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Joseph Russo, Director of Student Financial Aid at Notre Dame University, spent time as a Visiting Fellow at OxCHEPS comparing the developing SFA practices in the UK with the long and sophisticated US experience. Here is a summary of his full Report to be found at the Papers page (Item 32) at the OxCHEPS web-site (www.oxcheps.new.ox.ac.uk). As the Select Committee reviews the 2006 move to higher tuition fees and as universities develop bursary schemes, and as the US student loan company Sallie Mae opens a London office offering loans to students at some UK universities, this timely detailed study will be helpful to UK HE managers – and policy-makers in Parliament - contemplating how SFA policy and practice may evolve over the next decade...

David Palfreyman, Director, OxCHEPS

STUDENT FINANCIAL AID: US LESSONS FOR POLICY & PRACTICE

Coincidentally, as the UK higher education system begins its futuristic move toward opening doors of opportunity to a wider segment of its population and is considering how to address the projected need for financial support for some students resulting from increased fees, the US has undertaken a similar review. However, the US effort is more historically focused on an evaluation of roughly 50 years of a wide ranging variety of experience in establishing policies and procedures and programs intended to provide similarly expanded opportunity. The UK's initiative in comparison is at its early stages and may gain some valuable insight from the many years of hard lessons—good and bad—which its American counterparts have experienced. The US, on the other hand, is facing a number of serious challenges which have recently developed, especially relating to issues of cost, pricing, efficiency, completion rates, and outcomes/fitness for purpose.

The attention resulting from skyrocketing tuition prices in the US, combined with the complexity of the student aid process for those seeking help, has risen to become a major and constantly heard concern. The complaints and reactions of families and government leaders are regularly the topic around family dinner tables, and have become serious issues for political hearings and headlines for the media. As a direct result of this constant attention, the US

Secretary of Education has just published a Report on the Future of Higher Education, focusing on the need for institutions to exercise restraint on prices, as well as for dramatic changes in the delivery of student aid, and for transparency and accountability among those responsible for managing higher education in America. Another very major study, coordinated by the College Board and two other organizations, is in the early stages of reviewing many of the same concerns and hopes to produce a set of recommendations upon completion of its work. UK officials responsible for carrying out the will of Parliament as directed in the 2004 Higher Education Act would be wise to consider the observations and suggestions of these two reports. Again, much can be learned, both the good and the not-so-good, from the US experience.

How could so well an intended set of policies, especially those outlined by the early trailblazers of the student aid profession and subsequently in national public policy in the Higher Education Act of 1965, have strayed so far from its grass roots set of goals which had been framed upon the principles of simplicity, predictability, and encouragement? These basic concepts, designed to provide resources for helping millions of US residents reach “the American dream” are now too often blurred by complexity, confusion, and discouragement. The size and variety of opportunity for higher education in America has evolved to be both one of its most distinguishing characteristics as well as one of its most often criticized flaws. What began among some elite private institutions, as well as with a few states such as New York and Pennsylvania, with a relatively straightforward financial aid policy and application process, now attempts to address the multifaceted needs of millions of applicants annually. There are literally thousands of student aid programs amounting to over \$135 billion each year. The generous levels of support are very much a positive feature; however, the current maze of policies, programs, processes, and regulations, especially when combined with the ever-rising expense of tuition and fees—ironically, some of which increase is actually the result of the need to pay for the administration for all of this— has now reached disproportionate and significant levels of bureaucracy. Many who aspire to further education are indeed at least confused, if not totally discouraged from pursuing it, because of the higher prices of fees and the complexity of the student aid process. The relatively simple creature created to implement the basic policy has morphed into one almost unrecognizable, with an ever-expanding number of tentacles, warts, and scars so numerous that its original body of goals and principles are too often difficult to identify. As new program upon new program has been added, and as one set of constituents after

another has had its special needs accommodated, yet another layer of policies, rules, and application steps for the student have been deemed necessary. At the same time, the addition of new kinds of education programs, as well as the new challenges brought on by the massive numbers of “non-traditional students”, combined with the need to address problems of fraud and abuse of student aid programs by both students and institutions, have also resulted in the complexity of more regulations and the cost of more regulators required to administer them.

The UK will doubtless need to review its policies and procedures as it moves forward with its expanded programs and aspirations to provide an expanded level of opportunity and access. It is at a crossroads: should additional steps be taken to create a more comprehensive approach to addressing many of the new needs likely to follow? Or should the current, rather simple process, remain essentially the one employed to guide the way forward? There is a lot that can be argued for an expanded process which would gather additional information. Greater amounts of data could serve to better customize the process of determining more precisely who receives student aid, including exactly how much each student receives and what kind of assistance might be more appropriate to each individual. Likewise, additional documentation of such data would help provide for its integrity and reduce the exposure of the process to fraud and abuse. But such expanded need for additional steps in the process can surely and rapidly become a very slippery slope, leading to complexity, difficulty in knowing what to expect, and ultimately to discouragement to the very people it is meant to help. Needless to say, such additional data and complexity would also require additional cost and risk reduced efficiency.

While the simple income test currently in place, both for the grant/bursary programs as well as for The Student Loan program, may need some periodic review to determine its continued effectiveness, the pitfalls and landmines along the road involving more information and application steps might suggest caution signals...or even stop signs instead.

The US experience has indeed resulted in many millions of its eligible residents being able to receive a college education. It is generally recognized widely as having the most respected and accessible higher education programs in the world. However, the path it has taken is strewn with many experiences which are both good and bad. Many of the bad ones can be avoided, especially if policymakers in government and at the institutional level can remain focused on the basic principles of simplicity, predictability, and encouragement. Any new steps or policies should be examined deliberately and always with these three guiding tenets as

essential benchmarks before approval and implementation. There is a common American expression which might be a wise one for the UK to consider: “if it ain’t broke, don’t fix it.”

A much more detailed review and analysis of this entire topic, comparing the US and UK programs, is available on the Papers page (Item 32) of the OxCHEPS website (<http://oxcheps.new.ox.ac.uk>). The Report provides important background as well as policy review and observations, including numerous questions for consideration by those responsible for carrying out Parliament’s goals for its 2004 higher education legislation when reviewed in 2009/2010 – a review process that has already begun as the Education Select Committee calls for evidence...

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