

## STUDENT LOANS AND "THE BUSINESS OF HIGHER EDUCATION"<sup>1</sup>

### A Perspective

It is impossible to take the correct view of student loans unless the position which they should occupy in the business of higher education is first considered. The institution of higher learning is made up of seven elements: 1. Buildings and Grounds, 2. Physical Equipment, 3. Available Funds, 4. The Business Administrative Staff (which go to make up the business division of higher education), 5. The Faculty, 6. The Academic Administrative Staff (which make up the academic division of higher education), and the student who then enters in as the seventh element and who must have a relationship with each of the two divisions of the university. These relationships should be separate and distinct; that is, the student's business relationship to the university should be with the business officers and under their control; his academic relationship to the university should be and is under the control of the faculty.

In discussing loans we are concerned only with the student's relationship to the business side of higher education and enter into the academic side only to the point where his academic life will influence the business officers in the granting of loans. The business officer should be informed as to whether the student is a member in good standing of the academic community and as to whether a loan is desirable for him from an academic standpoint. The business officer then has this information at his command when he is deliberating over making a loan and this information should act as a guide to him in the application of business principles to loans made to students.

The business of higher education must be clearly set forth at this point if it is to be shown how student loans can be advantageously handled on business principles. In higher education as in industry and commerce, the plants have become so numerous, have reached such magnitudes, and the purpose for which higher education exists has so changed that the academic life cannot be efficiently conducted unless the factors or elements of higher education are properly proportioned and the management of the physical plant and the finance is left to men trained in business. This management of the physical plant will mean furnishing it, equipping it, operating it, and financing the whole enterprise of higher education in such a way that the faculty will be able to do the best work. The faculty having decided what the requirements are for the proper

<sup>1</sup> The phrase "The Business of Higher Education" was suggested by the title of a course given in the School of Business, Columbia University, by Dr. H. Parker Willis, entitled "The Business of Journalism."