition, interest rates may be more or less subsidized, or no interest may be charged and the value of the loan principal may be simply increased by inflation until it is paid off or forgiven. The scope of insured borrowing can vary in breath -- in Australia, ICR loans do not cover living costs, while in the U.K. they do (up to a maximum of approximately \$9,000 per year). An ICR policy is one that fits with the politically ambiguous, but morally promising, idea of a "responsive" state that tries to "scratch where it itches." Any model that places limits on the categorical responsibility of the state for security and public goods provision can run the risk of strengthening neo-liberal policies. In the context of access to higher education, however, the goal should be to devise a student financing model that carefully incorporates the right combination of the different forms of social insurance, including contributory risk pooling, universal benefits, and means-testing. One of the problems of a contributory insurance scheme is that it may be managed in the manner of a private insurance plan which follows an "actuarial" definition of the relationship between contributions and benefits (Forss et al., 2000). Commercial insurance schemes are preoccupied with erecting safeguards against moral hazards, defined as so-called "opportunistic" use of available pooled resources. However, too much actuarialism can breed a performance culture (Power, 1997), skewing higher education priorities in undesirable directions by requiring supported institutions and individuals to meet rigid performance objectives. For example, there might be too much emphasis on rewarding research institutions that can "spin off" lucrative pharmaceutical patents at the expense of broader public and community health. Or an actuarially minded government might worry that, if it adopts ICR, it will never be paid back by under-performing graduates, and it might try to tie each institution's funding to its record of producing high-paying graduates, missing out on how well that university produces "transformation" for its students (Lomas, 2002). As a result, an approach that was too actuarial would be dismissive of the tentative and

exploratory aspects of the mission of higher education. In social terms it might fail to reward institutions that sought to include socially disadvantaged groups into its mission. In intellectual terms, it might under-appreciate some forms of creativity, innovation, and critical approaches. A well-designed (truly "smart"!) contributions-based model for higher education would link contributions and benefits, but in a way that does not assume that all costs, risks, and benefits should be somehow perfectly priced.

Wu, T. Y. S. (1985). Provincial Funding of Postsecondary Education under the Established Programs Financing. *Canadian Journal of Higher Education*, 15(3), 39-49.

The system of financing postsecondary education in the Canadian provinces since the introduction, in 1977, of unconditional grants based on the gross national product rather than operating costs is examined.

References – USA

Congress Re-evaluating Law That Denies Aid to Students Convicted of Drug Crimes.(2005). *Diverse Issues in Higher Education*, 22(14), 18.

Congress will reassess a law that denies financial aid to college students convicted of drug crimes. In September 2005, the House will vote on a bill that would allow students convicted of drug crimes committed prior to going to college to be eligible for aid.

Financial Aid and Student Access: Key Issues Before Congress.(2005). *The Chronicle of Higher Education*, , B12.

Part of a special supplement on college admissions and student aid. A number of the proposals included in President George W. Bush's budget request for the 2006 fiscal year would dramatically change the way many of the federal student-aid and college-access programs operate. These proposals include increasing Pell Grants, increasing student-loan limits, reforming campus-based student aid, and revamping the government's early-intervention programs. Each of these proposals is discussed.

Pell Grant Boost--at the Expense of Other Programs.(2005). *American Teacher*, 89(7), 8.

President Bush's fiscal 2006 budget proposal includes demands for cuts in student loan programs that far outweigh his administration's trumpeted plan to increase the maximum Pell Grant award by \$100 each year for the next five years. If Congress approves the budget proposals, there will be a \$10.7 billion decrease in student loan programs over ten years.

Get College Financial Aid to the Neediest.(2003). *American Teacher*, 87(6), 6.

A panel of education leaders has criticized federal college financial aid policy. Appointed by the College Board, the panel of prominent education leaders said that tax-supported programs that award scholarships and grants based on merit rather

than need threaten the promise of equal opportunity and access. Student aid recommendations made by the panel are outlined.

Trends in Student Borrowing.(1999). *Education Statistics Quarterly*, 1(3), 69-70.

Provides rates of student borrowing and average amounts borrowed in 1992-93 and 1995-96. Includes differences by control and type of institution, class level, and family income.

Keeping College Affordable: A Proposal from Two Economists.(1992).

This paper outlines a proposal for restructuring student aid for higher education based on the book "Keeping College Affordable: Government and Educational Opportunity" by Michael S. McPherson and Morton Owen Schapiro. The paper argues that transferring costs to federal government programs will ensure that equal opportunity and human capital development are national concerns whose cost should be paid for by the government. Under this plan the federal aid programs would be restructured so that the maximum federal aid grant for undergraduate students would be at a level approximating the actual annual cost of a year's education at a typical, public 2-year college. In addition, reform of loan programs would mean unsubsidized loans. Grants would be made to those who need subsidies and loans to those who need credit and some of each to those who need both. The increased cost of federal programs could be offset by higher state tuition revenues and thus could reduce the total taxpayer-borne cost of higher education by about 12 billion dollars. Further sections discuss how the plan would increase access to private colleges, the impact for non-traditional students, and budgetary and enrollment implications.

Maintaining Balances: The Relationship between Student Financial Aid and Institutional Finance.(1988).

Following an explanation of the Eureka Project, which studies the financing of higher education opportunities in California, introductory information is provided on the effects of student financial aid in California on both students and colleges. Some points to be considered in understanding the relationship between student aid and institutional finance include the magnitude of student aid in the budgets of colleges and universities; the impact of financial aid on a college's ability to fulfill its enrollment targets; the effects of different kinds of aid on institutions; the uniformity of the effects of student aid across all segments of higher education; institutional expanding or contracting as a result of changes in the flow of aid; institutional responses to the challenges of managing student aid; and the role student aid plays in furthering the missions of many colleges and universities in California. Financial aid falls into the categories of aid from government and private outside sources, aid from the institution from gifts and endowment funds, and aid from institutional general funds. Information is provided on: trends in student financial aid by segment; student financial aid programs and their impacts on institutional finance; and the role of student financial aid in institutional finance (by segment). The segment in which the connection between student aid and institutional finance seems most direct is in the independent sector. Tables, charts, and graphs are included.

Pell Grants. Who Receives Them and What Would Larger Grants Cost? Briefing Report to the Ranking Minority Member, Subcommittee on Postsecondary Education, Committee on Education and Labor, House of Representatives.(1988).

Information on the General Accounting Office's (GAO) analysis of Pell Grant recipients during the 1986-87 school year is presented. Following an introductory letter, Appendix I looks at profile characteristics of Pell Grant recipients during that year. Findings show that: most were full time, first year, and independent; the majority had little or no adjusted gross income; the majority attended public institutions; the majority were enrolled in programs less than 3 years; attendance costs were less than \$5,000 for most recipients; few received the maximum award allowed; few received the maximum 60% share of attendance cost; and almost all who received 60% attended public schools. Appendix II provides information on Pell Grant recipients who did not receive grants in later years (students at four-year schools receiving grants after first year, and students at two-year schools receiving grants after first year). Appendix III focuses on cost estimates for increasing a recipient's cost of attendance to the maximum grant allowed (increasing grants to \$2,100 for recipients with no income, increasing grants to \$2,200 for recipients with no income, increasing grants to \$2,100 regardless of income; and increasing grants to \$2,200 regardless of income. Related GAO products (reports and testimonies) are listed.

Alabama Student Grant Program. Ninth Annual Report. 1986-87 Academic Year.(1987).

Following a description of the establishment of the Alabama Student Grant Program (which provides direct grants to bonafide residents of Alabama for attending undergraduate school at specified nonprofit, independent Alabama institutions), information is provided on student eligibility requirements. Applicants must meet such criteria as having United States citizenship, having a certificate of graduation (or the equivalent) from a secondary school, being enrolled as a full- or half-time student in an eligible program, be making satisfactory progress, and not be enrolled in a course of study leading to a degree in religion or theology. Appropriations for the grant program were \$3,342,956 in 1985-86 and \$3,016,828 for 1986-87. Maximum grant awards were \$550 in 1978-79 and \$516 in 1986-87. Most grant recipients majored in business administration, education, or general liberal arts and sciences. Over 7% majored in technological or occupational programs at the associate degree or sub-baccalaureate level. Tables are included to note distribution of grant recipients and payments by institutions, rank order listing of numbers and percentages of grant recipients by program areas, and intra-institutional distribution of grant awards.

Andrew, L. D., & Russo, R. (1989). Who Gets What? Impact of Financial Aid Policies. Since 1980 the legislation and administration of federal financial aid to students has changed radically. Four topics examined in this study are: what changes have been made; their effects on federal funding allocations and obligations; how the changes may have contributed to the growth of the proprietary sector of education at the expense of community colleges; and how the changes have contributed to the decline of Black and Hispanic pursuit of higher education. The study draws from literature,

in particular from data compiled by the U.S. Department of Education, the College Board, legislation that affected financial aid, and preliminary analyses of the recently completed U.S. Department of Education National Postsecondary Student Aid Survey. The 1978, 1982, and 1986 amendments to the Higher Education Act and concomitant rises in the costs of higher education have had several effects on student choices of higher education sectors and institutions. Higher costs have reduced the options of low and middle income students to choose among schools; increased student dependence on borrowing large sums to finance higher education; and forced students and families to turn to other sources for support in many cases. The participation of Blacks and Hispanics in higher education has declined, and a large proportion of those who pursue a higher education choose community colleges and proprietary schools. Five tables are included.

Basch, D. L. (1996). Pricing Differences Among Private Colleges: The Impact of Discounting Through College-Funded Grants. *Journal of Student Financial Aid*, 26(3), 41-58.

Substantial differences in tuition discounting across private colleges appear related to differences in admissions selectivity, nominal price, endowment per student, and regional location. Ironically, one reason many of these colleges can sustain such policies is that stringent selectivity and high price may lower the percentage of needy students.

Baum, S. (1996). New Directions in Student Loans: Intergenerational Implications. *Journal of Student Financial Aid*, 26(2), 7-18.

Implications for future generations of college loan program changes are examined. The idea of who should pay for college is explored from the perspective of economic theory. It is concluded that new loan programs must be monitored carefully so they do not shift the burden of college payment from parents to students.

Baum, S., & Sjogren, J. (1996). The Distribution of Subsidies to Postsecondary Students. *Eastern Economic Journal*, 22(2), 195-204.

College students receive both direct subsidies in the form of grants and loans provided by the government and by educational institutions and indirect subsidies in the form of tuition levels which do not cover the full cost of education. This paper examines the distribution of each of these forms of subsidy to students at different income levels who attend public and private colleges and universities. Students in private colleges receive lower indirect subsidies, but significantly higher direct subsidies than do those in public colleges. The distribution of subsidies in the private sector is distinctly pro-poor, but this is not true in the public sector. Other findings include higher subsidies for undergraduates studying at four year colleges than for those in universities and significant saving of public funds on middle and upper-income students studying in private institutions.

Blumenstyk, G. (1989). More States are Providing Aid to Those Who Study Part Time. *The Chronicle of Higher Education*, 35, A21.

Boschung, M. D., Sharpe, D. L., & Abdel-Ghany, M. (1998). Racial, Ethnic, and Gender Differences in Postsecondary Financial Aid Awards. *Economics of Education Review*, 17(2), 219-222.

Presents a decomposition technique for a Tobit regression model that shows the effect of the independent variables on (1) the amount of financial-aid awards to those receiving aid; and (2) the probability of receiving aid for those who did not receive aid. Contributes to a clearer understanding of the effects of selected factors on awards.

Breneman, D. W., & Galloway, F. J. (1996). Rethinking the Allocation of Pell Grants.

This analysis examines alternative ways to use the approximately \$6 billion now spent annually on Pell Grants to produce higher maximum awards for low-income students. The need for such alternatives is based on the rapidly declining value of the maximum Pell Grant as a percentage of college costs. A table offers 5-year baseline projections under the current allocation formula. The paper then evaluates each of seven alternative allocation formulas; (1) "frontloading" the awards or limiting Pell Grants to first- and second-year students only; (2) exclusion of all students attending proprietary institutions; (3) frontloading plus exclusion of proprietary students; (4) targeting awards on lower-income students and families by raising the assessment rates on income; (5) exclusion of students enrolled in less than one-year programs; (6) exclusion of students enrolled in less than two-year programs; and (7) eliminating all awards smaller than \$600. Tables compare the seven alternatives for cost savings, maximum grants possible, and changes in the distribution of grants among public, private, and proprietary institutions. Discussion highlights major differences and effects of each of these alternatives. The paper concludes that a case can be made for each of these options but all demonstrate that, within current budgetary limits, greater access can be achieved than the current allocation formula permits.

Burd, S. (2005). Change in Federal Formula Means Thousands May Lose Student Aid. *The Chronicle of Higher Education*, 51(18), A1, A34-A35.

The Bush administration has made a change to the formula used to calculate a student's need for aid. According to the American Council on Education, the new formula will mean that around 1.3 million students and their families will have their eligibility for financial aid cut, while as many as 90,000 students could be disqualified from receiving Pell Grants and other forms of federal and state financial aid. The change updates the amount the Department of Education allows families to deduct for state and local tax payments when applying for financial aid.

Burd, S. (2004). Playing With the Pell Grant. *The Chronicle of Higher Education*, 50(25), A19-20.

A proposal to change the way Congress sets the maximum Pell Grant each year has sparked conflict between college lobbyists and the Bush administration. The proposal is intended to prevent Congress from allocating less money than is needed to cover the cost of the scheme in a given year. Although college lobbyists believe that the goal sounds good, many are worried that the proposal would remove

lawmakers' flexibility in making spending decisions and make it harder for Congress to raise the maximum Pell Grant.

- Burd, S. (2003). Unfair Advantage? *The Chronicle of Higher Education*, 49(49), A21-3. The fourth in a series of articles related to the Higher Education Act review. Elite private colleges are preparing to fight to protect student aid provided by federal campus-based programs. They expect to come under pressure from other institutions that want the aid for needy students when Congress begins its review of the Higher Education Act, with the battle focusing on the formula used to distribute money for the campus-based programs.
- Burd, S. (2002). Amid Outcry, Education Department will Modify GEAR UP Regulations. *The Chronicle of Higher Education*, 48(32), A27. The Department of Education is planning to modify the disputed rules that dictate how colleges must package financial-aid dollars to disadvantaged students who receive scholarships from the GEAR UP program. The rules are opposed by many college officials, and the department's decision is expected to end nearly three years of argument between higher-education lobbyists and some GEAR UP supporters.
- Burd, S. (2001). Critics Seek to End Ban on Aid for Students with Drug Convictions. *The Chronicle of Higher Education*, 47(36), A29. A report on a conference organized to bring together students and financial-aid administrators opposed to the ban on financial aid for students convicted of drug offenses, which was held at Hampshire College, New England, in May 2001. Delegates at the conference included aid administrators from 20 New England colleges.
- Burd, S. (1997). Do Federal Loans Encourage Tuition Increases? *The Chronicle of Higher Education*, 43, A18-19. Part of a special section on anxiety over tuition fees. The question of whether federal student loans encourage increases in tuition at private colleges is explored. Although Republican lawmakers see a link between federal student loans and tuition increases, student aid experts remain divided over the issue.
- Burd, S. (1997). Students Who Lack Funds from Parents Say Federal-Aid System is Unfair. *The Chronicle of Higher Education*, 43, A29-30. Lawmakers are being urged by student representative groups to broaden the government's definition of who can qualify as being financially independent. Under the present system, students from lower-middle-income families are finding it very hard to demonstrate financial independence and hence qualify for sufficient federal aid to attend college.
- Burd, S. (1996). New Law Denies Pell Grants to Students Whose Colleges Have High Loan-Default Rates. *The Chronicle of Higher Education*, 42, A36. The Department of Education has been barred from awarding Pell Grants to students at colleges with consistently high levels of student loan defaults under a new bill

approved by Congress. The new bill is part of an attempt to stop schools that set up merely to reap profits from student-aid money. However, such a measure could harm the low-income students who are largely ignored by traditional universities.

Burd, S. (1995). Defining the Needy. *The Chronicle of Higher Education*, 42, A31.

There are fears that the changes Congress is contemplating for Pell Grants could mean disaster for middle-income students. Congress has passed a bill that will eliminate Pell awards of less than \$600 and effectively close the program to anyone whose parents earn \$25,000 or more. Many higher-education lobbyists and public-college administrators have called the House proposal misguided.

Burd, S., & Curry, D. (2001). A Rare Chance to Rewrite the Rules. *The Chronicle of Higher Education*, 48(3), A23-4.

Republican leaders have promised to review federal student aid regulations. They have undertaken to alter or eliminate obsolete or burdensome regulations and have invited college officials and lenders to assist them in the review.

Burd, S., Healy, P., & Lively, K. (1996). Low-Income Students Say College Options are Limited by the Actions of Lawmakers and Campus Officials. *The Chronicle of Higher Education*, 42, A10-12.

Throughout the U.S., people who watch enrollment trends say that the neediest students are either enrolling in community colleges in larger numbers or are not going to college at all. Although, more than ever, a college education provides the gateway to economic opportunity, the catch is that getting a college degree costs money. Furthermore, according to a higher-education analyst in Iowa, federal commitment to student aid designed to help poor families pay for college has weakened.

Caucutt, E. M., & Kumar, K. B. (2003). Higher Education Subsidies and Heterogeneity: A Dynamic Analysis. *Journal of Economic Dynamics and Control*, 27(8), 1459-1502.

In this paper, we develop a simple dynamic general equilibrium framework to address the effects of increasing higher education subsidies in the US, from their already substantial levels, on inequality, welfare, and efficiency. We focus on three policies. The first is a tax and subsidy scheme that ensures that the parental decision to send a child to college is independent of income. Such a policy decreases the efficiency of the utilization of education resources, while the welfare gain is minimal. The second policy maximizes the fraction of college educated labor. This results in a large drop in the above-mentioned efficiency with little or no welfare gain. The third is the provision of merit-based aid to the poor as opposed to purely need-based aid. This policy can increase education efficiency with little decrease in welfare. Based on these experiments, we conclude that the case for further increases in higher education subsidies might have been overstated.

Cavanagh, S. (2002). Merit Grants Bloom Even as Budgets Wither. *Education Week*, 22(2), 18, 21.

The rise of merit-based financial aid continues unabated, despite the slowing economy, rising tuition costs, and attacks from critics claiming the grants direct too much money to middle-class students who need it least. Under merit grant programs, high school students with good grades receive state money that in some cases pays their entire college costs.

Choy, S. P. (1999). College Access and Affordability. *Education Statistics Quarterly*, 1(2), 74-90.

Examines the extent to which the financial-aid system promotes access to postsecondary education by equalizing income differences. Describes ways in which students and their families cope with the increasing costs of college, and explores the consequences of full-time and part-time work on college persistence.

Craddick, J. (1987). Public Funding of Private Higher Education.

The State of Alaska and many other states are concerned with the issue of public funding of private institutions. Alaska's State Tuition Equalization Program was ruled unconstitutional in 1976; currently there are no grants programs for students wanting to attend public and private institutions of higher education. The importance of federal and state programs affecting public and private institutions is discussed, with statistics from Sheldon Jackson College in Sitka, Alaska, used as examples. A study was undertaken to determine how other states handle aid to private higher education and to review other types of aid in relation to Alaska law. Related data from published literature is mentioned (political, legal, and economic issues). States were polled to identify other state funding programs that would be legal in Alaska; 41 states responded, with 5 states indicating no aid for students in private colleges. A summary of the funding programs was presented to the President of Sheldon Jackson College. The programs that seemed most relevant under Alaska's constitution were those made directly to students in public or private institutions, and fell into two categories: need-based and achievement-based. Rationale statements from various colleges are listed. Six state programs (those of Michigan, Minnesota, North Dakota, Pennsylvania, Oregon, and Wisconsin) and their constitutional provisions were reviewed. Recommendations include looking into New Jersey's Tuition Aid Grants Program, Oregon's Need Grant Program, Pennsylvania's Scholars in Education Program, New Jersey's Distinguished Scholars Program, and Oregon's Cash Award Program. Suggestions are made for ways to define terms and to draft and promote legislation. Appendices include a list of state programs of aid, a summary of constitutional provisions and legislative programs in key states, and reprints of the Oregon Need Grant and Cash Award Program. A table on state programs of aid to private education is included.

Curry, D. (2001). U.S. May Relax Ban on Aid for Those with Drug Convictions. *The Chronicle of Higher Education*, 48(2), A34.

A ban on federal aid for students convicted of possessing or selling illegal drugs may be relaxed, according to congressional sources. The education department is

considering applying the ban only to those convicted of drug violations while receiving federal aid in college and not to anybody convicted prior to enrollment.

DeLoughry, T. J. (1990). Shift in Aid Policy Hurt Poor Students, Report Concludes. *The Chronicle of Higher Education*, 36, A1.

DeLoughry, T. J. (1990). Student-Aid System Neglects the Poor, Controversial New Report Charges. *The Chronicle of Higher Education*, 36, A19.

Dervarics, C. (1989). National Service Requirement Could Hurt Minorities and Poor, Officials Say. *Black Issues in Higher Education*, 5(24), 1.

A plan to require national service in return for student financial aid could restrict educational opportunities for Blacks and set up new barriers for low-income students. The proposed Citizenship and National Service Act would award student aid grants and loans on the basis of volunteer service, rather than on need.

Devarics, C. (1994). Planned Review of Student Financial Aid Already Sets off Alarms. *Black Issues in Higher Education*, 11, 6-7.

The U.S. Department of Education's plan for a detailed review of student financial aid has triggered some alarm among those who work with minority and disadvantaged students. They believe that the suggested merit-based supplemental aid could dramatically affect access to higher education for disadvantaged students from poor-quality public schools. Tables on student financial aid for 1989-1994 and on the 1989-1990 undergraduate aid awards to gender and ethnic groupings are provided.

Doyle, D. P., & Hartle, T. W. (1986). Student Aid: the Muddle of Federal Programs. *The Education Digest*, 51, 54-57.

In an article condensed from the February 1986 issue of the Atlantic, the writers discuss the need to reform the existing federal student-aid system.

Doyle, W. R., Delaney, J. A., & Naughton, B. A. (2004). Institutions Amplifying State Policy: How Public Colleges Award Institutional Aid. *Change*, 36(4), 36-41.

An analysis was conducted to determine how closely educational institutions follow state policy when they award institutional aid--the aid over which they have discretion. The analysis revealed that campuses seem to reinforce state policy when distributing their own institutional aid, rather than use the opportunity to express different values. It appears that there is a trend toward institutional compliance rather than an effort to compensate for state programs that seem to be unbalanced. This may be positive, in that institutional and state policies for financial aid are aligned, but it also may be a matter of concern because if states have misdirected their aid policies, institutions do not attempt to correct the situation.

Fethke, G. (2005). Strategic Determination of Higher Education Subsidies and Tuitions. *Economics of Education Review*, 24(5), 601-609.

Strategic interactions of subsidies and tuitions in public higher education are

described in a differentiated-product setting where legislatures first determine subsidies and then governing boards of universities set tuition. When revenue of the university is important relative to students' welfare in legislative preferences, commitment to the subsidy prior to the setting of tuition leads to a lower subsidy and a higher tuition than will occur if legislatures determine tuition. In response to an increase in the level of demand for education, there is a decrease in the subsidy and an increase in tuition, which is consistent with the US historical pattern.

Fields, C. (2005). Need-Based Student Aid Rising. *Change*, 37(5), 6-7.

The most recent figures on state financial aid indicate that need-based student aid is increasing. Some policy experts and college leaders have worried over the last few years that the growth of states' merit (non-need-based) student aid could hurt need-based assistance. Now, however, figures from the National Association of State Student Grant and Aid Programs show that, in 2003-04, need-based aid made up 74 percent of all state grants, with non-need grants or merit aid making up 26 percent.

Finney, J. E., & Kelly, P. J. (2004). Affordability: Obtaining and Making Sense of Information about How Students, Families, and States Pay for Higher Education. *Change*, 36(4), 54-59.

Affordability, the ability of students and other sources to offer financial support to colleges and universities, is a subject of increasing importance. The writers assess the affordability of college from two perspectives: from that of students and their families and from that of the state. They also identify numerous references to up-to-date databases, analyses, and policy perspectives that are relevant to issues of affordability in higher education.

Finney, J., & Conklin, K. (2000). Enough of Trickle-Down: it's Time for a Flood of Aid for Needy Students. *The Chronicle of Higher Education*, 46(35), A68.

The writers contend that President Clinton's \$30 billion tax-credit proposal will do little to make college more affordable for those with the greatest need. Tax credits continue the trickle-down approach to federal support for financial aid, with affluent and middle-income families receiving the majority of tax breaks and those with incomes under \$30,000 receiving only a trickle. In order to help those students least likely to enroll in college, the federal government should either redirect the cost of the tax credit proposal to existing need-based financial aid programs or make the tax credits refundable, thus extending eligibility to those with lower incomes.

Fischer, F. J. (1990). State Financing of Higher Education: a New Look at an Old Problem. *Change*, 22, 42-56.

Fleming, B. (2004). Prepaid-Tuition Plans Reduce Eligibility for Need-Based Aid, Report Says. *The Chronicle of Higher Education*, 50(49), A22.

A recent report by the Lumina Foundation for Education has revealed that families who expect to receive need-based student aid to help pay for their children's college educations may be unintentionally reducing their eligibility for such aid by saving for college. The report, which considered how a \$100 increase in assets placed in

various savings vehicles would affect assessed need, identified investment in prepaid-tuition plans as a particular factor in reducing eligibility for need-based aid.

Flower, R. (2002). Paying for College. *Academe*, 88(4), 77.

The writer discusses government initiatives to help pay tuition. The 2002 budget and appropriations cycle includes help for students and parents trying to decide how to pay for college. The help focuses on four types of assistance available--grants, loans, tax subsidies, and work opportunities.

Flower, R. (2001). No Student Left Behind. *Academe*, 87(3), 787.

In the area of financial aid, the federal government can lower the financial barriers and level the field of opportunity across income classes. Congress should increase support for need-based student-aid programs in an effort to enhance access to higher education.

Gardner, S. (2005). Easing the College Funding Crisis for Hispanics. *The Education Digest*, 70(7), 58-62.

In an article condensed from the January 31 issue of *The Hispanic Outlook in Higher Education*, the writer discusses the challenges facing Hispanics in funding college education. Attending a four-year public college now requires 71 percent of a low-income family's earnings, compared with 5 percent and 19 percent for upper- and middle-income families, respectively. Given that need-based student grants are being replaced with loans, tax credits, and merit-based aid, low-income minority students are forced to work too many hours, borrow heavily, or both. According to Antonio Flores, president of the Hispanic Association of Colleges and Universities, more should be done to educate Hispanic families about financial options and ways to seek need-based aid.

Gehring, J. (2001). Paige Unveils Proposal to Enhance, Increase Pell Grants. *Education Week*, 20(24), 21, 23.

Rod Paige, the secretary of education, has told higher education leaders that the Bush administration would seek to increase the maximum Pell Grant. The proposed increase would amount to more than 50 percent for the neediest recipients and would provide more funding for students who take college-level math and science courses in high school.

Gehring, J. (2000). Calif. College-Aid Expansion Mixes Merit with Need. *Education Week*, 20(3), 1, 25.

California legislators have put together a student aid package that establishes new merit-based scholarships and significantly increases need-based college assistance. Targeting high school students with solid grades and financial need, the package offers full tuition at state colleges and almost \$10,000 per annum to attend private institutions in the state.

Gose, B. (2005). The Chorus Grows Louder for Class-Based Affirmative Action. *The Chronicle of Higher Education*, , B5-6.

Part of a special supplement on college admissions and student aid. Harvard University and the University of Virginia are among the elite institutions that have started to identify students from low-income families during the admissions process. Harvard is using geodemographic data in conjunction with test-score information to single out high-school juniors from low-income families who might be eligible for admission, then contacting those students and encouraging them to apply. Meanwhile, the University of Virginia is relaxing the firewall between admissions and financial aid that is enforced to uphold the principle of needs-blind admission, but is doing so only for low-income students.

Gose, B. (1998). Dartmouth Cuts Loan Requirements for Students on Financial Aid. *The Chronicle of Higher Education*, 45(10), A50.

Dartmouth College recently announced that it would award bigger grants to students whose parents earn less than \$60,000 a year. When the new policy is fully phased in, it will cost the college \$2 million a year.

Gose, B. (1994). Loan Plan Draws Fire from Needy Families. *The Chronicle of Higher Education*, 40, A23.

Green, T. C. (2005). Financial Aid, Access, and America's Social Contract with Higher Education. *College and University*, 80(3), 9-13.

Over the last century, Americans have formed a social contract with higher education through the development of and changes to student financial aid programs. These federal, state, and institutional programs are the manifestation of the value we place on who should and who does pay the costs of higher education. Grants versus loans and low-income access versus middle-income affordability and choice are two of the major conflicts within these systems. As we look back over this period of great change in student aid, how has the social contract been formed and how has it been amended to reflect American values on higher education? This article examines the historical influences upon public policy and the outcomes of those influences on student financial aid in the United States.

Grossman, H. I. (1996). African-American Students and the Financial Aid Cartel. *Journal of Blacks in Higher Education*, (13), 104-106.

Discusses how competition for black college students among the nation's most prestigious institutions could become more intense if these universities abandon their agreement to set financial aid based on merit as well as on need. It argues that by enforcing limitations on financial aid, Congress is protecting Ivy League schools and is sanctioning a policy limiting educational opportunity for African Americans.

Grubb, W. N., & Tuma, J. (1991). Who Gets Student Aid? Variations in Access to Aid. *Review of Higher Education*, 14(3), 359-382.

National data reveal postsecondary students in proprietary schools and vocational education are much more likely than others to receive financial aid, and community

college students are much less likely. Because of community college student sensitivity to costs and because evidence indicates aid is effective in two-year colleges, the pattern is worrisome.

Hansen, J. S. (1989). A Policy Research Agenda for Postsecondary Student Aid. *Review of Higher Education*, 12(4), 339-347.

Critical research topics in student financial aid are identified. Four are described: evaluation of student aid's accomplishments and shortcomings, student loans, access for minorities, and college costs. Four "propositions" about public policy and those who make it are discussed.

Hansen, J. S. (1988). Student Assistance in Uncertain Times. *Academe*, 74, 27-31.

Hauptman, A. M. (2005). College: Still Not for the Needy? *The Chronicle of Higher Education*, , B16.

Hebel, S. (2004). U. of Virginia Announces New Student-Aid Policy. *The Chronicle of Higher Education*, 50(24), A24.

Under a new student-aid policy announced recently by the University of Virginia, some low-income students will receive grants instead of loans while the amount of loans that students from middle-income families can accumulate will be limited by also increasing grants for them. University officials estimate that they will spend \$16.4 million on the policy each year when it is fully implemented in the 2008-2009 academic year.

Hebel, S. (2001). Experts Call for a Renewed Emphasis on Student Aid that is Need-Based. *The Chronicle of Higher Education*, 47(27), A28.

A group of 20 prominent student-aid experts has called on federal and state lawmakers and colleges to focus their aid policies on helping low- and moderate-income families instead of those who can afford to pay for higher education. The experts argued that the nation has failed to close the college-enrollment gap that exists between students from low-income families and those from wealthier families.

Heller, D. E. (2004). The Changing Nature of Financial Aid. *Academe*, 90(4), 36-38.

The writer discusses the major change in the way states and colleges and universities award financial aid to undergraduate students. When awarding grants and scholarships, both states and institutions have substituted measures of academic merit for financial need. The effect of these merit-aid programs on college access differs substantially from that of need-based grant programs because merit grants go disproportionately to students who would have attended college even without public assistance, while need-based programs help those who require assistance to enroll in college. Research on tuition prices and financial aid over the last 30 years has consistently found that, short of keeping tuition prices as low as possible, financial aid targeted at needy students is the best policy for increasing college access among underrepresented students.

Heller, D. E. (2002). Is Merit-Based Student Aid Really Trumping Need-Based Aid? *Change*, 34(4), 6-8.

It is important to look beyond the figures when trying to discern the likely future direction of merit-based student aid. With the sole exception of California's recent expansion of the need-based and merit-based CalGrant program, all of the major state-based initiatives since the early 1990s have been for programs that award grants that do not take financial need into consideration. Georgia HOPE, Florida Bright Futures, Michigan Merit Award, Louisiana Tuition Opportunity Program for Students, New Mexico Lottery Success, and West Virginia Providing Real Opportunities for Maximizing In-state Student Excellence all award grants to students regardless of whether their families are able to pay for college or not. The writer discusses whether merit scholarships meet their original policy goals and whether such programs favor more affluent students.

Heller, D. E. (2001). Race, Gender, and Institutional Financial Aid Awards. *Journal of Student Financial Aid*, 31(1), 7-24.

Analyzed data from the National Postsecondary Student Aid Study (NPSAS) to examine the awarding of institutional need-based versus non-need-based grants to undergraduate students. Determined: (1) how use of these grants has changed; (2) socioeconomic characteristics of student recipients; and (3) how institutional and student characteristics help predict who will receive an institutional grant.

Henry, G. T., & Rubenstein, R. (2002). Paying for Grades: Impact of Merit-Based Financial Aid on Educational Quality. *Journal of Policy Analysis and Management*, 21(1), 93-109.

In contrast to education reform efforts that target teachers and schools, merit-based financial aid for college increases the incentives for high school students and their families to directly affect the quality of education by investing more time and effort in schoolwork. Large-scale merit-based aid programs, such as Georgia's HOPE Scholarship, seek to improve education by encouraging students to meet higher standards, in this case by obtaining a 3.0 grade point average in high school and college. Since the HOPE program began in 1993, the number of high school graduates qualifying for the aid has steadily increased to more than 38,000 graduates in the class of 1998, or 59.5 percent of the graduating class. At the same time, the relationship between grades and achievement has remained consistent or, in some cases, improved since HOPE began. In fact, African-American males and females with a 3.1 high school core course grade point average have increased their average Scholastic Assessment Test (SAT) scores by more than 20 points. This indicates that merit-based aid has improved the quality of K-12 education in Georgia and reduced racial performance disparities by motivating students and their families to commit greater effort to schooling.

Humphreys, B. R. (2000). Do Business Cycles Affect State Appropriations to Higher Education? *Southern Economic Journal*, 67(2), 398-413.

Spending on higher education constitutes an important and increasing portion of state government spending and a major source of operating funds at public

institutions of higher education. Anecdotal evidence suggests that state appropriations are subject to cyclical variation. An analysis of state appropriations to higher education, enrollment in two- and four-year public colleges and universities, and state-specific measures of the business cycle for all 50 states over the period 1969-1994 shows that state appropriations to higher education are highly sensitive to changes in the business cycle. A 1% change in real per capita income was, on average, associated with a 1.39% change in real state appropriations per full-time equivalent student enrolled. This implied decline in state government funding, coupled with the increase in enrollment in higher education during recessions reported by Betts and McFarland (1995), suggest that public institutions of higher education may experience fiscal stress during economic downturns. These results also suggest that state legislators and education policymakers should reconsider their higher education funding policies during recessions in order to allow public colleges and universities to provide dislocated workers with access to quality education and training during these periods.

Jackson, G. A. (1990). Financial Aid, College Entry, and Affirmative Action. *American Journal of Education*, 98, 523-550.

Jaschik, S. (1995). U. of Minnesota Reassesses Race-Based Scholarships after Finding it had Misallocated Some U.S. Funds. *The Chronicle of Higher Education*, 42, A31. The University of Minnesota-Twin Cities has admitted that, for many years, it used racial and ethnic criteria to distribute federal student-aid funds that were intended to be awarded solely on the basis of economic need. A new financial-aid director discovered the practice and halted it this fall. The university has decided to reexamine its policy of restricting some of its own aid to members of certain minority groups.

Kahlenberg, R. D. (2004). Toward Affirmative Action for Economic Diversity. *The Chronicle of Higher Education*, 50(28), B11-13. Affirmative action for academic diversity would offer much that race-based affirmative action does not provide on its own. The U.S. Supreme Court's ruling in the case of Gruter v. Bollinger leaves the opportunity open for an eventual transition to economic affirmative-action programs. A fundamental change in the culture of higher education that makes economic diversity a measure of a college's quality just as racial diversity is today is required.

Kane, J., & Spizman, L. M. (1994). Race, Financial Aid Awards and College Attendance: Parents and Geography Matter. *American Journal of Economics and Sociology*, 53(1), 85-97.

The impact of race on college and university admission and award decisions is examined using data from the National Longitudinal Study of the High School Class of 1972. The effects of race and other factors on the choice of an individual's educational attainment are also studied. Financial aid award equations are estimated. The results indicate that college and university admissions departments have actively worked to encourage the enrollment of African-American students. It appears that

the lower average educational attainment of African-Americans is the result of differences in parental income, education, and geographical location.

Kelly, M. (1991). Financing Higher Education: Federal Income-Tax Consequences. *Journal of College and University Law*, 17(3), 307-328.

The current income tax law's effects on common elements of education financing are discussed, including scholarships, loans, employment, and related issues. In light of recent tax changes that increase the after-tax cost of education, information for maximizing remaining tax advantages is offered.

King, J. E. (1999). Financing a College Education: How it Works, How it's Changing., xix, 216.

Klein, A. (2004). Bush Proposes Larger Pell Grants, but With a Catch. *The Chronicle of Higher Education*, 50(29), A24-5.

President George W. Bush has proposed that financially needy students who take part in the State Scholars program should be awarded up to \$1,000 extra in Pell Grant money. According to financial aid experts, the president's decision to focus on the State Scholars program, which works to create and promote college-preparatory curriculums in high schools, may signal a move by the Bush administration to introduce a merit-based component to the Pell Grant and provide more money to first-year students.

Kreuzer, T. L. (1994). The Bidding War for Top Black Students. *Journal of Blacks in Higher Education*, (2), 114-118.

Discusses the competition by the nation's most prestigious colleges and universities for the top black students. The paper examines guidelines for student financial aid packages and some schools' recruitment tactics.

Lee, J. B. (1986). Beyond the Pale: How Student Aid Cuts Hurt Access. *Educational Record*, 67(2-3), 20-24.

Federal policy for financing student aid is less equitable today than ever before. If college costs are high, the costs of an expanded uneducated lower class will be higher. College access and choice will become increasingly remote for low-income students unless increased resources can be provided.

Lee, J. B., & Clery, S. B. (1999). Employer Aid for Postsecondary Education. *Education Statistics Quarterly*, 1(4), 74-77.

Examines the use of employer-provided financial aid by students seeking a degree or credential. Describes differences in amounts of aid awarded and proportions of students receiving aid by numerous variables such as demographic characteristics, type of occupation and industry, field and level of study, and type of institution.

Lee, J. B., & Clery, S. B. (1999). State Aid for Undergraduates in Postsecondary Education. *Education Statistics Quarterly*, 1(2), 91-93.

Examines differences among undergraduates who attended postsecondary education

in states that provide different levels of state student financial aid. Describes aid types and sources, the price of college attendance, and personal characteristics of students. Also considers undergraduates' probability of attending institutions in high-aid or low-aid state groups.

Lind, J. W., & Gilroy, P. J. (1997). Needs Analysis Benefits the Affluent. *Journal of College Admission*, (157), 5-7.

A new system of needs analysis is required to address the financial needs of students and to reflect a wider range of social and moral values. Current needs analysis systems promote differences between rich and poor. The more affluent students and their families are the main beneficiaries of substantial subsidies, whereas increasing numbers of needy students will have their college choices limited to what they and their families can afford.

Long, M. (2004). The Impact of Asset-Tested College Financial Aid on Household Savings. *Journal of Public Economics*, 88(1-2), 63-88.

Federal college financial aid imposes an implicit tax on asset accumulation, which reduces the incentive for families to save. Prior literature has found evidence of large reductions in asset accumulation as a result. This paper finds that these conclusions are over-estimated and are sensitive to the assumptions used in estimating the implicit tax rate. Additionally, the 1992 exemption of home equity and other changes in federal policy have substantially eliminated the savings disincentive for many families. Thus, the results of studies that examined families prior to the 1992 changes cannot be applied to the current program.

Longanecker, D. (2002). Is Merit-Based Student Aid Really Trumping Need-Based Aid? *Change*, 34(2), 30-37.

There is much concern in higher education policy circles about what many think is a shift away from need-based student aid toward merit-based assistance. To explore whether public support for the principle of expanding educational opportunity for disadvantaged students waned as interest in rewarding and attracting the best and brightest has increased, one can look empirically at the evidence about trends supporting both types of assistance, examine the public policy rationale for supporting merit-based aid, and examine how effectively merit-based aid achieves its public purposes. How states, institutions, and the federal government respond to the issue will determine whether merit- and need-based programs end up competing with or complementing each other. In the past few years, the evidence demonstrates that it is shortsighted to presume that the programs are opposing forces; they serve different legitimate public purposes, and their worth will be judged against these purposes in the public arena.

Macy, B. (1999). Scaling the Ivory Tower: The Enduring Importance of Need-Based Aid. *College Board Review*, (188), 2.

A journalist and college instructor who attended college on a Pell Grant recounts her escape from poverty through education. She notes shifts in public policy toward financial aid through loans and tax credits rather than grants, but urges that the Pell

Grant program be restored to the level of assistance provided youth from economically deprived backgrounds in the 1970s.

Marcus, J. (2005). Anti-Drug Law Focuses on Poor and Minorities. *The Times Higher Education Supplement*, (1708), 10.

An investigation suggests that the enforcement of a U.S. law that withholds university tuition assistance from students convicted of selling or possessing drugs is inconsistent. The investigation by The Washington Post concludes that the law appears to be affecting poor and nonwhite students more often than wealthier white ones.

Marcus, J. (2003). Poor Left out as US Increases Financial Aid to the Wealthy. *The Times Higher Education Supplement*, (1589), 12.

A Department of Education report has revealed that needy U.S. students are being left behind as universities shift their financial aid to the wealthy. The proportion of the wealthiest student who are receiving aid directly from private universities rose from 41 to 51 percent between 1998 and 2000, and the proportion of wealthy students receiving aid at public universities rose from 13 to 18 percent over the same period. This trend probably reflects an effort by universities to attract more students with high entrance examination scores to improve rankings in league tables.

Marcus, J. (1999). Distance Learners get Right to Loans. *The Times Higher Education Supplement*, (1393), 14.

The U.S. government has agreed to give degree-seeking students enrolled on distance education courses tuition assistance. However, the aid will be provided only to those students belonging to a select group of certifiably legitimate distance learning providers. Reluctance in the past to provide distance education students with government loans stemmed from allegations of scholarship fraud.

Martin, D. J. (1992). Student Loan Program: Discontent, Confessions, Perspective, and Questions. *Journal of Student Financial Aid*, 22(1), 17-25.

This article examines problems with the student loan program from an institutional perspective, in the context of reauthorization of the Higher Education Act of 1965. It raises questions for evaluating reform proposals; presents seven key principles for student loan reform; and offers suggestions for a pilot program addressing direct lending, repayment, and defaults.

McCarthy, P. D. (1996). Sharing the Costs of Postsecondary Education in Vermont: A Case Study of a "High Tuition, High Aid" State Strategy. ASHE Annual Meeting Paper.

This study examines the philosophy, strategic principles, and public funding mechanisms that form the "Vermont model" of postsecondary education finance and involve a "high tuition, high aid" finance strategy as an alternative to the predominant practice of heavily subsidized student-related postsecondary costs through taxpayer support of public colleges and universities. A pragmatic cost-containment strategy has guided state appropriations, tuition-pricing, and state

assistance practices. From Fiscal Year 1985 to Fiscal Year 1993, Vermont state subsidies provided reasonable access and choice with public subsidies equitably distributed to lower-income grant recipients. However, trend analysis of enrollment and student assistance data suggest that between Fiscal Year 1989 and Fiscal Year 1993 educational opportunities may have declined for lower income Vermont residents and during this period responsibilities for financial postsecondary education shifted from federal and state taxpayers to families and institutions. The cost-containment and portability features of Vermont's strategy have contributed to the state's publicly-assisted institutions becoming more dependent upon out-of-state revenues and may have encouraged out-migration enrollment for Vermont Student Assistance Corporation recipients. As the burden shifts from taxpayers to families, access, choice, and affordability are declining for Vermont lower income grant recipients. A flexible framework is needed to address the new socioeconomic realities and challenges facing Vermont. Tables show distribution of aid and grants.

McPherson, M. S., & Schapiro, M. O. (2002). The Blurring Line Between Merit and Need in Financial Aid. *Change*, 34(2), 38-46.

The phenomenon of "merit aid" has recently attracted increasing commentary in American higher education, but the distinction between "need-based" and "non-need-based" student grants is blurry. A focus simply on dollars labeled as "merit" scholarships misses much of the action regarding the responsiveness of grant awards to indicators of merit, understood as academic achievement or potential. Empirical analysis underscores a theme familiar to researchers: The principle of awarding financial aid according to demonstrated need is significantly honored in the breach. Even need-based grant awards are measurably sensitive to students' academic promise, as measured by SAT scores, whereas the responsiveness of award levels to income is less than a totally need-based system would produce. Tables show average institution-based grants in public and private institutions with tuitions on, above, and below the median.

McPherson, M. S., & Schapiro, M. O. (1997). Financing Undergraduate Education: Designing National Policies. *National Tax Journal*, 50(3), 557-71.

In this paper, the authors summarize their recent work analyzing pricing, aid, access, and choice in American higher education and they draw out implications from those findings for national higher education policy. They find that real increases in net tuition have impaired access and choice principally for students from low-income families. The Clinton administration's education proposals, rather than addressing the needs of this group, focus on providing tax benefits to middle- and upper-middle-income families. The authors argue that the nation needs a higher education program that provides more assistance to the students for whom the issue of college affordability is the most pressing.

McQueen, A. (1999). Drug Offenders Barred from Student Aid. *Black Issues in Higher Education*, 16(20), 9.

Under new regulations due to be enforced next summer, students who have been convicted of drug offenses will be not be eligible to receive federal aid for college

tuition for one year in some cases and permanently in other cases. The new rules are based on a law enacted last year to curtail waste in the student loan system. However, critics believe that the new measures are counterproductive.

Melvin, M., & Stick, S. (2001). The Causes and Consequences of the Federal Student Financial Aid Policy Shift from Grants to Loans. *Journal of College Orientation and Transition*, 9(1), 44-55.

Discusses the history of student financial aid's emergence as a major issue in American education, including why a policy of financial assistance was initiated, what it sought to accomplish, how national priorities influence those policies, and its current status. Explores how the shift from grants to loans is influencing access, underrepresented students, choice of institution and major, and lifestyle.

Monks, J. (2000). Is this the Beginning of the End of Need-Based Financial Aid? *The College Board Review*, (191), 12-15.

Recent practices by individual higher education institutions are threatening the continuation of the system of need-based financial aid for students. One of these practices is the increasing use of institutional judgment, which involves significantly changing the standard institutional methodology or federal methodology for entire groups of students. A second practice is the increased exercise of professional judgment, which involves adjusting financial aid offers on an individual case-by-case basis. Two further practices are the matching of offers of financial aid from other institutions and preferential packaging, which involves altering the mix of loans and aid to meet the needs of certain students. These practices are straining the commonly accepted goals of equity in financial aid distribution.

Morgan, R. (2002). Are Federal Grants Taking a Back Seat to Student Loans? *The Chronicle of Higher Education*, 49(11), A23-4.

College lobbyists are focusing on federal student loans as they begin to debate the reauthorization of the Higher Education Act. Most concede that the limits on what students can borrow from the federal government are politically out of touch and financially out of date with current levels of student need. However, national groups that represent students wish to focus on increasing grants rather than raising loan limits.

Mortenson, T. G. (1988). Pell Grant Program Changes and Their Effects on Applicant Eligibility 1973-74 to 1988-89. ACT Student Financial Aid Research Report Series 88-1.

This report, the second in a series on student financial aid, examines the effects of changes in the design of the Pell Grant Program on applicant eligibility over the 16 years between 1973-74 and 1988-89. The study is an outgrowth of a project undertaken in 1983-84 which attempted to identify the many decisions that constituted the design of each year's Pell Grant Program. The report's three main sections discuss the following topics and subtopics: (1) effects of changes on Pell Grant eligibility (presenting four dependent cases and four independent cases); (2) eligibility design components of the Pell Grant program (classes of eligible

applicants, student aid index formula, allowable college costs, and payment schedule); and (3) implications for applicant eligibility (dependent gainers, and independent gainers and losers. It is concluded that, during the 16-year life span of the Pell Grant Program, Congress has shifted the focus of Pell Grants away from lowest resource aid applicants toward applicants from more middle income backgrounds, and this shifting focus will continue in the 1988-89 award year. Applicants whose income and assets produced the highest eligibility for Pell Grants have seen the maximum Pell Grant increase by 50% since 1975-76. During this same time period, the college costs they faced increased about 150%. Pell Grants have lost purchasing power since 1975-76 for six of the eight Pell applicant cases examined in this study. Eighteen figures are included and 19 tables are appended.

Mortenson, T. (1991). Financial Aid Problems for Dependent Students from Low Income Families. *Journal of Student Financial Aid*, 21(3), 27-38.

The educational progress of students with different family incomes is analyzed. Three financial aid policies working against dependent students from low-income families are examined: (1) zeroing out calculated negative parental contributions; (2) requiring a minimum self-help expectation from students in this group; and (3) substituting expensive financial aid (loans) for free aid (grants).

Mumper, M. (1991). The Transformation of Federal Aid to College Students: Dynamics of Growth and Retrenchment. *Journal of Education Finance*, 16, 315-331.

Murray, M. P. (1992). Census Adjustment and the Distribution of Federal Spending. *Demography*, 29(3), 319-32.

In 1989, programs that use population counts to determine the distribution of their funds transferred \$236 per capita to state and local governments. If the 1990 census were adjusted to reflect undercounting, about 40 percent of state and local governments would receive increased grants averaging \$56 per miscounted person; other jurisdictions would lose an almost equal amount of grant money. The surprisingly small reallocations arise because (1) total funds allocated by population are essentially fixed; (2) allocations depend on other factors in addition to population; and (3) programs vary as to whether they allocate funds in direct or inverse proportion to population.

Nelson, W. C. (2003). Use Both Merit and Need in Awarding Student Aid. *The Chronicle of Higher Education*, 49(43), B20.

Student aid should be awarded on the basis of both merit and need. Awarding scholarship assistance in this way allows many students to be recognized as "meritorious" according to the specific criteria of individual student aid programs and facilitates the distribution of aid to them and to other students on a sliding scale based on their particular financial requirements.

Oosterbeek, H. (1998). An Economic Analysis of Student Financial Aid Schemes. *European Journal of Education*, 33(1), 21-29.

Part of a special issue on innovation and changes in financing higher education in

Europe. The writer examines three financial aid schemes. They are income-contingent loan schemes, a mixture of loans and grants, and a graduate tax. A mixture of mortgage loans and income-dependent grants has the three main disadvantages of the repayment period being too short, the grants having regressive lifetime distributional effects, and the income dependency of grants having a possible effect on parents' labor market and savings decisions. The graduate tax scheme mixes up income policy and educational policy and may adversely affect educational and career choices. Income-contingent loan schemes do not have any of these disadvantages and should be preferred on the grounds of efficiency and equity. The writer discusses a recent policy document on the future of student financial aid in the Netherlands.

Ozden, Y. (1996). Have Efforts To Improve Higher Education Opportunities for Low-Income Youth Succeeded? *Journal of Student Financial Aid*, 26(3), 19-39.

A study identified overall changes in college-going behavior before and after the Basic Educational Opportunity Grant program, based on a comparison of the high school graduating classes of 1972 and 1982. Results suggest that federal efforts to increase access to higher education have been constrained by heavy reliance on test scores in college admissions decisions.

Pekow, C. (2005). Student Aid Formula Seriously Flawed, Report Finds. *Black Issues in Higher Education*, 22(1), 7, 9.

The General Accounting Office has found that the Department of Education has been using a misguided formula to distribute billions of dollars of student aid for ten years. The department bases its formula for determining eligibility largely on students' and families' abilities to pay through individual state and local tax payments but has been using 1988 state tax table data since 1993.

Phibbs, P. M. (1990). A Fact Sheet on Student Aid. *AGB Reports*, 32(2), 14-17.

Creating separate student-aid programs for the proprietary and nonprofit sectors of higher education will be one of the most bitterly debated issues in the upcoming reauthorization of higher education law. A major point of contention is the matter of hugely disproportionate default rates among students in the different sectors.

Plager, Laurie, & Chen, Edward. (1999). Student Debt from 1990-91 to 1995-96: An Analysis of Canada Student Loans Data. *Education Quarterly Review*, 5(4), 10.

There has also been a noticeable distribution shift in the type of institutions attended by student borrowers in the years analysed. In 1990-91, 56.3% of borrowers were studying at universities, 32.9% at community colleges and 10.8% at private institutions. By 1996-97, university borrowers represented only 48.6% of all borrowers, while 34.6% of borrowers were at community colleges, and 16.8% at private institutions. Between 1990-91 and 1996-97, the proportion of borrowers studying at community colleges remained fairly constant; the major shift was from universities to private institutions. The degree to which borrowers experienced repayment difficulties varied with the type of institution attended (see Graph 6). The majority of university borrowers had a relatively smooth transition from school to

work in their first year out of school. Only 16.2% of the 1990-91 cohort that attended a university encountered repayment difficulties in their first year after studies. This proportion increased to 22.9% for the 1995-96 cohort of university borrowers. Community college students fared less well: 23.1% of the 1990-91 cohort experienced difficulties in the pivotal first year after school. This proportion had increased to 32.8% by the time the 1995-96 cohort entered into repayment. Borrowers that attended private institutions had the greatest difficulties. About 36.6% of the 1990-91 cohort had trouble repaying their loans. By 1995-96, more than 47.2% of the cohort encountered difficulties shortly after ending their studies. The percentage of borrowers in a cohort able to repay their loan early decreased steadily over the study period. University borrowers had the highest rates of early repayment in the first year of all institutional types. Students who borrowed to attend private institutions had the lowest rate of early repayment. In 1990-91, 7.1% of borrowers from private institutions, 10.4% of borrowers from community colleges and 12.6% of university borrowers were in a position to pay back their Canada Student Loans in full in the first 12 months after loan consolidation (see Graph 10). By 1995-96, the rates had dropped to 3.0% for borrowers from private institutions, 4.2% for borrowers from community colleges, and 6.6% for borrowers from universities.

Potter, W., & Burd, S. (2003). Change in Federal Formula Could Cost Students Billions in Financial Aid. *The Chronicle of Higher Education*, 49(42), A19.

A change in the formula the federal government uses to calculate a student's need for aid will transfer more of the financial burden of attending college onto students and their families, according to student aid experts and Democratic lawmakers. The prediction by Human Capital Research--a consulting firm that analyzed the change to the federal need-analysis formula--that it will force undergraduates to spend at least \$10 billion more on higher education in 2003 than they did in 2004 is cited by critics of the move.

Price, D. V. (2001). Merit Aid and Inequality: Evidence from Baccalaureate & Beyond. *Journal of Student Financial Aid*, 31(2), 5-18.

Examined the distribution of merit-based and need-based financial aid packages among a nationally representative sample of baccalaureate degree recipients. Found that students from underrepresented race and class backgrounds are less likely to receive merit aid and that students with minimal financial need are more likely to receive merit aid.

Redd, K. E. (2001). Need Analysis and Tuition Discounting: Do Institutional Grants Still Help Low-Income Students? *Student Aid Transcript*, 12(2), 26-31.

The Director of Research of the National Association of Student Financial Aid Administrators examines how tuition discounting is affecting the neediest students. Results suggest that a large share of institutional aid dollars are still being distributed to low-income undergraduates, despite the rise in merit- and other non-need-based grants.

Reindl, T. (2004). State Student Aid: New Directions and Lessons Learned. *College and University*, 80(1), 45-46.

The recent economic slowdown and accompanying financial crisis has led some states to review their broad-based merit scholarships. The experiences of the past few years have revealed that broad-based merit programs are expensive and that it is important for such programs to be aligned with state priorities and other policy directions. It is also evident that student aid programs must be prepared to adjust to meet changing state higher education and other policy priorities.

Rickard, C. E., & Bendall, L. K. (1993). The Rough and Tumble World of Student Financial Aid. *Journal of College Admission*, (141), 6-11.

Riddle, W. (1986). A Discussion and Analysis of the "Ability to Benefit" Provisions in Title IV. *Journal of Student Financial Aid*, 16(2), 4-16.

The "ability to benefit" provision in Title IV, Higher Education Act, and the Reagan Administration's proposal to eliminate it as a basis for student aid eligibility are discussed. Regulations and data related to the provision, pro and con arguments regarding "ability to benefit," and policy alternatives are described.

Savoca, E. (1991). The Effect of Changes in the Composition of Financial Aid on College Enrollments. *Eastern Economic Journal*, 17(1), 109-21.

This paper examines whether the shift in the composition of financial aid away from grants toward loans adversely affected college enrollments in the 1970s and 1980s. Multinomial logit estimates of individual college choice behavior show that the probability of attending college falls when loans replace grants, dollar-for-dollar, in the financial aid package. The estimates, however, also imply that this effect is small. Simulations of aggregate enrollment rates suggest that the increase in the proportion of aid comprised of loans provided only a minor negative inducement to enroll between 1972 and 1985.

Seftor, N. S., & Turner, S. E. (2002). Back to School: Federal Student Aid Policy and Adult College Enrollment. *Journal of Human Resources*, 37(2), 336-52.

Much of the research examining the question of how federal financial aid affects decisions to enroll in college has focused on the behavior of students in the relatively narrow range immediately following high school graduation, leaving unanswered the question of how changes in the availability of aid affect the behavior of older students. This analysis examines the question of how changes in the means-tested federal Pell grant program affects enrollment decisions of potential students in their twenties and thirties. Our results indicate sizable effects of the introduction of the Pell grant program on college enrollment decisions for older students.

Selingo, J. (2002). How California's Ambitious Aid Program Stumbled Badly and Disappointed Many. *Chronicle of Higher Education*, 48(27)

Explores why California's ambitious new aid program, Cal Grants, misses its goals and shortchanges older students; millions in grants go unused while students complain of having eligibility taken away.

Selingo, J. (1999). For-Profit Colleges Aim to Take a Share of State Financial-Aid Funds. *The Chronicle of Higher Education*, 46(5), A41-2.

For-profit colleges want a share in the state financial aid funds available to students at traditional colleges. They claim that their quest is an issue of fairness and are increasingly finding friends in state legislatures. However, several college officials warn that the extension of state aid to students at for-profit colleges is just another example of corporate welfare.

Silber, J. (1994). How the Earthlings Pay for College--A View from Mars. *New Directions for Higher Education*, (85), 107-113.

This article urges the financing of higher education by the Tuition Advance Fund, under which any undergraduate degree candidate is advanced money to pay for his or her education. The money is later repaid through a payroll-withholding tax administered by the Internal Revenue Service. It argues that such a plan would be an improvement in both efficiency and equity in the provision of student aid.

Simpson, W. B. (1987). Income-Contingent Student Loans: Context, Potential and Limits. *Higher Education*, 15(6), 699-721.

Income-contingent student loans are examined in the context of an overall aid program, with an emphasis on placing realistic limits on individual debt burden while broadening loan use. A model for simulating borrowing and cumulative debt limits in different countries' educational circumstances is presented and illustrated with United States data.

Singell, L. D., Jr. (2002). Merit, Need, and Student Self Selection: Is There Discretion in the Packaging of Aid at a Large Public University? *Economics of Education Review*, 21(5), 445-54.

Prior studies find that the overall level of financial aid depends on need and merit. This study extends prior work by empirically modeling and testing the role of merit and need in the offer, level, and packaging of non-need-based, subsidized, and unsubsidized aid. Aid packaging is modeled as a sequential process whereby the offer and level of aid proceeds from its most-to-least subsidized form, and where students self-select into the aid pool. The empirical model yields a recursive system of three Tobit equations that control for need, merit, and the predetermined aid level(s) from a prior stage. Empirical estimates using unique data for applicants to a large public university show that the provision of each aid type depends on need, merit, and the discretion of the financial aid office that adjusts the aid package to account for the observed self-selection of students who apply for aid.

St. John, E. P. (2001). The Impact of Aid Packages on Educational Choices: High Tuition-High Loan and Educational Opportunity. *Journal of Student Financial Aid*, 31(2), 35-54.

Summarizes prior studies with a focus on untangling how changes in student financial aid policy have influenced changes in opportunity. Also recommends new strategies for lowering student loan debt, increasing federal and state cooperation in

providing adequate need-based grant aid, and developing policies that target debt forgiveness for mid-skilled workers and middle-class professionals.

Stoffer, D. (1995). Student Loans: The Necessary Evil. *Journal of College Admission*, (148), 10-15.

An economic squeeze is being placed on colleges and universities through reduced federal and state aid to education. Discusses the history of financial aid, who is considered needy, whether accepting a student loan is wise, the new Direct Loan program, prepayment loans, using college debt to your advantage, and future trends in financial aid.

Weems, R. (1995). The Escalating Use of Merit Aid in the Recruitment of Students. *Journal of College Admission*, (146), 4-5.

The writer discusses whether colleges are increasing merit-based aid funds at the expense of need-based funds. Merit-based funding is based on meritorious records and came into use as a result of declining numbers of high-school graduates while college enrollment goals remained the same. As a recruiting tool, merit-based aid could adversely affect those in need of financial assistance.

Wilkinson, R. (2005). What Colleges Must Do to Help Needy Students. *The Chronicle of Higher Education*, , B7-9.

The writer outlines a range of proposals for improving college affordability and access that the federal government should consider. These proposals could at least promote fresh and creative thinking, which the student-aid system desperately needs.

Wright, M. C. (2001). Pell Grants, Politics and the Penitentiary: Connections between the Development of U.S. Higher Education and Prisoner Post-Secondary Programs. *Journal of Correctional Education*, 52(1), 11-16.

Key areas that have influenced the growth in prison education include the rise of public and community colleges, the liberal arts curriculum, and implementation of federal funding systems such as the Pell Grant program. These same areas, especially the ban on inmate use of Pell Grants, may have influenced its recent constriction as well.

Yachnin, J. (2000). Drug Convictions Cost Almost 7,000 Students Eligibility for Aid. *The Chronicle of Higher Education*, 47(10), A30.

Legislation barring federal aid to college students with drug convictions has come into effect for the 2000-2001 academic year. Almost 7,000 of the 9 million students who have applied for aid for fall 2000 have been found to be ineligible for some or all of it because of recent convictions for drug-related offenses.

Zaglaniczny, L. (2003). Should Student Loan Limits be Raised? Tight Loan Limits Force More Debt on Students. *American Teacher*, 88(4), 4.

Federal student loan limits should be increased to give students the financial resources to attain their postsecondary education dreams. Although everyone wants increased grant aid, the reality is that congressional reauthorization can do little to

immediately increase grants because these programs are discretionary. However, congressional reauthorization can directly increase federal loan limits, because these programs are mandatory, and avoid limiting educational opportunity for needy students.

Zimmerman, D., & Miles, B. (1994). Substituting Direct Government Lending for Guaranteed Student Loans: How Budget Rules Distorted Economic Decision-making. *National Tax Journal*, 47(4), 773-87.

Congress substituted direct federal loans for federal guarantee of private loans for postsecondary education. Budget savings from direct lending were overestimated because (1) credit risks that would be absorbed by the federal government were ignored, (2) budget scorekeeping rules pushed recognition of some administrative costs beyond the five-year budget window, and (3) potential increases in administrative costs and government borrowing costs were ignored. Real savings might have been achieved by (1) reducing returns paid to private lenders in the current program and (2) reducing loan volume by targeting loan recipients in a manner to reduce default costs. Budget scorekeeping rules and the absence of economic analysis enabled policymakers to avoid the political pain of welfare-enhancing restructuring of the current guarantee program.

Zook, J. (1994). Ban on Pell Grants to Inmates Crushes Prison-Education Efforts. *Chronicle of Higher Education*, 41(11)

Educators in many state prisons feel the Congressional ban on awarding of federal Pell grants to prisoners has denied prisoner access to college education and to significant rehabilitation opportunities. Most prisoners cannot afford tuition without this primary source of financial aid.

Zook, J. (1993). Clinton Unveils Plans for Loans, National Service. *The Chronicle of Higher Education*, 39, A31.

References – Other Geographic Areas

Funding Higher Education in England: How the HEFCE Allocates Its Funds. The Annual Funding Cycle. Guide.(2001).

This guide explains the principles that underpin the allocation of funding by the Higher Education Funding Council for England (HEFCE) and explains the components of an institution's grant. Each March the HEFCE announces the grant for the following academic year to each university and college it funds. Formulas are used to determine how most of the money is allocated between institutions. These take into account certain factors for each institution, including the number and type of students, the subjects taught, and the amount and quality of research undertaken. After the amount of funding is determined, it is provided as a "block grant" that institutions may allocate according to their own priorities within the broad guidelines of the HEFCE. It is not expected that institutions will model their own funding

models on that of the HEFCE. The method used at present was first used to allocate grants for 1997-1998. The funding cycle is described with a chart that shows the time for funding decisions. In 2001-2002, the total funding will be 4,757 million British pounds, and 3,162 million pounds of this will be allocated by the HEFCE to teaching.

Beyond the Borders: A Discussion of Student Financial Aid and Educational Opportunity in Texas, New York and the Pacific Rim in Relationship to California.(1988).

Student financial aid is a major education industry. Three papers by educational professionals are presented as points of comparison. "Student Financial Aid Policies and Programs in Texas and California: A Comparison" (Stephen Janes) states that Texas and California have much in common; demographics in the two states are not radically different; college-going behavior of White, Black, and Hispanic students in both states follow similar patterns; both states maintain low- or no-tuition policies for public colleges; and Texas tends to finance its grant programs from increases in tuition at the institutional level. "Student Financial Aid Policies and Programs in New York and California: A Comparison" (Charles Treadwell) discusses the changing populations of New York State; competing demands on the state budget in both states; a history of higher education in New York State; student financial assistance in New York State; and the coordination of state and federal roles. "Higher Education and Student Financial Aid in the Pacific Rim" (Edward St. John) focuses on the two-way trade with Asian countries in the Pacific Rim and its relationship to California's recent economic development; the educational needs of Pacific Rim countries and their relevance to California; and the building of new kinds of partnerships.

Aboagye, F. E. (1994). Evolving a student financing policy: the Ghanaian experience. *Ontario Journal of Higher Education*, 1994, 145.

Ahier, J. (2000). Financing Higher Education by Loans and Fees: Theorizing and Researching the Private Effects of a Public Policy. *Journal of Education Policy*, 15(6), 683-700.

Research has examined how college loans affect students, while ignoring implications for families. Recent changes in funding British higher education are consistent with some forms of family assets and obligations, but challenge others. Promotion of privatization and individual investment overlooks the importance of collective private intergenerational transfers.

Bevia, C., & Iturbe-Ormaetxe, I. (2002). Redistribution and Subsidies for Higher Education. *Scandinavian Journal of Economics*, 104(2), 321-40.

The financing of higher education through public spending imposes a transfer of resources from taxpayers to university students and their parents. We provide an explanation for this phenomenon. Those who attend institutions of higher education will earn more income in the future and will pay more taxes. People whose children do not receive higher education, however, should agree to help pay the cost of such

education, providing that taxes are sufficiently high to ensure an adequate redistribution in favor of their own children at some time in the future.

Bruce, M. G. (1985). In Europe: Paying One's Student Passage. *Phi Delta Kappan*, 67(1), 72-73.

Reviews the policies of various European governments concerning the financing of student costs for postsecondary education, touching on the payment of tuition, the use of grants or loans, the effects of different student populations, and some social and administrative implications of governmental support.

Clancy, P., & Kehoe, D. (1999). Financing third-level students in Ireland. *European Journal of Education*, 34(1), 43-57.

Part of a special issue on student costs and financing in Europe. The financing of third-level students in the Republic of Ireland is discussed. Student expenditures, including tuition fees and other education-related charges and accommodation and other living expenses, are discussed; the different types of direct and indirect economic support for students are described; the area of parental support and students' own contribution to their education is examined; and an overview of student funding debates and policy developments is provided.

Creedy, J., & Francois, P. (1992). Lifetime Inequality and Higher Education Grants: A Public Choice Approach. *Australian Economic Papers*, 31(58), 146-57.

Curtis, S., & Klapper, R. (2005). Financial Support Systems: The Student Experience in England and France. *International Journal of Social Economics*, 32(1-2), 121-32. To investigate how the financial status of students in England and France affects their experience of university life. A questionnaire survey was carried out among undergraduates in two countries. There were 168 responses from students studying at a French university and 325 responses from students studying at an English university. The financial burden in France rests with parents, while in England students are largely responsible for their own funding. Indicators suggest that English students may be suffering from financial difficulties. Students continue the tradition of enjoying themselves and socialising, whatever their nationality and financial status. The comparison made was not between institutions of equal status. The Institute de Formation Internationale in Rouen is part of a Grande Ecole group which is private, and may attract students from higher income families. The students at Manchester Metropolitan University Cheshire study in a rural locale (the towns of Crewe and Alsager in south Cheshire), which is unusual for a UK university and it may well be that a lower proportion of these undergraduates come from higher income families than the French students. While it would seem to be more equitable and economically efficient for individuals to pay directly for services they receive, rather than those services being funded by higher tax, this study highlights certain problems. The quality of the educational experience for English students may be reduced by their continuing to live at home with parents and carrying out low level work while studying. No other research appears to have been carried out in the UK or in France on this topic.

Dur, R. Teulings, C., & van Rens, T. (2004). Should Higher Education Subsidies Depend on Parental Income? *Oxford Review of Economic Policy*, 20(2), 284-97.

In many countries, student grants, tuition fees, and subsidized loans depend on parental income. This paper examines the efficiency and distributional effects of such conditioning, and assesses whether it is optimal practice when the government wants to reduce after-tax income inequality in the most efficient manner. Increasing the mean level of education among the work-force compresses wage differentials by level of education and thereby the pre-tax income distribution. Hence, subsidizing education may be part of an optimal redistribution policy. However, education subsidies mainly benefit high-ability students, limiting their redistributive virtues. Conditioning education subsidies on parental income may enable the government to reduce inframarginal subsidies, mainly benefiting high-ability students, while preserving the marginal subsidy, and thus the favourable effect on the mean education level which leads to wage compression.

Johansson, O., & Ricknell, L. (1987). Study Assistance in Ten European Countries: Overview and Conceptual Framework.

Fundamental features of the financial aid systems for college students in 10 European countries are described, as are the theoretical framework and research topics of the study on which this report is based. The study is intended to determine the per capita degree of subsidization in each country; to describe the effects of the financial aid program on socioeconomic recruitment to higher education; and to examine the decision-making process, particularly with regard to the consensus or conflict in the process and the knowledge of the effects of the program. The following chapters are presented: (1) "Study Assistance--A Welfare Measure with Great Variation" (background of the study and the social and economic background of student aid in Europe); (2) "Descriptions of the Systems in the Different Countries" (Austria, England and Wales, West Germany, Finland, France, East Germany, Hungary, Ireland, Poland, and Sweden); (3) "Problems and Delimitation in a Comparative Analysis"; and (4) "Conceptual Framework" (the theories and sociopolitical context of the study). Contains 40 references.

Jongbloed, B., & Vossensteyn, H. (2001). Keeping up Performances: An International Survey of Performance-Based Funding in Higher Education. *Journal of Higher Education Policy and Management*, 23(2), 127-45.

This paper presents an overview of government policies for funding higher education in 11 Organization for Economic Co-operation and Development (OECD) countries. In particular, it describes the mechanisms for funding the university sector and the extent to which the grants to universities are oriented on performance. Are universities funded on the basis of what they produce in terms of graduates and research outputs? And what is the share of public funding supplied through research councils? Although in recent decades the attention paid to issues of efficiency, effectiveness and quality has increased, there are only few governments that explicitly link universities' resources to universities' results in the areas of teaching and research. This is illustrated by means of a graph. A number of tentative reasons

for the popularity of enrollments-based funding approaches are presented in the final section of the paper.

Kajubi, W. S. (1992). Financing of Higher Education in Uganda. *Higher Education*, 23(4), 433-441.

This article describes current structures of educational finance in Uganda (where college students are supported by the government, whereas families must pay a substantial portion of elementary and secondary costs); considers arguments for increased cost recovery and the introduction of student loans; and examines obstacles to student loans in Uganda.

Khan, S. R. (1991). The Income Redistributive Impact of Financing Higher Education in Pakistan. *World Development*, 19(9), 1241-46.

This study examines the income redistributive consequences of the public financing of higher education in Pakistan. The results show that the tax incidence and the subsidy to higher education entail a redistribution from the middle and upper to the lower income groups. Earlier studies of other less-developed countries indicated a redistribution from the lower to the upper income groups.

King, J. E. (1996). Student Aid: Who Benefits Now? *Educational Record*, 77(1), 21-27.

The annual survey by the College Board of student financial aid traces development of a system that has grown dramatically, is now dominated by federal student loan programs, and has undergone a long-term shift in purpose from creating access for the disadvantaged to broadening choice and convenience for the middle class. These developments have especially serious consequences for low-income students. (MSE)

Mingat, A., & Tan, J. (1986). Financing public higher education in developing countries. *Higher Education*, 15(3-4), 283-297.

Oosterbeek, H. (1998). Innovative Ways To Finance Education and Their Relationship to Lifelong Learning. *Education Economics*, 6(3), 219-251.

Discusses economic rationales for governmental intervention in the education market. Evaluates different proposals for financing higher education centered on three themes: more reliance on tuition fees, a shift from grants to student loan systems, and different types of voucher models. Discusses various countries' experience with such models. (56 references) (MLH)

Shantakumar, G. (1992). Student loans for higher education in Singapore: some observations. *Higher Education*, 23, 405-424.

Sutherland, C. (2000). Securing the Future: Student Financing at Makerere University, Uganda. *Journal of International Development*, 12(4), 549-58.

The paper reports on how children from poor families in Uganda finance their university education. A livelihoods systems framework is used to analyze the responses of a series of student discussion groups which explored what it costs to attend university and how these funds are secured. It is concluded that the differing

capacity of students to raise funds is most strongly influenced by how much access they have to kin networks, and how wealthy these networks are. The best bargaining tool students have is the promise of increased earning in the future--but a commitment to using that earning power for the good of the family also needs to be demonstrated.

Tilak, J. B. G. (1992). Student Loans in Financing Higher Education in India. *Higher Education*, 23(4), 389-404.

This article critically reviews implementation of the National Loan Scholarship Scheme in India. It examines the program's strengths, weaknesses, and problems (e.g., a culture with negative attitudes toward such loans). It concludes that student loans are making little contribution to either the efficiency or equity of higher education in India.

Vossensteyn, H. (2002). Shared Interests, Shared Costs: Student Contributions in Dutch Higher Education. *Journal of Higher Education Policy and Management*, 24(2), 145-54.

Students now have to contribute more to the costs of higher education than in the past. The Netherlands provides an interesting example of the global trend towards "cost sharing". Tuition fees are going up; general subsidies to students have gone down and/or have been replaced by means-tested grants and loans. All in all, there is reason to expect that enrolment in higher education and student choice will come under pressure.

Williams, G. (1989). Changing Patterns of Finance in Higher Education. Country Study: England.

This report, one of a series on Changing Patterns of Finance in Higher Education, examines important changes in the funding for higher education in England during the 1970s and 1980s. Until the early 1970s, English universities were funded by quinquennial grants from the government through the University Grants Committee; the public sector institutions were funded by the Advanced Further Education Pool. In the early '70s, due to England's economic problems and a decrease in the demand for higher education, these funding bodies collapsed. There followed a public debate about student financial support, whether institutional income should depend in large part on fees, and whether student support should be in grants or loans. In the summer of 1988 the Education Reform Act passed with four provisions which changed the funding mechanisms to make the universities and other institutions more accountable to their funding bodies through the operation of market and quasi-market mechanisms. The reaction of the universities to these proposed changes has been almost universally suspicious, while the public sector institutions have welcomed them. Issues for the 1990s include a proposed loan scheme for students entering higher education, reforms in research funding, and a downward demographic trend.

Zhang Huijie. (2001). Strengthening the financial aid system to help poor students at higher education institutions. *Chinese Education and Society*, 34(4), 54-62.

Part of a special issue on the 1995-2000 Reform of Higher Education in China and

the effect of tuition fees and financial aid on students. The problem of very poor students in China's higher education system is discussed. There are currently about 600,000 very poor students and 1 million poor students in China's higher education institutions. The rise in the numbers of very poor students in China can be attributed to increases in the numbers of unemployed workers and tuition at third level, the long-term financial problems in families and an increase in the number of victimized students, and the rise in the percentage of poor students who are orphans, who are raised by a single parent, or who have parents who are ill. The problems associated with relief efforts for very poor students are discussed, and possible methods of improving the situation of these students are outlined.

Zideman, A. (2002). Financing Student Loans in Thailand: Revolving Fund or Open-Ended Commitment? *Economics of Education Review*, 21(4), 367-380.
Analyzes a student-loans scheme in Thailand to increase access of poor students, for example, to upper-secondary and postsecondary education. Finds average repayment ratio of loans is 10 percent or less. Recommends conversion of upper-secondary loans to grants and reforms in postsecondary loan procedures to improve repayment and recovery ratios.

Appendix B: Excluded References

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