

**THE 568 PRESIDENTS' GROUP  
CONSENSUS METHODOLOGY  
POLICY GUIDELINES**

## **Background**

On April 18, 2000, the 568 Presidents' 568 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 groups of students differently in order to advance institutional objectives.*

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

The Consensus Approach 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 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 Approach. In addition to their long-standing role as the primary data collection agency, CSS can also 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, a number of policy guidelines require additional background and research over time. In this sense this Manual should be viewed as an “organic” document. While containing a number of quite specific guidelines for the implementation of the Consensus Approach, it should be viewed as the basis of an ongoing process to construct a need analysis system that will 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, when properly implemented and maintained, eliminates much of the variance in the need analysis results that has been experienced in recent years. The 568 Group does not view the Consensus Approach as a panacea, however. Need analysis procedures have traditionally depended on “professional judgment” applied locally. Although the Consensus Approach 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 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. It can be expected that the adoption of these guidelines could significantly affect parent contributions in the aggregate and, in many cases, expected family contributions will be reduced. 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 their need analysis procedures.

Although the 568 Group fully supports the Consensus Approach outlined in this Manual, it is important to note that these guidelines can be expected initially to heighten the difficulties associated with the FM, the new IM, and certain institutional changes that have been announced in recent years. Specifically, both the new 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 the one 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 Professional Judgment Guidelines Manual includes a section on the various methods schools may wish to adopt to reconcile differences in results between institutional and federal need analysis.

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.

The 568 Group is also concerned about restrictions that federal regulations place on the expenditure of need-based institutional aid funds. The 568 Group believes that the Consensus Approach 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’ 568 Group, singularly or in concert with other groups, will support petitions to Congress for relief in this critical area of institutional prerogative.

Finally, it is important to note that the 568 Group views its efforts as the beginning of a long-term process. Some of the policy issues identified in this Manual will require further exploration and analysis. Moreover, the use of the Consensus Approach will present, over time, new and unexpected issues and concerns. Likewise, technological advances will provide opportunities for improving and updating the policy guidelines outlined in this Manual. Responding to these concerns will require the regular attention of an experienced

standing Consensus Approach Need Analysis Council and a continuing training effort for participants.

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

The 568 Presidents' Group institutions have agreed on a series of common standards designed to be included in a Consensus Approach to Need Analysis. The participating institutions believe that this Consensus Approach, when applied in a consistent manner, serves to diminish or eliminate the divergent results that now 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 inconsistency 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 most institutions, will, for purposes of consistency, apply this approach to both first year and upper-class students. Budgetary issues associated with these policy guidelines may be moderated by a phase-in of one class at a time.

The Consensus Methodology begins with the understanding that the College Board's Institutional Methodology (IM), as revised in 1999, 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 current 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 has required compromise in some areas, but the 568 Group believes that the resulting methodology remains true to both the institutional and professional principles that under gird its cooperative efforts. By developing policy guidelines that attempt to set the "right" policy without regard to the potential cost implications, the 568 Group's guidelines should serve to reduce expected parent contributions in the aggregate.

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 the new IM, as amended by the Consensus Approach, will encourage savings for college and recognizes that the parents' ability to pay is largely a function of: a) its financial strength; and b) the number of children they hope to educate. In the area of discouraging asset manipulation, the policy guidelines begin the process of addressing this problem, but, as noted earlier, our work is incremental in nature and more work must be done in this difficult area.