

THE STUDENT FINANCIAL AID PROGRAM AT
KANSAS STATE UNIVERSITY

by

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TABLE OF CONTENTS

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INTRODUCTION	1
Purpose and Nature of The Study	1
Definition of Terms	2
Enrollment Trends of KSU	3
Procedures Used in The Study	4
A PHILOSOPHY AND POLICY OF STUDENT FINANCIAL AID	6
Development of American Educational Aims and Objectives	6
Freedom and Democratic Factors	6
Physical and Economic Factors	8
The Need of a Philosophy	11
Factors to Be Considered in Developing a Philosophy of Student Financial Aid	12
The Need for Education in a Democratic Society	12
The Benefits of Education to a Democratic Society	14
Purposes of the University	16
Academic Talent	17
Student Need	19
Availability of Funds	21
A Philosophy of Student Financial Aid	21
A Policy of Selecting Applicants for Student Financial Aid	22
A Policy of Awarding Types of Financial Aid	24
STUDENT FINANCIAL NEEDS AND RESOURCES	26
Student Expenditure at KSU	27
Student Resources for Educational Expenses at KSU	29
Student Financial Aid Available at KSU	33

Scholarships	33
Loans	35
Part-time Work	36
INDICATED LIMITATIONS AND RECOMMENDATIONS FOR A MORE ADEQUATE AND BALANCED PROGRAM OF STUDENT FINANCIAL AID AT KANSAS STATE UNIVERSITY	38
Limitations at KSU	38
Lack of Program Correlation	38
Inadequate Financial Resources	39
Recommendations	40
Centralized Financial Aids Office	40
Prospects for Additional Funds	41
Projected Changes in Part-time Work Program	43
ACKNOWLEDGMENT	44
APPENDIX	45
LITERATURE CITED	51

INTRODUCTION

Today's college students are faced with rapidly rising costs of education while in ever increasing numbers they are enrolling in institutions of higher learning, encouraged by their parents and society and inspired by their nation's need for college trained personnel. These rising costs of education, plus the annual enrollment increases of colleges and universities across the nation, have placed prodigious burdens upon existing financial aid sources.

Babbidge (1) stated that:

Those who would require financial help under any circumstances now need more of it, while many students who would have been able to meet the modest costs of college in earlier years must now be considered needy. Faced with such pressures, college officials have felt the need to re-examine their financial aid operations in an effort to find a solution to what at times has seemed an insoluble economic dilemma.

Purpose and Nature of The Study

This report is directed to an examination of student financial aid at Kansas State University which has developed into three distinct and separately administered programs. These programs are under the general direction of the Dean of Students. They are the scholarship, student loan, and the part-time work programs.

Most scholarships are administered by the Assistant Dean of Students who serves as Secretary to the University Scholarship Committee. The student loan program is managed by an Executive-Secretary to the University Loan Committee. The part-time work program is administered by the Director of Placement.

This study is intended to summarize the present facilities, and the present needs, for student financial aid at Kansas State University. It will

serve to gain knowledge necessary for the development of a philosophy and policy which will aid in the reorganization and administration of the financial aid program at Kansas State University.

Definition of Terms

Due to a lack in uniform understanding of the terminology used in the financial aid field, the following definitions are established for the purpose of clearness in this report.

"Student financial aid" is an overall term that may be considered as the financial assistance which is made available to any student for the primary purpose of continuing toward and the eventual achievement of his or her educational goals. The difference between the institution's actual cost per student and the tuition cost of each student is included in the concept of student financial aid. However, except for its philosophical implications, this area is not considered in this report.

"Scholarships" refer to the grants of money given to university students. Usually these are awarded for outstanding academic achievement but they may be awarded for other successful student participation such as winning a contest or being the only graduate of a specific high school in attendance at the university.

"Student loans" are considered as the money loaned to the student for a continuation of higher education. They may be granted for short time emergencies, or for longer periods of time with repayment scheduled after graduation. The student loan usually bears a nominal rate of interest.

"Part-time work" refers to any source of income a student receives in exchange for time spent exercising mental or physical labor in exchange for money or other considerations which assists them financially toward the attainment

of their educational goals.

Enrollment Trends of KSU

The immediate responsibility of student financial aid is to assist the presently enrolled student body. The responsibilities to future students, however, cannot be met fully without plans to cope with the problems which the future will present.

Babbidge (1) indicates a trend toward larger enrollments in institutions of higher learning. This trend is encouraged by the expanding college age population and the nation's expanding need for educated manpower. Peterson and Clements, (24) state that in the next decade, Kansas will have an increase of 53.1 percent in the total population that falls in the 18 to 21 year old or the college age group. They also indicate a change of 56.6 percent for the same group in the United States. By applying these percentages, a total enrollment for Kansas State University of more than 12,000 students may be predicted by 1970.

Keezer (14) predicts that the total college enrollment for the United States will approximate 6,400,000 students by 1970. This prediction represents a total increase of 2,900,000 students more than the total enrollment of 3,400,000 in the 1958-59 academic year. This is an increase of approximately 45 percent. An application of this percentage would establish a predicted enrollment of more than 11,000 students at Kansas State University in 1970.

The United States Office of Education (14) anticipates that the ratio of college enrollments to the total of 18-21 year olds in the United States will reach 44 percent by 1970.

We can predict with a reasonable degree of assurance that Kansas State

University must be prepared to serve a constantly enlarging student body throughout the decade of the 1960's. If present student financial needs are being met and if economic conditions remain approximately the same, Kansas State University should be prepared to offer approximately 50 percent more student financial aid in 1970.

Procedures Used in The Study

A study of the needs and resources of the present student body is necessary for the attainment of significant facts with which to develop a more effective plan of student financial aid.

This study may also serve as a pilot study for a more comprehensive study involving larger numbers of students.

The Junior Class at Kansas State University was selected for this study because its members have had two years of college expense and experience, they are presently thinking about financing their senior year, and the Junior Class has received more student loans for the past two years than either of the two under class groups, which gives a possible indication of greater need.

To provide a random sample, every third junior's name was selected from the Student Directory until 300 names were attained. This sample represented approximately one-fifth of the Junior Class enrollment. Questionnaires (Appendix, Page 46) were sent to each junior selected. A covering letter (Appendix Page 49), explaining the purpose of the study, and a stamped, return addressed envelope were enclosed with the questionnaire.

The questionnaire was developed to explore the following areas relative to the financial needs and resources of the students:

- a. The financial resources which had been available to the students during their freshman and sophomore years at college and were presently available to them in their junior year at Kansas State University.

- b. The personal attitude of the students regarding parental assistance.
- c. The attitude of the students toward part-time work.
- d. The type of financial aid which the students considered most beneficial.
- e. Marital status.
- f. State residency status.
- g. Rural or urban background.
- h. Pertinent information regarding part-time work.

The questionnaire was tested prior to the actual mailing. Junior students who called at the University loan office were requested to complete the questionnaire and to comment upon the clearness of the various items. Revisions which appeared desirable were then made.

Three hundred questionnaires were mailed. Ninety-nine were returned the second day after mailing. A total of 168 replies were received by the end of the second week.

Two weeks after the original mailing, a follow-up post card (Appendix, Page 50) was mailed to the students who had not as yet returned their questionnaires. This encouraged an additional 50 replies.

A total of 218 replies were received or a total of 72.6 percent of the number mailed. Of these replies, 125 were received from single males, 55 from single females and 38 from married students.

The questionnaire did not specify the year when a student married or the number of and arrival year of dependent children. Due to inconsistencies caused by these variable factors, the replies of married students were not tabulated for this report.

A PHILOSOPHY AND POLICY OF STUDENT FINANCIAL AID

Development of American Educational Aims and Objectives

A review of the changes in American educational aims and objectives, from the Colonial period to the present time, is necessary to gain a perspective for the justification and subsequent development of student financial aid in a democratic society.

The factors causing these changes and the results of the changes are briefly discussed in the next two sections of this report.

Freedom and Democratic Factors. The citizens of the Thirteen Colonies were of miscellaneous origin and diverse in their political sympathies. Many had arrived on American shores seeking specific freedoms for the satisfaction of their religious, economic or cultural needs.

Three antagonisms encouraged them to achieve common agreement and joint effort. (33) These were (1) a joint opposition to the Indians, (2) the fear of French conquest and dominion and (3) an increasing anger at the demands of the British crown.

The Indian territories slowly receded and the threat of French domination was removed. Thus, the colonials were faced with the remaining factor, that of British domination.

As the cultural and economic strength of the colonies developed, so also developed among Colonial leaders the realization that the freedoms originally sought were but component parts of a greater freedom. They experienced the need and desire for the freedom of self-direction and the opportunity for self-fulfillment. (5)

The cumulation of colonial economic and idealistic pressures were released in the central theme of "taxation without representation is tyranny." (33)

Political freedom was achieved through the victories of the American Revolution.

The first ten amendments to the Constitution of the United States, the Bill of Rights, is evidence that the American people were concerned with keeping their hard won freedom. (29)

The nation's leaders recognized the need of an educational system appropriate to a government dedicated to equality, democracy and freedom. They reasoned that if such a society were to prosper and to endure, then the people who elected the government, held office, made and enforced laws and consented to be ruled should be educated as responsible citizens. (5).

Thus, the concept developed that all the people should be educated. It was recognized that if there were uneducated individuals, the entire community of freedom would be weakened. Many individuals could not afford the financial burden of an education. Therefore, to insure education for all, everyone, through taxation, would pay for education. (5) Free public elementary education was eventually established.

For approximately the first one hundred years of its existence, the general concept of educational aims in the United States appeared to be directed to providing "some education for all and much education for a few." With the expansion of the democratic concept, the United States approached its second century of existence with its educational aims being influenced toward "as much education as possible for all." (5)

This trend is evidenced by federal and state legislation which increased the opportunities for additional education.

The Northwest Ordinance of 1787 expressed American belief in the connection between education and the good society by establishing common schools in the Northwest Territory. (4)

The Morrill Act of 1862 gave impetus to the establishment and support of state universities. The leading object of the act was to "teach such branches of learning as are related to agriculture and the mechanical arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life." (8)

In 1874 the Kalamazoo Case pointed the way for establishment of the tax supported secondary school. (5) (4) This decision marked the start of the private academies' decline and the rapid increase of public high schools. State compulsory attendance laws further increased the scope of public secondary education. (5)

The Smith-Lever Act and the Smith-Hughes Act encouraged instruction in agriculture and home economics for both youth and adults. (5)

The NYA, originating in a federal grant administered by the Federal Emergency Relief Administration, played an important role in the continuance of educational opportunities during the depression of the 1930's. (25)

The GI Bill of Rights encouraged and assisted millions of World War II and Korean veterans to seek opportunities through education. (9)

In 1954 the Supreme Court of the United States defined equality of educational opportunity by ruling against racial segregation in the public schools. (4)

As a last example in this brief summary of legislative action, the National Defense Education Act of 1958, allocated more than 1 billion dollars in aid to education. This provided national recognition that an educated individual is the prime defensive force of our nation. (9)

Physical and Economic Factors. American colonists were situated on a narrow band of land bounded on one side by a great ocean, on the other by

immense westward expanse of savage wilderness. (33)

The average colonial youth could hope to obtain but the rudiments of literacy before he joined in the struggle to carve from the surrounding wilderness a more secure environment for himself and his children. Colleges were established primarily to train ministers and teachers. Most college students were the sons of "gentle folk and ambitious yeomen." (25) The opportunity for education beyond the common school was limited for those who lacked financial resources.

As the economic and population growth of a young America pushed the wilderness frontier westward, the urban centers of the coast were inspired to develop an industrial and commercial economy. This provided for the processing and sale of the new nation's product and the administration of the lengthening supply lines so vital to the westward growth of the United States.

As industry and commerce developed, the need of more literate and trained personnel developed. Professional workers were needed in ever increasing numbers to meet the needs of the growing nation. These pressures of demand resulted in the foundation of state financed institutions of higher learning. (25)

Eventually the wilderness became farm and grazing land, trading posts became towns and distribution points became cities. The need for education received a new emphasis as human struggle was directed less toward conquering nature and more toward meeting the challenge of human competition in a rapidly expanding industrial economy.

As Americans were convinced that education gave a greater opportunity for success in the growing competition, more emphasis was placed upon public sup-

port for education. (25)

The first tax supported common schools were a provision by society to insure that the poor as well as the rich could obtain the rudiments of literacy, become informed and serve as useful citizens. (5)

As the American people accepted the concept that education was fundamental to the survival and strength of a democracy, they accepted the concept that student financial aid, in the form of tax supported educational institutions, was also fundamental.

With additional public support, the number of students from lower income groups increased steadily. (5) Additional educational aims were developed by colleges (8) as they grew in size and number and began to serve the demands of an increasingly diverse student body. (25) The restricted curriculum of former years, devoted primarily to the theme of "how to live" did not meet the additional public interest in "how to make a living." (25)

As the economic needs for a more educated populace increased with the expanding nation, an increasing number of tax supported secondary schools and universities were made available for those who otherwise would have been unable to afford their advantages.

Some private and church endowed institutions reduced a portion of the student's educational cost, thus participating in the advancement of democracy through the intellectual and moral development of the individual.

Those Americans who oppose the principle of student financial aid might well speculate upon one question. Would they presently have the freedom to oppose any principle if some form of student financial aid had not been offered to past generations of Americans? If only those individuals who could afford the full cost of an education became educated, it is improbable that a democratic society could have survived.

Education has continued to provide America's answer to the prayerful words of Abraham Lincoln. (16)

That this Nation, under God shall have a new birth of freedom, and that government of the people, by the people, for the people shall not perish from the earth.

The Need of a Philosophy

L. Thomas Hopkins (11) defines philosophy as:

....a set of criticized values in living, so organized as to facilitate making intelligent decisions as to policy or conduct whenever there is a choice of values.

Hopkins also describes two ways of developing a philosophy. One method is to accept uncritically the beliefs, ideas, attitudes and modes of behavior offered by the environment. This method of attainment does not allow for quality of decisions, as a philosophy unintelligently accepted cannot be intelligently applied. The second method of developing a philosophy is by the critical appraisal of cultural beliefs, values and attitudes as they operate in the day to day experiences of living.

Therefore, to be used effectively in a democratic society, a philosophy of student financial aid should be developed from the beliefs and values of that society. If the values and ideals of a democratic society are desirable, then it follows that a financial aid philosophy, developed from these values, will result in policies designed to strengthen and continue the democratic way of life. Financial assistance will be given to those individuals who have not reached the maximum levels of their potential capacities. Thus, a democratic society will have the opportunity to profit from their increased potential for positive contributions.

Decisions regarding the selection of applicants must be made when student financial aid resources are inadequate to meet the needs of all qualified

students. Decisions are also needed to determine the basis of qualification and to determine the degree of need. These decisions will be reflections of values encompassed in the basic philosophy of the responsible university officials.

Thus, the allocation of student financial aid requires decisions which will affect the lives, hopes and the future of individuals. Individuals affect the life, hope and the future of a democratic society. Additional education provides the potential for greater and more positive individual influences. Therefore, a sound philosophy, well grounded in the fundamental concepts of democracy, is needed to guide the responsible officials to the most intelligent decisions possible with the information available to them.

Factors to Be Considered in Developing a Philosophy of Student Financial Aid

Several factors should be considered in the development of a philosophy of student financial aid. These factors are (1) the need for education in a democratic society, (2) the benefits of education to society, (3) the purposes of the university, (4) the talent of the student, (5) the student's need and (6) the availability of funds.

Each factor is considered from the viewpoint of the fundamental purpose of student financial aid in a free society. That purpose is to realize the most effective use of financial aids, to promote the greatest possible positive contributions to society, through the education of individuals.

The Need for Education in a Democratic Society. The development of democratic and economic influences on education relative to the public need were discussed in preceeding sections of this report. The statements and writings of influential individuals and groups, throughout America's history,

indicate an additional emphasis of the concept that education, as an instrument of human development, is basic to the freedom and progress of a democratic society.

The importance and emphasis of this concept was noted by Thomas Jefferson (5, p. 36) when he warned:

If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be.

Jefferson (4, p. 250) presented a strong plea for the development of human resources as a benefit to society when he stated:

We hope to avail the state of those talents which nature has sown so liberally among the poor as the rich.

John Adams (5, p. 38) recognized the responsibilities and the ultimate gain to society through the development of public education when he said:

The whole people must take upon themselves the education of the whole people and must be willing to bear the expense of it.

The considerations of Woodrow Wilson (5, p.40) strengthened the concept when he said:

Popular education is necessary for the preservation of those conditions of freedom, political and social, which are indispensable to free individual development. No instrumentality less universal in its power and authority than government can secure popular education. In order to secure popular education the action of society as a whole is necessary; and popular education is indispensable to that equalization of the conditions of personal development which are the proper objects of society. Without popular education, moreover, no government which rests upon popular action can long endure.

John Dewey (6) wrote:

The foundation of democracy is faith in the capacities of human nature; faith in human intelligence and in the power of pooled and cooperative experience. It is not belief that these things are complete but that if given a show they will grow and be able to generate progressively the knowledge and wisdom needed to guide collective action.

In 1955, the White House Conference on Education (10, p. 8) noted:

Ignorance is a far greater handicap to an individual than it was a generation ago, and an uneducated populace is a greater handicap to a nation.

The same conference summarized national feeling with the statement that:

....there is a growing resolve throughout the Nation to close the gap between educational ideals and the educational realities.

The Congress of the United States declared through the National Defense Education Act of 1958 (22) that:

....the security of the Nation requires the fullest development of the mental resources and technical skills of its young men and women. The present emergency demands that additional and more adequate educational facilities be made available. We must increase our efforts to identify and educate more of the talent of our Nation. This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need.

Babbidge (1, p. 5) indicated the loss of human resources to this nation when he wrote:

The same factors that have caused Americans to be concerned about their position as leaders of the free world have made them increasingly aware of the loss of able manpower from our educational system. Because as many as 200,000 of our ablest youth fail to go to college each year, many Americans, especially educators, have become more fully aware of the financial obstacles to higher education.

The Benefits to a Democratic Society. The nature of benefits to society, stemming from the development of human resources through the education of its members, are economic and cultural.

There is ample evidence to prove that an investment in education will pay dividends for either individuals or a free society. Lambert (15) provides the following examples of educational investments and their dividends.

In agriculture, the technology and research made possible by education

has enabled 10 percent of the population of the United States to produce more food and fiber than the remaining 90 percent of the population can consume. In 1900, 90 percent of the people worked in agriculture to provide food and fiber for themselves and the remaining population. The total production of the people "freed" from agricultural pursuits is difficult to measure in monetary terms. The earning potential of 80 percent of the nation's working force, cumulated over a period of years would be astronomical.

Medical advancements have lowered the number of working days lost from sickness, thus creating an annual wage increase of \$3 billion for American workers. This compares well with the \$127 million spent annually on medical research.

Vocational Rehabilitation trainees will repay \$7 to \$10 in income taxes for each dollar invested in their training and adjustment to a useful life.
(15)

Individual educational returns are impressive. In 1958 the average elementary school graduate could expect to earn \$181,695 in a lifetime. The average high school graduate could expect to earn \$257,557 for his years of work. However, the individual with four or more years of college could anticipate an average lifetime earnings of \$434,242. (15)

The financial returns to government through taxation are also impressive. The difference between the college educated and the high school graduate, when considered over a 43 year working life, amount to approximately \$4,000 per year. A conservative estimate allocating 25 percent of this additional annual income for payments of federal, state or local taxes produces a return of \$43,000 for each college graduate. (15)

These examples are all concerned with the financial point of view. However, American achievements made possible through education cannot be limited to monetary values. Indeed, the monetary returns, may be considered small in comparison to social, political and moral benefits that are incalculable in terms of dollars. (15)

The physical wealth of a nation may always be described in some assessable amount. The true wealth of a nation will forever defy economic tabulation. Within the scope of true wealth lies the value of a nation's human resources, giving that nation a wealth potential limited only to the perfectability of human thought and action. Education is necessary to provide the opportunity for human resources to contribute their full potential to society.

Commager points out that no other people ever demanded so much of education as have the Americans, and none other was ever served so well by its schools and administrators. (4)

American education has maintained the concepts of democracy. (4) Democratic concepts and educational programs have encouraged and made possible the growth of a great national economy.

This concept of democracy, financed by this great economy, now stands as the prime defender of freedom in direct opposition to forces that would remove freedom from the world.

Purposes of the University. The fundamental purpose of any university is to serve society. This purpose is achieved by providing advanced educational and research experiences to those members of society who are capable of profiting from these experiences. Some members of society who are capable of growth through higher education cannot seek this experience because of

financial limitations.

Therefore, the purposes of the student financial aid program in any university is to render financial assistance to worthy and needy students, thus providing opportunity for the attainment of educational goals. The attainment of educational goals, in turn, increases the individual's potential for contributing to this society.

Babbidge (1, p. 6) states:

Another purpose of an aid program is to improve the quality and representative nature of the student body, as well as to provide incentives for better performance. It must, therefore, be responsible to the central leadership of the institution and guided in policy by the faculty. Individual recipients of financial aid should - insofar as possible - personify institutional values and ideals.

Babbidge (1, p. 6) also states:

It is obvious that much can be gained from an institutional as well as a public standpoint, by using financial aid to bring to the campus an able youth who might not otherwise go to college.

Academic Talent. The foundation of a free society rests upon the liberal education of the people. To be effective, education must be available to all the people. Because some people lack financial resources, a liberal education must be available freely and equally to all, starting from the earliest elementary stages and extending to the limits of individual satisfaction and talent. (25) Thus, to provide for the continued progress and strength of a free society, talent must be considered as an important factor in developing a philosophy of student financial aid.

Berdie (2) indicated the importance for society to encourage a broad diversity of talents and skills and to provide the opportunity for each individual to receive training relative to the maximum of his capacity.

Thomas Jefferson (4) believed that all should have the opportunities of state supported primary education, but those who were "bright and most promis-

ing" should be sent through grammar school and college without cost to themselves. He believed that the state would profit from this development of individual talent. Jefferson's statement recognizes the degrees and differences in academic talent and the recommends additional educational opportunity for only those who can reasonably profit from the experience. The individual's potential for academic success should be investigated before admission to the university is granted.

The degree of academic talent is usually indicated by the past record of achievement, by achievement test scores or by scholastic aptitude test scores. The record of past achievement is an important predictor of continued academic performance. (28) (27) This record is influenced by the student's motivation, ability and work habits. However, it may also be influenced by financial worries, family problems, poor study conditions and other negative situations.

These three indicators of potential performance, when used to supplement each other, will permit a more adequate appraisal of the student's academic potential than if they are used alone. (27)

A selection between two financial aid applicants is difficult to justify when their academic talent is not significantly different, other factors of selection being equal. A recognition of individual student problems and influences is desirable if the financial aid philosophy is to remain "student centered." (1) Sharp (25) suggests that investigations could be directed to the students age, training, experience, honorary memberships, professional promise, personality and vocational plans as additional decisive factors influencing the potential contributions to society.

The degree of a specific academic talent must be considered in administering the requirements of some programs of student financial aid. An example is

the National Defense Education Act of 1958 (22). In Title II of this act, provision is made for long-term student loans with the requirement that:

....Special consideration be given to (A) students with a superior academic background who express a desire to teach in elementary or secondary public schools, and (B) students whose academic background indicates a superior capacity or preparation in science, mathematics, engineering, or a modern foreign language; and (C) include such other provisions as may be necessary to protect the financial interest of the United States.

Certain scholarships, loan funds or part-time jobs may require specific types of academic talent to meet qualification criteria as established by the donors of the funds.

Student Need. Consistently measured student need provides a reasonable basis for an equitable distribution of student financial aid to those considered worthy. Babbidge (1) suggests that it is important to recognize a distinction between need as a criterion for selection for student aid and the degree of need for determining the amount of aid. Both should be recognized if there is to be a full and equitable use of funds.

The degree of student need should not be considered as a primary selective factor. If a student has need for financial assistance, that need is important to his educational future regardless of the amount involved.

Student needs are established by the difference between the student resources available and the proposed educational expenditures. (25) Financial needs cannot be standardized to fit all student situations.

Some student expenses, such as dormitory board and room and some fees may be specifically established. Other expense items of books and supplies, trips home, clothes, insurance, medical costs and personal needs can only be limited to a reasonable maximum.

Student resources are variable. Students do not hold equivalent summer

jobs, do not enter the university with equivalent savings and do not receive equal amounts of assistance from their parents. The differences and types of student resources are equal in number to the total enrollment of any specific university.

Parental support is the largest financial resource for college students. (1) (7) (Table 2). A consistent measurement of reasonable parental contributions toward the total educational costs is desirable. Money may have identical purchasing power but it does not have identical worth to all people. Babbidge (1, p. 9) pointed out that:

....seven thousand dollars of annual income does not mean the same to a 40-year-old, suburban-dwelling junior vice-president as it does to a factory foreman. What they feel they can "reasonably afford" for education varies accordingly.

The College Scholarship Service of the College Entrance Examination Board has established norms for parental contributions based upon income, assets and family factors. J. F. Morse (21, p. 11) describes the CBS program by the following statement.

In considering the CBS system it is important to remember that it was not conceived in a vacuum nor handed down from on high. Its origin lies in a study of what families in various income brackets, with various numbers of children, have contributed, do contribute and seemingly can contribute without severe hardship to their children's education.

Consistent measurement of parental support may be satisfactorily equalized by the utilization of such a service or by other consistent methods developed by the university.

Some parents refuse to contribute to their children's educational support when it is apparent that they can afford to do so. In such circumstances, the full needs of the student should be considered without regard to specific parental assistance.

Availability of Funds. The basic philosophy of student financial aid should not be affected by either a lack of or an excess amount of funds available for student aid. Awards of financial aid, either in lesser amounts or in excess of the real needs of the student are not justified. (1) Democratic purposes will not be served by granting only a portion of the student's real needs, thus making the available funds serve more students.

The opposite viewpoint, that of being excessively generous with financial aid when funds are readily available, would decrease educational opportunities for future worthy students and contribute little or nothing to the advancement of a democratic society.

Babbidge (1, p. 6) commented on this point that:

....if the size of the scholarship offered is greater than the student's actual need, the offering institution is then using funds as a lure. This practice of competitive bidding serves no useful social or educational purpose. Experience with such practice has resulted in grief to all concerned.

A Philosophy of Student Financial Aid

A philosophy should be built upon an ideal situation. It should utilize the cultural values and concepts of the society that it serves. The policy which grows from that philosophy should adapt itself to the realities of the situation, but should follow the basic philosophy as closely as possible under the existing circumstances.

Goals may be established to nullify these "existing circumstances", in other words, to make possible the ideal situation whereby policy could follow philosophy without deviation.

From a philosophical point of view, as evolved from the concepts of a democratic society, any student (1) who has been accepted by the university

and who has, on the basis of entrance tests, a reasonable statistical chance of completing degree requirements, (2) who has maintained an academic accomplishment which will allow him to graduate in a reasonable length of time and (3) who meets the citizenship and need requirements for financial aid, should be eligible to apply for financial assistance. Thus, a worthy individual receives the opportunity to further develop his own intellectual and moral capacities, thereby increasing his potential to serve society.

A philosophy of student financial aid should encourage (1) a sound policy of selection, and (2) an equitable policy in granting types of aid to those selected. Thus, the objectives of student financial aid may be directed to the most effective use of funds for the purposes of a democratic society.

A Policy of Selecting Applicants for Student Financial Aid. Four premises may be used to develop a hypothesis of granting student financial aid in a democratic society. These premises are: (1) a democratic government requires an educated citizenry; (2) the potential for an individual's contribution is increased through education; (3) individuals capable of increased contribution through education should be educated; and (4) potential contributions will vary with individuals.

No doubt should remain regarding the need for and the value of educated individuals in a democratic society. Such a society, by its very implication, cannot rise above the values of human endeavors as proscribed by its constituents.

A logical assumption may be formulated that some individuals are capable of increasing their contributions to society after participation in the disciplines of higher education.

It is also evident that some individuals who are capable of increasing

their contribution to society through education are unable to do so because of financial limitations. Thomas Jefferson (26) stated that nature had sown talents as liberally among the poor as the rich.

Since, at present resources for student financial aid are limited, the economy of our society must dictate that a selection of applicants be made giving preference to those individuals who show a greater promise of positive contributions to society.

Thus, a policy concerning a selection for financial aid may be established upon a hierarchy of values relating to needs of the nation, purpose of the university and to the development of student capabilities. The following steps attempt to establish the basis for this hierarchy of selective values.

Applicants should, first, be able to exhibit the personal character references and qualities which indicate that they are worthy individuals, desirous of contributing in a positive manner to the society which recognizes them as citizens.

It is conceivable that exposure to the advantages of higher education could eventually motivate an unworthy or subversive individual to contribute positive benefits to society. However, student financial aid is not rehabilitative, either by nature or implication; it is not charity but is rather an investment in human resources with future dividends paid to society by an upgrading of human values and actions. It does not seem desirable or logical that extreme speculative investments with limited financial aid funds be made in preference to investments in more proven individual potentials and desirable individual qualities.

The second phase of selection should encompass the establishment of a justified amount of financial aid based upon a consideration of the individual

needs of each student. The amount established should be sufficient to allow each student to pursue an academic life in a manner equivalent to that of the average student in residence at the university. Those who have no justified financial need should not be considered except in an "Honorary Award" capacity as a recognition of academic talent or other worthy achievement.

The remaining applicants should be considered upon the rank order of their academic production at the university, if they have an established record; or upon the rank order of their academic potential as indicated by sources acceptable to the university, if they are freshmen or transfer students. Assistance should then be granted until allocated funds and opportunities have been exhausted or all qualified applicants have been served.

Each of the preceding phases of selection should be interpreted, for the greatest potential benefits to society, by the common sense and best judgment of the individuals responsible for selection.

These phases of selection can only be realistically applied to financial aid programs that are open to all students. Specific endowments, departmental grants and other specified forms of student financial aid must be awarded in accordance with their prescribed regulations.

A Policy of Awarding Types of Financial Aid. Major types of student financial aid consist of scholarship grants, long-term student loans, part-time work opportunities and scholarship house accommodations. Types of financial aid, by the very implication of their titles, vary in desirability. If given a choice, it seems reasonable to assume that most students would prefer a direct scholarship grant.

In this study, student loans were favored by the male students while females favored a part-time job opportunity to pay for a part of their annual college expenses. Thirty-eight percent of the male students, who worked part-time, indicated they would quit their job if a student loan was available. Approx-

imately 60 percent of the men who did not work indicated a preference for a student loan instead of a part-time job if they had to accept either as a source of educational expenses. On the other hand, only one working girl preferred a loan over her part-time job. Sixty-six percent of the women who did not work part-time indicated a preference of part-time work over student loans.

After a student has been selected as a recipient of student financial aid and the amount of assistance has been established, a decision must be made regarding the type of aid to be granted. The approved sum would then be made available through one of the types or a combination of the types of available student financial aids.

Dr. Moon (19) indicated that a policy of granting the most advantageous forms of financial aid to the top academic group, followed by less desirable types of assistance to students of lesser ability did not seem entirely desirable.

Academic excellence should continue to be rewarded and encouraged by outright scholarship grants. However, it does not seem unreasonable to grant a portion of the student's need in the form of scholarship hall accommodations, long-term student loans or a part-time job if the top student has a reasonable possibility of continuing his past academic record.

Dr. Moon (19) pointed out that attempts should be made to equalize the indebtedness of students. He suggests that the less needy should borrow and the more needy should borrow plus receiving scholarship and part-time job assistance.

A formula or pattern for this decision is undesirable because of the numerous personal factors involved. (25) Sharpe (25) recommended that the type of aid best suited to an individual's physical and mental health should

be considered. Poor health conditions might require substantial outright grants. Whether this condition merits such opportunities must be determined largely on the basis of intellectual promise since physical factors might preclude leadership in other directions.

Sharpe (25) also commended that students who feel that the college and world owes them a living may profit from a reasonable load of part-time work. Those who have come to depend upon others may gain experience from a loan. For students who will have low economic returns after graduation, such as the ministry, outright grants may be advantageous.

Consideration of these and other pertinent points, prior to a decision, will enable the awarding personnel to utilize financial aid resources in a more realistic manner approaching a maximum benefit to society.

STUDENT FINANCIAL NEEDS AND RESOURCES

In a recent study of drop-outs at Kansas State University (12), 34 percent of the males indicated "inadequate finances" as the major contributing factor for leaving school.

In the same study, 24 percent of the females checked this cause, making it the third ranking factor in their decision to drop-out.

In emphasizing the nation's loss through undeveloped human resources, President Kennedy (31) stated:

More than 400,000 high school seniors who graduated in the upper half of their classes last June failed to enter college this fall; some 200,000 of these ranked in the upper 30 percent of their class. One-third to one-half of these failed to go on to college principally because of lack of finances.

A recent newspaper article (13, p. 15A) commented:

Every student cost is on an escalator going up -- tuition, laboratory fees, room and board, activity tickets, books and supplies, even dating and recreation.

From 1952 to 1960, the Labor Department's cost-of-living

index rose by 11.5 percent. During the same period, resident tuition and fees at major public universities increased more than 71 percent, and room and board costs rose 27 percent.

Comparable figures for private colleges and universities probably would show even steeper increases.

The potential accomplishments of capable students who drop from college or fail to enroll because of inadequate finances, are lost to society.

The financial factors affecting the students at Kansas State University are discussed in the following sections.

Student Expenditure at KSU

In an unpublished report of the Placement Center, KSU, Dr. Chester Peters (23) estimated that the total expenditure by Kansas State University students approximated \$12,000,000 during the 1960-61 academic year. The total of all student scholarships, student loans and on-campus part-time work totaled approximately 9 percent of this amount. Off-campus part-time work contributed approximately 12 percent of the total student expenditure. The remaining 79 percent or approximately nine million dollars was secured from other sources.

Table 1 summarizes the average annual cost for the single junior students who participated in this study. The chart indicates the average cost for their Freshman (1959-60), Sophomore (1960-61) and Junior (1961-62) academic years.

Table 1. Average expenditure, K.S.U. single students.

Year	Single Men		Single Women		Single Students	
	No.	Amount	No.	Amount	No.	Amount
Freshman (1959-60)	92	\$1325	37	\$1414	129	\$1350
Sophomore (1960-61)	92	1331	37	1361	129	1339
Junior (1961-62)	81	1387	26	1332	107	1361

Sorority initiation fees, larger wardrobe expense, more generous parental support and financing a larger share of their own recreation in their under-class years may account for the larger expenses of single women in the freshman over the junior year.

The increased expenditures for the single men may possibly be explained by an increase in social activity, acquisition of automobiles and increased costs of books and supplies as more technical courses are taken.

This study is substantiated by the Placement Center Report (23). The Placement Center report surveyed all students participating in the 1960-61 spring enrollment. The report indicated that freshmen, sophomore and junior classifications averaged spending between \$1300 and \$1400 per year. Seniors averaged \$1704 and graduate students averaged spending \$2000 per year. The average student cost, including all classifications, was \$1472. Since this amount included all married students as well as seniors and graduate students, it does not seem applicable as an average single student expenditure.

\$1360 is a close approximation of the average cost for a single student at Kansas State University for the 1961-62 academic year.

Student Resources for Educational Expenses at KSU

In an attempt to identify the student resources that contribute a "major portion" of expenses, Table 2 has been prepared as a condensation of the information in Tables 3 and 4. A "major portion" of the expenses, for the purpose of this study, is any source which has contributed more than 50 percent of the student's total educational expense in any one year.

Table 2. Percentages of single students receiving more than 50 percent of their expenses from sources indicated in their Freshmen, Sophomore and Junior years.

Resource	Males			Females		
	Fr.	So.	Jr.	Fr.	So.	Jr.
Parental Assistance	40.8	38.3	31.6	85.7	80.1	83.2
Savings prior to college	13.7	4.0	4.1	8.3	1.8	1.8
Summer earnings	22.6	31.6	36.5	1.8	5.5	
Part-time work	5.7	4.9	8.3			
University scholarships	1.6	1.6	.8			
Other scholarships	.8					
University loans	.8	.8	3.2			3.6
Bank loans	.8		.8			
Loans from friends						
Gifts						

Parental assistance produced more than half the college expenses for more than 80 percent of the single females and for more than 30 percent of the single males involved in this study.

Eight percent of the females and 13 percent of the male students were able to provide more than half their freshman expenses through savings they

had accumulated prior to college. After the freshman year, this resource was exhausted by all but a small percent of the students.

Summer earnings provided more than half of the expenses for almost one-third of the male students. As may be expected, it appears difficult for the female students to earn one-half of their expenses from a summer job.

Approximately 6 percent of the male students were earning at least 50 percent of their expenses through part-time work during the school year.

Tables 3 and 4, pages 31 and 32 indicate the percentages of expenses that single men and women received from the sources listed on the questionnaire.

Two female and one male student indicated on the questionnaire that the educational insurance was to be considered as parental support since the parents had apparently maintained the policy premiums. It would seem reasonable to assume that other participating students may have considered educational insurance resources as parental support without indicating it on the questionnaire. For this reason, educational insurance was not tabulated in the data of this study.

Table 3. Percentage of single men and the percentage of their expenses received from indicated sources during the freshman, sophomore and junior years at KSU.

Sources of University Expenses	Freshmen (1959-60)						Sophomore (1960-61)						Junior (1961-62)					
	N equals 123						N equals 123						N equals 120					
	0%	1% - 25%	26% - 50%	51% - 75%	76% - 99%	100%	0%	1% - 25%	26% - 50%	51% - 75%	76% - 99%	100%	0%	1% - 25%	26% - 50%	51% - 75%	76% - 99%	100%
Parental Assistance	25.0	15.0	19.2	24.2	10.0	6.6	24.2	20.0	17.5	24.2	10.0	4.1	29.0	19.7	19.7	19.7	5.1	6.8
Savings Prior to College	60.0	18.6	7.3	8.1	4.0	1.6	79.4	9.7	6.5	4.0			87.5	5.8	2.5	4.1		
Summer Earnings	24.3	23.5	29.1	20.2	.8	1.6	12.1	16.2	39.7	23.5	5.7	2.4	17.5	16.6	29.2	27.5	5.8	3.2
Part-time work	69.9	15.4	8.9	4.9	.8		52.0	27.6	15.4	4.9			60.0	15.0	16.0	5.8	2.5	
University Scholarships	86.6	8.9	2.4		1.6		88.3	6.5	3.2	.8	.8		90.0	5.0	4.2		.8	
Other Scholarships	89.1	7.3	2.4	.8			98.0	1.6					98.0	1.6				
University loans	99.2				.8		98.2	.8	.8	.8			92.5	.8	3.2	3.2		
Bank loans	96.4	1.6	.8	.8			94.4	4.0	1.6				94.4	2.5	2.5	.8		
Loans from friends	98.4	1.6					95.6	2.4	1.6				92.4	1.6	5.8			
Gifts	98.4	.8	.8				98.0	.8	.8				97.4	2.5				

Table 4. Percentage of single women and the percentage of their expenses received from indicated sources during the freshman, sophomore and junior years at KSU.

Sources of University Expenses	Freshmen (1959-60)						Sophomore (1960-61)						Junior (1961-62)					
	N equals 55						N equals 55						N equals 55					
	0%	1% - 25%	26% - 50%	51% - 75%	76% - 99%	100%	0%	1% - 25%	26% - 50%	51% - 75%	76% - 99%	100%	0%	1% - 25%	26% - 50%	51% - 75%	76% - 99%	100%
Parental Assistance	3.7	5.4	5.4	24.6	33.4	27.7	1.1	7.5	11.3	20.7	28.3	31.1	6.1	4.6	6.1	20.2	32.5	30.5
Savings Prior to College	72.7	10.9	7.3	5.5	3.6		87.3	9.1	1.8	1.8			92.8	3.6	1.8	1.8		
Summer Earnings	54.5	32.5	10.9	1.8			40.0	40.0	14.5	5.5			45.5	36.4	18.1			
Part-time work	80.0	16.6	3.6				78.2	18.1	3.6				70.9	18.1	10.9			
University Scholarships	83.7	14.5	1.8				92.7	5.5	1.8				94.5	3.6	1.8			
Other Scholarships	83.7	14.5	1.8				96.4	3.6					100.0					
University Loans	100.0						96.4		3.6				94.5		1.8	3.6		
Bank Loans	100.0						96.4	3.6					98.2	1.8				
Loans from friends	100.0						100.0						96.4	3.6				
Gifts	90.9	7.3	1.8				92.7	5.5	1.8				90.9	7.3	1.8			

Student Financial Aid Available at KSU

Each phase of student financial aid at Kansas State University is described in the following sections. As previously stated, approximately 9 percent of the total college student expenditures are derived from university sources. Off-campus part-time work cannot be considered directly as organized student financial aid. However, KSU students are assisted and encouraged in this area through the services of the part-time work section of the University Placement Center.

Estimates for the United States indicate that 4 percent of the total student expenditures are derived from scholarships and 7 percent from non-commercial loans. (30) If these estimates are correct, Kansas State University does not approach the national average in these areas.

The national student financial aid situation may be briefly summarized by estimations by Dr. Rexford Moon (19) who stated that the total financial aid in 1959 was approximately \$300,000,000 which represented 10 percent of the annual expense of higher education in the United States. He went on to indicate that our society should spend between 900 million and 1 billion dollars annually to be "representative within the pattern of higher education opportunity." He admonished that if more funds are produced they should be carefully administered and reusable.

In an unpublished address, Dr. Moon (20) recently estimated the financial aid to be made available for the 1962-63 academic year to be in excess of \$600,000,000.

Scholarships. Scholarships granted by Kansas State University in the 1961-62 year totaled \$91,484.00. (17) This sum is approximately 1 percent of the total undergraduate cost.

Table 3 indicates that approximately 14 percent (100% minus 86.6%) of the single men involved in this study received university scholarships in their freshman year, 12 percent (100% minus 88.3%) received them as sophomores and 10 percent (100% minus 90%) as juniors. However, as the number receiving university scholarships declined, the amount received tended to rise, thereby making a more significant contribution toward meeting their total expense.

Scholarships from sources other than the university were awarded to approximately 11 percent of the men for their freshman year but were negligible in the sophomore and junior years.

Approximately 16 percent (100% minus 83.7%) of the single women in the study received university scholarships in their freshman year. (See Table 4). This number dropped to 7 percent (100% minus 92.7%) in the sophomore year and 5 percent (100% minus 94.5%) in the junior year. Sixteen percent of the single women received scholarships from other than university sources for their freshman year. These sources dropped to 4 percent for the sophomore and nothing in the junior year.

Students of freshman classification received 38 percent of the university scholarships granted in 1960-61 and 34 percent of those granted in 1961-62. This indicated a predominance of scholarship awards to freshman students.

Table 5 shows the total scholarship awards to Kansas State University students in the past two years. (17) (18)

Table 5. K.S.U. Scholarships, 1960-1962.

Year	: Number of Awards	: Average Award	: Total Amount
1960-61	453	\$278.00	\$92,138.00
1961-62	454	266.00	91,484.00

Loans. Long term student loans from various university loan funds account for approximately 4 percent of the total student expenditures in the 1961-62 academic year.

The demand for student loans at Kansas State University has shown a great and steady increase in the past decade. In 1952-53, \$16,430.00 was loaned from an available total of \$287,813. In 1961-62, the loan funds available to KSU students totaled approximately \$450,000 and as of March 1, 1962, \$366,400 in long-term loans were granted to KSU students.

Applications for more than \$400,000 were made for student loans under the NDEA program at KSU from June 1 to March 1 to assist students finance a portion of the 1961-62 academic year. Most of the applicants who were refused an NDEA loan were assisted through other university loan funds.

Dr. Rexford Moon, (19, p. 345) stated:

NDEA has increased public appetite for loans that would not have come up for 10 years and did not provide enough funds to match the new enthusiasm.

Of the loan monies available to KSU students, approximately \$318,000 was from the NDEA fund, \$40,600 from the Alumni loan fund and \$78,000 from the University loan fund. Other loans were available through specific endowment loan funds but at the present time, only one endowment fund contains a significant amount. Some endowment funds are specified for certain majors or student areas.

Students are limited to \$1,000.00 per year with a \$5,000.00 maximum outstanding total under the NDEA loan program. No interest is charged while the borrower continues as a full time student, or is serving in the armed forces or in the Peace Corps of the United States. One year after the educational period is terminated, interest starts at 3 percent annually and the repayment is scheduled over 10 annual installments. Special deductible provisions are made for public school teachers.

Alumni, University and Endowment Loans are limited to \$1,000.00 outstanding for any student, interest is charged at 3 percent annually and a qualified co-signer is required on most notes. Repayment dates are established as soon as is reasonably possible but never later than two years after the borrower's graduation.

All loans are granted under the direction of the University Student Loan committee. The Executive Secretary of the committee has been authorized to grant loans which appear, in his judgment, to be justified by the established policies of the committee. The loan committee takes appropriate committee action on all loans which the Executive Secretary fails to approve.

An emergency loan fund is available to KSU students who need small, short-term loans for emergency situations. Emergency loans are made on a 30 day basis and usually for no more than \$100.00. A \$.50 service charge is made for each note in lieu of interest. As of March 1, 886 emergency loans totaling \$78,557.00 were granted.

All loan monies are disbursed and collected by the Comptroller's Office.

Part-time work. Part-time work provides a large portion of the student financial aid available for KSU students. This study found that 49 percent of the single men were working at some part-time job while attending Kansas State University. These students averaged 18.8 working hours per week and received

an average wage of \$1.01 per hour.

Twenty-four percent of the single male working students indicated they would work more if their job allowed. Forty-six percent of these students believed their grades would be higher if they did not work. Thirty-eight percent indicated that they would quit their part-time job if they could get an equivalent student loan at 3 percent annual interest.

Fifty-one percent of the single males did not work part-time. One-half indicated their grades would probably suffer if they did work. One-fourth indicated they could not find an adequate job.

Thirty-one percent of the junior girls worked part-time. These girls averaged 11.4 working hours per week at an average wage of \$.91 per hour. Two-thirds of these working girls indicated they would not work more if they could and they felt their grades would be higher if they did not work. Only one girl indicated that she would quit work if she could get a long-term student loan.

Sixty-nine percent of the girls surveyed did not work. One-third of these girls indicated that they did not need the money. Three-fourths indicated that they either lacked the time or their grades would suffer. Only two of the girls indicated that they could not find adequate jobs.

In an unpublished report by the KSU Placement Center (23), it was shown that one-half of the single men and one-third of the single women attending Kansas State University do some part-time work. In the Placement Center report, the average number of hours worked by all KSU students was 15.8 hours per week.

The monthly student payroll for Kansas State University averaged \$53,182.77 for the months of October through May in the 1960-61 year. In this period of time 1092 students averaged working 49.6 hours per month at an average rate of

97.6 cents per hour.

The average student payroll for October and November of the 1961-62 year showed an average monthly total of \$58,685.50 with 1134 students working 52.5 hours per month at an average wage of 97.5 cents per hour.

Reliable figures are not available for average student pay rates aside from those working in part-time campus jobs. It may be assumed that the off-campus jobs pay students slightly more per hour than on-campus jobs. This assumption is based upon the Placement Center study which indicated an average rate of pay for all students at \$1.13 per hour whereas the average wage of university workers for the same year averaged 97.6 cents per hour.

On-campus part-time work could total more than \$500,000.00 for the 1961-62 year. No definite figures are available for the off-campus totals. However, it is indicated in the Placement Center survey that approximately \$1,500,000.00 will be earned in off-campus part-time jobs each year.

INDICATED LIMITATIONS AND RECOMMENDATIONS FOR A MORE
ADEQUATE AND BALANCED PROGRAM OF STUDENT FINANCIAL
AID AT KANSAS STATE UNIVERSITY

Limitations at KSU

Limitations of the student financial aid program at KSU are primarily organizational and financial. These factors are discussed in the following sections of this report.

Lack of Program Correlation. As discussed in the first section of this report, the three components of student financial aid at KSU are under three different administrative heads. Close cooperation between these administrators is not enough to guarantee a maximum use of available student aid funds. Under present circumstances, it is impossible to grant or to guarantee more than one

type of assistance to a student. Therefore KSU has students receiving larger scholarship grants than necessary since some would be willing to borrow a portion of their need. Loans are granted to some students who are capable of maintaining part-time jobs. Equalization of student indebtedness, as indicated by Dr. Moon, (19) cannot be adequately accomplished until all three programs are adequately correlated.

Inadequate Financial Resources. Inadequate financial resources for student aid at Kansas State University are probably best emphasized through the numerous requests for such aid.

Requests for NDEA student loans for the first three-quarters of the 1961-62 academic year totaled more than \$400,000. \$318,000 was available to meet these requests. Scholarship applications, counting renewals, totaled more than 1000; 454 scholarships were available.

Although some applicants did not have a real need for financial aid, it may be safely stated that most could qualify for assistance from the need and character viewpoints.

It is anticipated that additional scholarship funds will be added to the financial aid resources. However, it is unlikely that the scholarship resources will grow in proportion to the needs of an every enlarging student body.

University and Alumni Loan funds are approaching depletion. In the 1961-62 academic year the only Alumni fund money available was that which had been collected throughout the year. University Loan funds were used to meet student loan needs when other money was not available. The unloaned balance of the University Loan fund will probably be used to provide matching funds of at least \$27,666 for the 1962-63 NDEA student loans. This fund has

been used for the purpose of matching funds in past years.

It is a reasonable prediction that existing non-NDEA loan monies will be exhausted sometime during the 1962-63 academic year, except for repayments which should average approximately \$8,000 per month.

The brightest ray of hope in the future of student financial aid at Kansas State University is the 2nd Century Fund Drive. While it appears impractical to predict any exact amount, it is anticipated that this fund drive will provide enough scholarship and loan funds to alleviate some problems in the immediate future.

Recommendations

In commenting about the future of all student financial aid, Dr. Moon (19) stated that:

....because of its smallness, it must perform more efficiently. If more funds are produced, they should be carefully administered and reusable.

The recommendations for a more adequate and efficient financial aid program at Kansas State University are made in consideration of the potential increase in student enrollment and the probable increase in student educational costs. The advantages of new funds will likely be offset by more requests for financial assistance.

Centralized Financial Aids Office. In 1960, a financial aids survey (32) was conducted which encompassed 157 major universities in the United States. Of the universities surveyed, 111 administered their student aids through a centralized office.

A centralized financial aids office at Kansas State University would prove advantageous for the more efficient use of existing and available funds.

Students would be served in one office, usually with one application. Personal references, records and other financial aids data necessary for either scholarships or student loans could be located in the single office. Duplication of effort would be eliminated.

Maximum utilization of existing funds could be approached through the consideration of the student's individual needs and circumstances. It would be possible to consider meeting the student's needs from any one or a combination of available types of financial aid.

Prospects for Additional Funds. The Endowment and Alumni Associations at Kansas State University have been active in endeavoring to obtain more funds to meet present as well as future needs for KSU students.

Recently the Kansas Bankers Association proposed a student loan program in which the university commits a portion of its available student loan funds into a "guarantee reserve fund." This program was proposed to Kansas State University by a committee of the Kansas Bankers Association and followed the basic plan suggested by the United Student Aid Fund, Incorporated. (30) The USAFI would administer the "guarantee reserve fund." Kansas banks would loan to KSU students a sum not to exceed twelve and one-half times the amount which Kansas State University had placed in the "guarantee reserve fund." Basically these loans would be made to KSU students under the following conditions:

- a. Loans would be limited to students who had satisfactorily completed their freshman year.
- b. The loans would be limited to \$1,000 per year with \$3,000 as the total maximum to any student.
- c. Local banks would grant the loan at a charge of 6 percent simple annual interest.
- d. Loan repayments would start within four months after graduation and be completed in 36 months.

e. The lending bank would receive the unpaid balance, interest due and any legal charges accrued if the student defaulted the loan. This would be taken from the "guarantee reserve fund" provided by the university.

At the time of this writing, no definite decision has been made regarding the participation of KSU in this proposal.

A vast potential fund for student financial aid may be recognized in the holdings of the Endowment Association. This is apparently an unexplored area of student financial aid and its potential merits serious consideration in meeting future student needs.

Since the obligations of the Endowment Association to its donors basically indicate a secure interest bearing investment, student loans from this source would have to be backed by some type of "reserve security." If this could be legally arranged, it would then be possible for long-term student loans to be made with endowment capital at an annual interest rate comparable to present endowment earnings. Interest rate comparable to present endowment earnings. Interest collected would be used to meet the specifications of the original endowment.

An example of this potential for an increase of student aid may be considered by the following.

If \$500,000, originally contributed for direct scholarship grants, was securely invested, a maximum interest return of not more than 5 percent could be expected. This investment would, therefore produce \$25,000 annually. This would be enough to grant a \$250 scholarship each year to 100 students.

However, if the \$500,000 were loaned to students at interest rate of $\frac{1}{2}$ of one percent more than the normal earnings, for a period not to exceed five years, the following would be achieved. Basically, \$100,000 would be available each year for loans. This would allow 400 student loans of \$250 each

year. Interest payments would continue to provide the original 100 scholarships. Since the KSU loan loss is less than $\frac{1}{2}$ of one percent, the additional interest charge would adequately provide for possible loan defaults.

On this basis of consideration, the money would assist 500 students each year. The 100 scholarship grants would be made available from the interest earnings on the money loaned to other students on a long-term basis.

Projected Changes in Part-time Work Program. Some departments do not consider student need or scholastic ability when hiring students for on-campus part-time jobs. It seems reasonable to assume that in a time of inadequate financial aids, students on the university part-time payroll should have need for financial assistance and be achieving reasonable progress toward the degree of their selection.

This area should be explored fully before any definite program change or recommendations are developed. However, until it is found to lack merit, it remains as a potential area of increased efficiency for the use of available resources in student financial aids.

ACKNOWLEDGMENT

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The author would also like to recognize the helpful labors of Patrick Bryan and Karen Sue Kennedy who conscientiously folded and stapled questionnaires, stuffed, stamped, licked and finally re-opened the 300 letters involved in this study.

APPENDIX

APPENDIX 1

FINANCIAL AID QUESTIONNAIRE

1. Please estimate the yearly amount and the percent of the yearly total amount that you have received each year from the sources listed below. Please identify the source where it is indicated by a blank.

<u>Freshman Year</u>		<u>Sophomore Year</u>		<u>Junior Year</u>		<u>Source of Financial Aid</u>
Amount	Percent	Amount	Percent	Amount	Percent	
_____	_____	_____	_____	_____	_____	Support received from parents
_____	_____	_____	_____	_____	_____	Educational insurance
_____	_____	_____	_____	_____	_____	Savings prior to college
_____	_____	_____	_____	_____	_____	Summer earnings
_____	_____	_____	_____	_____	_____	Part-time work during the school year
_____	_____	_____	_____	_____	_____	University scholarships
_____	_____	_____	_____	_____	_____	Other scholarships _____
_____	_____	_____	_____	_____	_____	University loans
_____	_____	_____	_____	_____	_____	Bank loans
_____	_____	_____	_____	_____	_____	Loans from friends or relatives
_____	_____	_____	_____	_____	_____	Gifts _____
_____	_____	_____	_____	_____	_____	Income of spouse (if married)
_____	_____	_____	_____	_____	_____	Other _____
_____	_____	_____	_____	_____	_____	Other _____
_____	_____	_____	_____	_____	_____	

Note: The percentage column should total 100%.

2. If you have received parental help in any year, please check the following:

a. Do you feel this help was given at any substantial sacrifice on the part of your parents? _____Yes;_____No.

b. Would you have been forced to drop out of college without this parental help? _____Yes;_____No.

APPENDIX 1 (Continued)

c. Had your parents planned and saved any substantial amount for your education? ☐ Yes; ☐ No.

d. Will your parents still be able to help you in your senior year? ☐ Yes; ☐ No.

3. If you work part time, please check the following:

a. How many hours per week do you work: Hours per week

b. What is your hourly wage? \$ per hour

c. Would you work more if the job allowed more hours? ☐ Yes; ☐ No.

d. Do you think your grades would be higher if you did not work? ☐ Yes; ☐ No.

e. Would you quit part time work if you could get equivalent income through a long term student loan? ☐ Yes; ☐ No.

4. If you do not work part time, please check the following as they apply to you.

I do not work part time because:

☐ a. I do not need the money.

☐ b. My grades would suffer if I worked.

☐ c. I cannot find an adequate job.

☐ d. I do not have the time to work.

5. If you had your choice, which of these would you prefer as assistance toward financing your education?
(Please check your preference)

☐ a. A student loan at 3% interest, repayable 2 years after graduation. (average of \$750.00 per year)

☐ b. A part time job at \$1.00 per hour. (average of 20 hours per week)

6. Personal information.

a. Name Sex ☐ Male ☐ Female

b. Age ; Married ☐; Single ☐

c. Major Kansas resident ☐ Yes; ☐ No.

APPENDIX 1 (Continued)

d. Do your parents live on a farm _____

city below 2,500 pop. _____

city over 2,500 pop. _____

APPENDIX 2

KANSAS STATE UNIVERSITY
Manhattan, Kansas

Placement Center

December 14, 1962

Dear

It is the responsibility of the University Loan Officer to develop a program to assist more students through financial aid services.

A more complete knowledge of present student needs and resources is essential to develop a workable and equitable aid program combining the areas of part-time work, loans, scholarships, and other financial resources.

May we draw upon your experience in financing your college education? Please complete this questionnaire as accurately as you can and mail it to the University Loan Office in the envelope provided.

The information obtained will serve a two-fold purpose: 1) to provide a basis for a more effective financial aid program, and 2) to assist me in the completion of a Masters Degree at Kansas State University.

Thank you for your cooperation and assistance.

Sincerely,

H. W. Kennedy
Executive Secretary
University Loan Committee

HWK:bc

APPENDIX 3

(Copy of Post Card)

Dear

Two weeks ago you received a questionnaire relating to student financial aid. I would appreciate it very much if you would complete your copy and mail it so the study may be as complete as possible.

If you have misplaced your questionnaire, please call Extension 467 or stop at the Placement Center. I will give you another.

Thank you.

H. W. Kennedy

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THE STUDENT FINANCIAL AID PROGRAM
AT KANSAS STATE UNIVERSITY

by

HAROLD W. KENNEDY

AN ABSTRACT OF
A MASTER'S REPORT

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

Department of Education

KANSAS STATE UNIVERSITY
Manhattan, Kansas

1962

The purpose of this study was to (1) review the existing financial aid programs available at Kansas State University; (2) gather information regarding present student needs and financial resources; and (3) to develop a philosophy for student financial aid.

Existing student financial aid programs include scholarships, student loans and part-time work programs. These programs are administered separately but are under the general supervision of the Dean of Students.

This study involved 300 members of the present junior class. Questionnaires pertinent to student financial needs, university expenses over a three year period and sources of income for student university expenses were sent to participating students. The participating students were selected at random from the Student Directory.

Average single student expenditure for one academic year at Kansas State University approximated \$1360.

Parental assistance was the largest single source of income for single university students. Sources of income of secondary importance were summer jobs and part-time work. University sources of student financial assistance accounted for approximately 10 percent of the total expenditure. Other sources of student income were relegated to positions of lesser importance for the average student.

Factors discussed in the development of a philosophy of student financial aid were (1) the educational needs of a democratic society, (2) benefits of education to a democratic society, (3) student needs, (4) student talent, (5) university purposes and (6) the availability of funds.

Student financial aid should be directed to assisting those needy students whose character and intellectual capacity indicate the greatest potential for

positive contributions to a democratic society.

A student aid philosophy should encourage (1) a sound selection policy and (2) an equitable policy of granting aid to those selected.

The policy of selection should be based upon (1) personal qualities, (2) justification and establishment of need and (3) a consideration of academic production or production potential at the university.

After the amount of financial aid is established, a study of the individual student's problems and potentials should be considered before the type of assistance is determined and awarded.

Recommendations for the future include the establishment of a centralized financial aids office to permit an overall view of the individual student's situation and needs. This would also promote efficient use of office personnel and eliminate duplication in pupil records and application procedures.

Potential sources for financial aid funds were discussed including commercial bank loans, student loans from endowment monies, the Second Century Fund drive of Kansas State University and a study of the part-time work program.