

# THE 568 PRESIDENTS GROUP CONSENSUS METHODOLOGY POLICY GUIDELINES

## Background

On April 18, 2000, the 568 Presidents Group met and appointed eight senior financial aid professionals from participating 568 institutions to serve on a Common Standards Subcommittee and to report back to them concerning:

*whether it is possible to reach agreement on common standards for determining financial need at the institutional level consistent with the Statement of Principles for need based financial aid and as permitted by Section 568.*

The charge to the Subcommittee further requested that, in the pursuit of these goals, the panel:

- *address the principal issues that give rise to divergent need calculations;*
- *arrive at reasonable compromises in the areas where the principles may conflict;*
- *strive for recommendations supportive of a system that many schools could adopt while still being able to manage their individual aid resources;*
- *seek solutions that aspire to simplicity and consistency, that discourage manipulation of the system, and are realistic regarding the capacity of families to contribute to educational expenses;*
- *explore avenues to maintain a system supportive of a Consensus Approach to Need Analysis, if one is adopted.*

The work of the Subcommittee was in turn guided by a statement of Need Analysis Principles adopted by the 568 Presidents at that meeting. These Principles are as follows:

## Financial Aid Principles

1. To the extent they are able, parents and students have the primary responsibility to contribute to educational expenses before an institution awards financial aid.
2. Families should contribute to educational expenses according to their ability. Those with similar financial profiles should contribute similar amounts.
3. Institutions should evaluate both income and assets as part of the assessment of the parents' and applicants' ability to pay.
4. Each institution should inform applicants about the policies and practices it applies when measuring a family's ability to pay, carry out its policies consistently throughout a student's eligibility, and support the awarding of need-based aid.
5. An institution that allocates any financial assistance that is not based exclusively on need should inform all prospective applicants of the standards it applies in allocating that aid.

6. The exercise of “professional judgment” by financial aid officers in assessing a family’s ability to pay should recognize unique or extenuating financial circumstances in individual cases; such professional judgment is not the proper mechanism for systematically treating 568 Groups of students differently in order to advance institutional objectives.

The revised policy guidelines contained in this Manual represent the best efforts of the 568 Presidents’ Group to develop and maintain a Consensus Methodology that is both consistent with the Need Analysis Principles adopted by the Presidents of the participating institutions and compatible with the values that underlie the 568 Presidents’ Statement of Principles.

The Consensus Methodology contains certain key components, including: 1) common elements of need analysis as described below; 2) a common calendar for the collection of data from families; 3) a means of training aid professionals in the application of the Methodology; and 4) an oversight 568 Group to review and modify the methodology as needed over time.

Where possible, the professional expertise and program services of the College Scholarship Service (CSS) of the College Board shall be used as resources to advance the implementation of this Consensus Methodology. In addition to their long-standing role as the primary data collection agency, the College Board is invited, when appropriate, to assist with the modeling of various recommendations in order to assess their impact on both families and institutions.

Finally, because need analysis is a complex and detailed process requiring the examination of many dozens of elements to measure a family’s ability to pay, many policy guidelines require regular exploration and analysis. In this sense this Manual continues to be an “organic” document. While containing a number of quite specific guidelines for the implementation of the Consensus Methodology, the Manual should be viewed as the basis of an ongoing process to construct a need analysis system that will continue to assure fair and equitable access to educational opportunity.

## **Policy Guidelines for the Maintenance of the Consensus Approach Methodology**

The 568 Group believes that the Consensus Approach to Need Analysis, referred to as the Consensus Methodology, when properly implemented and maintained, eliminates much of the variance in the need analysis results that was experienced in the past. The 568 Group does not view the Consensus Methodology as a panacea, however. Need analysis procedures have traditionally depended on professional judgment applied locally. Although the Consensus Methodology would standardize many policies now subject to professional judgment, it is important to recognize that no system will completely eliminate disparate results or the effects of individual institutional packaging decisions, in which the institution determines the mix of grant, loan, and work components in students' awards.

In developing its policy guidelines, the 568 Group has focused on arriving at the “right” approach to determining parental ability to pay without regard to potential cost implications. For many families, especially middle-income families, the methodology has the effect of reducing the expected family contribution. The impact of these policy guidelines is likely to vary from institution to institution depending on the school’s applicant profile and the extent to which similar adjustments are already included in its need analysis procedures.

Although the 568 Group fully supports the Consensus Methodology outlined in this manual, it is important to note that these guidelines can be expected to heighten the differences associated with the Federal Methodology (FM), and the College Board’s Institutional Methodology (IM), as well as certain institutional changes that have been implemented in recent years. Specifically, both the IM and certain need analysis modifications adopted unilaterally by individual schools have led to cases in which the institution’s family contribution is less than that derived from Federal Methodology, resulting in an over-award which limits or eliminates eligibility for federal funding. In an effort to deal with this problem, the 568 Group’s Professional Judgment Guidelines Manual includes a section on the various methods that schools may wish to adopt in order to reconcile differences in results between institutional and federal need analysis.

The 568 Group is concerned about restrictions that federal regulations place on the expenditure of need-based institutional aid funds. The 568 Group believes that the Consensus Methodology results in fair parent contribution levels and that participating institutions should not be forced to disadvantage students by reducing the amount of institutional aid they may receive or excluding them from subsidized federal loans or work-study. The 568 Presidents Group, singularly or in concert with other groups, will support petitions to Congress for relief in this critical area of institutional prerogative.

The 568 Group believes strongly that matters of need analysis, including professional judgment, should be independent of the qualifications or desirability of a particular applicant for an institution. That is, rules should not be interpreted more leniently because an applicant will bring strong academic or athletic ability or other desirable qualities to the campus.

Finally, it is important to note that the 568 Group views its ongoing efforts as a long-term process. Many of the policy issues identified in this manual will continue to require further exploration and analysis. Moreover, we have found that the use of the Consensus Methodology continues to present new and unexpected issues and concerns over time. Likewise, technological advances may also provide opportunities for improving and updating the policy guidelines outlined in this manual. Responding to these concerns will require the regular attention of the Group's Need Analysis Council and ongoing training efforts for participants.

### **The Consensus Approach to Need Analysis**

The 568 Presidents Group institutions have agreed on a series of common need analysis standards designed to be included in a Consensus Methodology. The participating institutions believe that this approach, when applied in a consistent manner, serves to diminish or eliminate the divergent results that continue to threaten the long-standing tradition of awarding aid on the basis of need. It is important to note that the efforts of the 568 Group are restricted to policies that affect first-year awards only. The issue of school-to-school inconsistencies applies primarily to first-year students and the 568 Group believes that it is necessary for financial aid officers to retain as much flexibility as possible in dealing with their already-enrolled students. Although, these guidelines apply primarily to first-year students, it is understood that some institutions, will, for purposes of internal consistency, apply this approach to both first- year and upper-class students, while others may phase it in one class at a time.

The Consensus Methodology begins with the understanding that the College Board's Institutional Methodology (IM) is an appropriate base for institutional need analysis and provides an appropriate platform for further work. Consequently, the 568 Group has focused on those aspects of the existing IM that are most often subject to local interpretation or professional judgment. The desire to serve the "greater good" rather than individual institutional needs and capabilities requires compromise in some areas, but the 568 Group believes that the resulting methodology remains true to both the institutional and professional principles that undergird its cooperative efforts. By developing policy guidelines that attempt to set the "right" policy without regard to the cost implications, the 568 Group's guidelines serve to reduce expected parent contributions in the aggregate. All 568 Group schools are free to deal with institutional resource issues through their packaging policies.

Although the 568 Group has sought, where possible, to err on the side of simplicity, many need analysis issues do not lend themselves to a simplified process. Matters relating to divorced and separated parents and the analysis of small business enterprises are two such examples. The 568 Group believes, however, that its collective interest in achieving a fair and equitable result requires the added complexity associated with the policy guidelines in these and other particularly complicated areas. Additionally, the 568 Group believes that IM, as amended by the Consensus Methodology, encourages savings for college and recognizes that a family's ability to pay is largely a function of: a) its financial strength and b) the number of children to be educated. In the area of discouraging asset manipulation, our policy guidelines seek to address this problem, but more work must be done in this difficult area.