

Jacob Mueller  
150 N. Lake Shore Drive  
Chicago, Illinois 60611  
(312) 836-3682  
jmueller@uic.edu

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Dr. James L. Applegate, Executive Director  
Illinois Board of Higher Education  
1 N. Old State Capital Plaza, Suite 333  
Springfield, Illinois 62701

**Re: Merit- vs. Need-Based Scholarships**

Dear Dr. Applegate:

I have conducted extensive research on the controversy surrounding merit- versus need-based scholarships, and I am honored to have the opportunity to make my recommendation to you and the Illinois Board of Higher Education on this important matter. My conclusion is that both sides of the issue have merit (no pun intended). As both a recipient of merit-based awards and a member of a comfortably well-off family, I am personally torn on the issue of where financial aid should primarily be channeled. My response therefore will be somewhere in the middle ground between merit and need. I believe that some merit-based scholarships should be made available for the highest-achieving students to attend Illinois colleges, but the focus of the state's awards should be based on need.

**ISSUE**

As you may be aware, Georgia was the first state to implement merit-based scholarships into its financial aid program. In 1993, Zell Miller, then-governor of Georgia, made history by signing into law a bill that started a state lottery and used the proceeds to fund HOPE (Helping

Outstanding Pupils Educationally) scholarships. This program was designed to facilitate merit-based scholarships to the highest-achieving college-bound freshmen in an attempt to keep some of the best and brightest young minds in Georgia for college. The results have been mixed, depending on whom you ask. Proponents of a merit-based approach argue that such scholarships motivate high-school students to study harder and increase the chance of those students staying in state, while critics proclaim that the program takes away money from lower-income students who might otherwise have no chance to attend college. This is a complex situation because both sides make valid points: All agree that practically all high-school students should have the opportunity to pursue higher education while at the same time supporting the meritocracy upon which America was founded. (Levitz, Thurm)

## **ANALYSIS**

In my research, as well as my personal experience, I ran into various accounts of and arguments for as well as against merit-based scholarships. I will attempt to analyze the issue from the perspectives of all parties involved.

### **Georgia Legislature's Perspective**

As much as any state legislature would like to help all students to go to college, it simply isn't able to provide generous scholarships for everyone due to budgetary constraints. Having said that, state legislators recognize the necessity of financial aid programs, and they desire to allocate the tax dollars to where they will do the most good. Georgia's program was passed in 1993 by a largely conservative legislature based on the belief that merit-based aid would provide help to the most outstanding students. This concept in principle is correct: HOPE scholarship

recipients have been proven to do better in high school and subsequently in college. However, state governments are also concerned with improving the lives of all their residents, and getting lower-income students to pursue higher education dramatically improves their chances to do well later in life, something that might not happen if the funding to need-based programs dries up.

### **The University's Perspective**

A university's perspective is much the same as the state government's in this scenario: The university wants the money to go to where it will do the most good. Although the government may be looking at scholarships primarily from an equal-opportunity standpoint, what matters the most to colleges is that their students succeed both in college and beyond. Student and alumni success will not only enhance the university's reputation and rankings but it will also have implications for the school's endowments down the road. Thus, a university may give scholarships to attract top applicants, as is the case at private schools such as Seton Hall University, where tuition is drastically cut for the highest-achieving students (Hoover). On the other hand, no college wants the sole reason an applicant cannot attend to be financial need. This issue is especially true for state schools, which are funded by state tax revenue and do not have the vast endowments of many private institutions.

### **The Parents' Perspective**

All parents want what's best for their children and hope to be able to afford any school their child can dream of attending. However, an issue of *quid pro quo* can arise in a fully need-based system; specifically, if parents feel that their higher income is ultimately going to come back to haunt them when it's time for college, they may ask themselves "Why should higher

achievements in academics and in life be punished?” On the other hand, what is a low-income parent to think if he or she isn’t able to provide the necessary means for a child’s higher education, particularly at a coveted—and higher-cost—university?

### **The Students’ Perspective**

Finally, I will address a perspective that I can personally attest to: As mentioned earlier, I am a recipient of merit-based scholarships, and the awards have definitely made college easier for me. However, as my parents were in a position to assist me financially, I sometimes wonder if my scholarship funding would have been better spent on lower-income students. I personally have several friends who have what I would consider an unreasonable amount of debt, and I can only imagine how that affects their college decisions. In this regard, I am torn, as I would never want any person who has a desire to attend college to be crippled by lack of fiscal capability. A student editorial calls scholarships “a building block to a better and brighter future” (Kim), and I couldn’t agree more with that sentiment.

### **RECOMMENDATION**

My suggestion would entail a split in funding between merit- and need-based scholarships, with the majority going to those with the greatest financial need. I strongly believe the money will have the biggest impact on students from low-to-middle-income families, for whom scholarships could enable to a promising future. However, I also feel that the potential for merit-based college scholarships would inspire all high-school students to excel academically. Therefore, I firmly believe a mix in approaches would benefit all parties concerned.

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In conclusion, I am convinced that by focusing on need-based awards while also providing limited merit-based scholarships, we can both encourage students to do their best in high school and beyond and increase college attendance rates. Ultimately, this decision will affect not only Illinois but also any lives the scholarship recipients will impact.

Sincerely,

Jacob Mueller

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