

# Financial Aid and Scholarships: Exploring Key Strategies for Achieving Success

## The Issue

In contrast to the significant body of U.S. Supreme Court (and related federal) case law regarding higher education admission, which provides meaningful guidance regarding diversity-related admission practices, there is a dearth of similar guidance regarding financial aid and scholarships. Where does one turn, and what are the key points that should inform the development or refinement of financial aid and scholarship policies?

## The Policy Context

The U.S. Department of Education in 1994 issued final policy guidance intended to guide higher education institutions in their efforts to develop and refine financial aid and scholarship policies in a manner consistent with Title VI of the Civil Rights Act of 1964 (applicable to recipients of federal funding)—a federal law with standards that track those of the Equal Protection Clause of the 14th Amendment to the U.S. Constitution (applicable to public or “state” actors).

The following policy parameters, some of which are the same as those associated with the admission process (discussed in Tool 6), should guide the development of effective financial aid and scholarship policies.

### IN GENERAL

1. Institutional, mission-driven foundations should inform the scope and substance of financial aid and scholarship policies.
2. Financial aid and scholarship policies should be integrated and aligned with related enrollment policies.
3. The race, ethnicity, and gender of applicants should be criteria considered in financial aid and scholarship decisions only where it has been determined that such consideration (including the degree or weight of such consideration) is necessary in order to achieve institutional access or diversity-related goals.
4. Race-, ethnicity-, and gender-conscious scholarships should be evaluated individually and in the context of other aid policies of which they’re a part. Their effectiveness (To what degree are they actually advancing identified goals?) and their potential adverse impact on nonqualifying students (How significant is the impact on students in nonpreferred subgroups?) must be carefully assessed.

### SPECIFIC CONTEXTS

5. Principles described above apply fully to race-, ethnicity-, and gender-exclusive aid. Such exclusive policies should be maintained only in cases where their effectiveness is demonstrably related to the achievement of institutional goals and there are substantial bases for concluding that race-, ethnicity, or gender-as-a-factor aid wouldn’t as effectively achieve their desired results.
6. Race-, ethnicity-, and gender-conscious scholarships that are funded by private, nonuniversity/noncollege sources should be carefully evaluated by higher education institutions in cases where those institutions administer or significantly assist in the administration of those private funds.

## “On the Record:

### Race- and Ethnicity-Exclusive Aid

“...a college or university may use race or national origin as a condition of eligibility in awarding financial aid if this is ... necessary to further its interest in diversity and does not unduly restrict access to financial aid for students who do not meet the race-based eligibility criteria.

... there are important differences between admissions and financial aid. ... [Unlike in the admissions context, t]he use of race-targeted [i.e., exclusive] financial aid does not, in and of itself, dictate that a student would be foreclosed from attending a college solely on the basis of race.”

#### **NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS**

Title VI of the Civil Rights Act of 1964, Final Policy Guidance 59, Fed. Reg. No. 36, pp. 8761-62 (U.S. Department of Education, Feb. 23, 1994).

## Key Action Steps

- 1 Inventory all university-funded and administered race-, ethnicity-, and gender-conscious policies and programs (including access- and diversity-related policies and programs that may be facially neutral, as well as those that are privately funded), and establish a process for evaluation over time.
- 2 Ensure that the evaluation of policies and programs is focused both on the individual policies and programs in question, as well as the ways in which they operate in light of the entire pool of financial aid and scholarship funding made available by or through the university.
- 3 Assess all written policies and descriptions of specific financial aid and scholarships to ensure that they accurately reflect the actual operation of those policies, and that those descriptions reflect their operation within the context of total institutional funding available.

#### **SELECTED RESOURCES**

1. *Nondiscrimination in Federally Assisted Programs; Title VI of the Civil Rights Act of 1964*, Final Policy Guidance 59, Fed. Reg. No. 36, p. 8756 (U.S. Department of Education, Feb. 23, 1994) at [www.ed.gov/about/offices/list/ocr/docs/racefa.html](http://www.ed.gov/about/offices/list/ocr/docs/racefa.html)

2. *Federal Law and Financial Aid: A Framework for Evaluating Diversity-Related Programs* (The College Board, 2005) at [www.collegeboard.com/accessanddiversity](http://www.collegeboard.com/accessanddiversity) (This manual significantly expands upon the points addressed in this tool.)

3. *Information on Minority-Targeted Scholarships* (General Accounting Office Report to Congressional Requesters, No. 94-77, January 14, 1994) at [http://gao.gov/docsearch/app\\_processform.php](http://gao.gov/docsearch/app_processform.php)

4. “Leading Institutional Change: Key Elements and Strategies for Promoting Access and Diversity Goals,” Access & Diversity Collaborative PowerPoint Presentation developed for 2008-09 National Seminars for Higher Education Officials at [www.collegeboard.com/accessanddiversity](http://www.collegeboard.com/accessanddiversity)