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ABSTRACT

The first of two reports to the Board of Governors of the California Community Colleges on student aid and its administration, this report describes major trends in financial aid over the past decade; characteristics of student aid recipients and financial aid officers; and operating costs, staffing, and workload. Following background information and a brief introduction to the nature of financial assistance, part 1 explores major trends and issues in financial aid, revealing: (1) an increase in student indebtedness as loans rather than grants become the new dominant source of current financial assistance; (2) a substantial rise in district and state contributions to student aid; (3) evidence that only 60% of student aid applicants receive assistance; and (4) the disproportionate impact of student aid recipients in generating average daily attendance. This section provides historical comparisons of California community college financial assistance, discusses the implications of trends in financial aid for low-income students, highlights the growth of Guaranteed Student Loans (GSL's), and discusses the decline of need-based aid programs. Part 2 examines selected characteristics of student aid recipients and financial aid administrators. Operating costs, staff, and workload are considered in part 3. Finally, part 4 discusses the implications of study findings. A description of five major federal aid programs and a list of financial aid regional representatives are appended. (LAL)

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Board of Governors of the  
California Community Colleges  
October 27-28, 1983

Item 2

Title: Financial Aid Administration

Staff Presentation: Ron Dyste, Administrator  
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Student Services and Specially Funded Programs

Summary

This is the first of two reports to the Board on student aid and its administration in California's community colleges. This report describes major trends in financial aid over the past decade, characteristics of student recipients and financial aid officers, and examines operating costs, staffing, and workload.

Much of the data presented in this item is new, and is based on the most comprehensive survey of community college financial aid ever completed by the Chancellor's Office and local financial aid administrators. Data are for the 1982-83 fiscal year.

Major findings include: 1) a staggering increase in student indebtedness as loans rather than grants become the new dominant source of current financial assistance; 2) a substantial rise in district and state contributions to student aid; 3) evidence that only 60% of student aid applicants receive aid; 4) the disproportionate impact of student aid recipients in generating ADA; 5) cost estimates for administering student aid; and 6) several significant policy implications which bear on staffing, aid equity and long term stability.

This item should provide important background information on the condition of student aid in community colleges and a necessary perspective on trends. A second item with recommended Board action is anticipated later this year.

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## Background

While the tuition question has fueled renewed interest in community college financial aid, this report is the result of longer-lasting concerns among Chancellor's staff and financial aid officers across the state. Working closely with financial aid representatives of the Chancellor's recently-formed communication regions for financial aid (see Appendix B), staff developed a detailed and comprehensive survey on financial aid staffing, award distributions, students served, and costs which was subsequently completed by 97% of the community colleges in the spring of 1983--a remarkable return rate given the short response time allowed and the complexity of the survey.

This report--the first of two--focuses on descriptive results obtained from the survey (and related sources of data) and is intended to provide the Board and other policymakers with an up-dated overview of financial aid trends and issues in California's community colleges.

Three major areas of interest are examined: Part 1 reviews trends in the types and amounts of financial assistance received by community college students; Part 2 looks at characteristics of students and of financial aid officers; and Part 3 examines operational costs, staffing, and workload. Findings in each area suggest several policy implications, which are considered in Part 4.

## Introduction to Financial Aid

Before describing the survey findings, a brief explanation of the nature of financial assistance is provided here for those unfamiliar with the general topic.

The general purposes of financial assistance are straightforward: to reduce the access barrier to postsecondary education posed by a lack of student or family resources; to provide qualified students with the ability to choose from among different types of postsecondary institutions without regard to cost; and to help students to complete their educational objectives.

Before the 1960's, financial assistance was essentially available only to academically meritorious students who lacked the resources needed to pay the cost of attending the institution of their choice. The California State Scholarship Program (now Cal Grant A) is an example. Federal programs, except for the National Defense Student Loan program, did not exist.

After the 1960's, the nature of both state and federal financial assistance changed. To the scholarship and defense related programs were added new programs aimed at students whose disadvantages blocked their ability to fairly compete for scholarships and who also were low income. The Pell Grant and "campus-based" programs were enacted at the federal level to meet the needs of such students, and in California, the Cal Grant B, EOP and EOPS programs were enacted for similar reasons. These were "need-based" programs which aimed to achieve equal access for the poverty-stricken and academically less successful, but nonetheless high potential student. The term "financial aid" was born with the advent of these new programs.

For nearly a decade the financial aid system was dominated by need-based programs which led to sophisticated "needs-analysis" procedures to assure equity and determine the amount of aid needed. Also in the late 1970's need based aid was extended to cover more middle income students and greater emphasis was placed on the Guaranteed Student Loan (GSL) program.

Although the application, needs analysis, and awarding processes are complex today, they essentially do the following: applicants undergo standard need-analysis to determine how much they and their families can contribute to the cost of education at the institution students wish to attend; these contributions are subtracted from standardized attendance budgets for the institutions in question--the difference is the financial aid needed. The financial aid office then attempts to meet the financial need by matching student eligibility for various aid programs and available dollars in those programs, while rationing total available aid in relation to total demand. This process is called "packaging" because a student's total financial need may be met by a combination of scholarship, grant, work-study, or loan programs. Disbursement of awarded funds and academic progress monitoring then complete the process.

Community college students receive assistance from scores of programs, but about 80% of all awards are funded by five major federal programs: Pell Grant; Campus-based program which consist of the Supplemental Educational Opportunity Grant (SEOG), the National Direct Student Loan (NDSL), and College Work Study (CWS); and, finally, the Guaranteed Student Loan (GSL). Appendix A contains a brief description of each of these programs.

The basic forms of financial assistance are scholarships, grants, work-study, and loans. Scholarships tend to be awarded on the basis of academic merit and personal attributes which vary by program. They may or may not be need-based. Grants typically are need-based, and require academic progress, but not former high academic achievement to qualify.

Work-study programs are considered self-help because students must earn the dollars awarded and are typically need-based or are related to need-based aid. Loans are also considered self-help because the obligation must be repaid from future earnings.

#### Part 1: Major Trends and Issues in Financial Aid

Tables 1 through 4 depict historical comparisons for the past decade (at three-year intervals) of California community college financial assistance. The tables provide a look at total aid from all sources by the four major categories of aid (Table 1), the number of awards and dollar amounts in the five major federal programs (Table 2), changes in average award amounts from these federal programs (Table 3), and the proportions of each category of aid supplied by federal, state, district, and other sources (Table 4).

Each table, taken separately, is of intrinsic interest and points to significant trends. In combination, these trends lead unmistakably to the conclusion that the shifts which have occurred in the nature and composition

of community college student aid are so dramatic they warrant the attention of the Board and other policymakers. After highlights of each table are described, several staff concerns are briefly discussed.

*Table 1 Highlights*

1. In 1982-83 for the first time loans became the dominant source of financial assistance for community college students, slightly exceeding grants as a percent of all aid, and substantially outweighing other aid sources.
2. Self-help programs (work-study and loan) now constitute 59% of all student aid received, compared to about 30% between 1976 and 1979.
3. The proportions of self-help accounted for by work study and loans have now reversed their historic relation. Throughout the 1970's, workstudy generally provided proportionately twice as much student aid as did loans --for the first time in 1982-83, this relation was reversed, with loans exceeding workstudy by proportionately double the latter percentage.
4. Total aid is up 68% by \$74 million since 1979, nearly all of it due to loan program increases. Workstudy and loan funds over the last three years went up \$72 million, but 92% of these funds were loan dollars.

*Table 2 and 3 Highlights*

1. The Pell Grant program peaked in 1976. Since then, both awards and dollars going to California community college students have declined, overall by 23% in the number of awards and 18% in total dollars. Nonetheless, average Pell Grants have risen slightly (by 7.5%) in spite of reductions in maximum awards for community college students.
2. The SEOG program peaked in 1979; awards and dollars dropped by 14% in 1982. Average grants have dipped slightly.
3. The CWS program is also down since 1979, 24% in the number of awards and 7% in dollars. Average awards are up, however, by 42%.
4. The NDSL program peaked in 1976 and has declined steeply over the past six years. Awards are down 61% and dollars are down 56%. However, average loans are up by 14%.
5. The GSL program has grown dramatically; awards grew 3,329% in the last three years, and loan volume over the same period grew by 2,337%. Average loans also grew by 271%.

*Table 4 Highlights*

1. For the past six years, the federal share of total financial assistance has remained relatively constant at about 60%, but the composition of federal aid has clearly shifted. While the federal share of grants and scholarships rose between 1973 and 1976, it has dropped by 10% since. Since 1979, the federally-supported GSL program has practically become the sole source of loan funds to community college students.

TABLE 1

Financial Assistance to Community College Students  
by Type of Assistance - 1973 to 1983

Type of Assistance	1/ 1973-74	%	1/ 1976-77	%	2/ 1979-80	%	2/ 1982-83	%
Scholarship	\$ 1,760,000	4	\$ 2,299,000	2	\$ 2,428,356	2	\$ 3,537,599	2
Grants	14,684,000	33	72,963,000	67	70,729,847	65	71,603,627	39
Work Study	19,178,000	44	26,943,000	25	26,097,553	24	32,019,321	18
Loans	8,279,000	19	7,175,000	6	9,913,529	9	75,993,737	41
TOTAL	\$ 43,901,000	100	\$109,380,000	100	\$109,169,285	100	\$183,154,284	100

Sources: 1 - Student Aid Commission  
2 - Chancellor's Office

TABLE 2

Number of Awards and Dollars Made to Community College Students  
in Five Major Federal Programs - 1973 to 1983

Program	1/ 1973-74		1/ 1976-77		2/ 1979-80		2/ 1982-83	
	Awards	Dollars	Awards	Dollars	Awards	Dollars	Awards	Dollars
Pell	9,328	\$ 2,518,620	105,879	\$57,502,081	87,202	\$47,824,597	81,542	\$ 47,589,378
SEOG	14,120	5,825,433	18,042	8,096,829	20,833	9,949,375	18,084	8,550,028
CWS	18,130	7,209,070	24,699	16,245,598	21,252	16,233,268	16,283	15,053,257
NDSL	11,238	4,601,284	10,125	5,514,083	6,350	3,799,869	3,913	2,434,116
GSL	3,213	4,354,180	3,648	2,189,000	1,330	2,119,448	32,415	72,074,000
TOTAL	56,029	\$26,508,587	162,393	\$89,547,591	136,967	\$79,926,557	152,237	\$145,700,779

Sources: 1 - Student Aid Commission  
2 - Chancellor's Office

TABLE 3

Size of Average Awards in Five Major Federal Programs  
Received by Community College Students, 1973 to 1983

Program	1973-74	1976-77	1979-80	1982-83
Pell	\$ 270	\$ 543	\$ 548	\$ 584
SEOG	413	449	478	473
CWS	508	651	764	924
NDSL	409	545	598	622
GSL	1355	600	1594	2224
TOTAL	\$ 473	\$ 551	\$ 584	\$ 957

Source: Computed from Table 2



TABLE 4

Percentages of Student Financial Assistance  
by Source and Type to Community College Students

Type of Aid and Source	Year and Percentages			
	1/ 1973-74	1/ 1976-77	2/ 1979-80	2/ 1982-83
Grants & Scholarships				
Federal	54.2	83.9	79.4	75.2
State	28.2	11.7	16.9	18.8
Institutional	8.2	2.0	3.0	2.7
Other/Private	9.4	2.4	7.0	3.3
Loans				
Federal	83.5	95.3	91.4	98.60
State	0.0	0.0	1.8	0.06
Institutional	1.5	4.1	6.6	1.00
Other/Private	15.0	0.6	0.2	0.34
Work Study				
Federal	49.2	61.6	72.2	47.0
State	6.7	6.5	3.4	4.0
Institutional	2.1	6.9	23.7	37.4
Other/Private	42.0	25.0	0.7	11.6
Total Assistance				
Federal	57.5	79.1	78.8	79.9
State	13.5	9.6	12.3	8.6
Institutional	4.3	3.4	8.3	8.1
Other/Private	24.7	7.9	0.6	3.4

Sources: 1 -- Student Aid Commission  
2 -- Chancellor's Office

2. Meanwhile, the state's share of grants has risen by 61% since 1976, mostly due to increased Cal Grant B and EOPS direct aid dollars, which went up a combined total of \$2 million between 1979 and 1982, even though total EOPS appropriations remained relatively constant.
3. While federal workstudy funding has dropped both absolutely and relatively (down 25% since 1979), local district expenditures have grown by nearly 1,700% since 1973, and, between 1979 and 1982 district workstudy funding increased from \$6.2 million to \$11.9 million, a 92% jump (not shown in table).
4. Private sector workstudy funding (over \$3 million in 1982-83) has gone up substantially due largely to adjustments in the federal CWS program which provides funding for job location and placement in the private sector.

### *Discussion*

Five implications seem apparent from the accumulated trends noted above. First, programs aimed at the lowest income groups have shrunk in size while programs available to middle income groups have grown. Since 1976, total combined dollars awarded in the federal need-based programs (Pell, SEOG, CWS, NDSL) have dropped by \$14 million or 16%, and total combined student awards have dropped by 25%--40,000 fewer awards. Meanwhile, GSL loans have grown by \$69.8 million--over 3,000%!

Since the great majority of recipients of need-based programs have annual family incomes below \$18,000, while students with adjusted gross family incomes of up to \$30,000 qualify for GSL's (and can still qualify with incomes above \$30,000) the GSL program tends to serve more middle income students. Indeed, staff estimates that up to one-half of the GSL recipients in community colleges are not eligible for need-based aid.

While middle income students should be served, a serious problem arises when they are served at the expense of low income students. This may be happening in California's community colleges. In short, continued shifts between the GSL and need-based programs can reduce access for low income students.

Second, low income students can of course obtain GLS's--at the price of heavy debt. Because low income students often need remediation and related support services, they tend to take longer to complete their programs than do more affluent, better prepared students. The size of their expected debt will therefore be larger.

Also, the low income student appears to face fewer alternatives than a half decade ago. Less need-based aid simply increases competition among students for what is available, causing potential conflict. Massive loan availability may have neutralized this potential, but should loan availability dry up, the possibility of conflict may increase.

Overall, the decline in federal need-based aid, the staggering rise in GSL's, and the increase in state and district support all point to a trend which is

shifting the responsibility for financial aid from a national commitment to state, local, private (e.g. bank participation), and individual (i.e., self-help) commitments.

Such decentralization is not necessarily bad, but it is a new phenomenon which needs attention, evaluation and debate. Clearly this shift in financial aid responsibility depends in part for its success on the availability of state and local funds--a serious problem in many states, including California, and particularly for community colleges.

#### *Need-Based Aid and GSL's: Why Have They Changed?*

Why have the need-based programs declined while the GSL program has grown? While there are few clear answers, some explanation is available. Pell volume in all segments has probably fallen partly because stricter validation requirements have excluded more potential recipients. Major federal delays in the delivery system have occurred in the past three years, and changes in the Pell contribution schedules have affected the eligibility of veterans, social security recipients, and students in general.

Underutilization of SEOG and CWS by community colleges continues to be a significant problem, although recent changes in CWS carryover regulations are expected to reduce CWS underutilization substantially. NDSL participation has dropped partly because of high default rates and because many colleges no longer choose to participate in that program.

The growth of GSL's may be the result of two simple conditions: first, few lenders made loans available to community college students prior to 1980. When lenders, particularly out-of-state banks, opened GSL's to California community college students, loan volume rose partly in response to massive unmet financial need. In 1979, for example, only 400 EOPS students obtained GSL's; in 1982-83, the number was more than 5,200. EOPS students are among the lowest income group in the state--and their initial indebtedness from GSL's rose by nearly \$11 million in only three years, an increase of 1,500%. The second condition is the ease of obtaining a GSL. The process does not necessarily involve standard needs analysis or many other requirements typical of need-based programs.

#### *GSL Concerns*

The GSL program has grown so rapidly that the implications of its growth are only now coming to light. The trend seems to be continuing: as of August 31, 1983, total GSL volume for all postsecondary institutions in the state was up 56% compared to July and August of 1982. The accumulated debt to date for California students is approximately \$2 billion. As of August, 1983, \$434 million in GSL's matured--became due for repayment--and the default rate for the state was close to 10%, or \$43 million.

Last year, 95 community colleges participated in the GSL program. Their students have accumulated more than \$225 million in loan debt since the program began. Approximately \$49 million in community college GSL "paper" matured last year, and \$6 million went into default, for a statewide rate of 12.4%. By comparison, all three of California's public segments have

experienced approximately the same "maturity" rate (about 20% of accumulated debt), but the UC default rate was 3.9% and CSU's was 6.4%, one-third and one-half the community college rate, respectively.

Such differences raise the spectre of repeating the NDSL default problems of the 1970's with new GSL default problems in the 1980's. Indeed, the Loan Study Council, which among other activities advises the Student Aid Commission on GSL policies, is expected to recommend that Commission executives contact the presidents of institutions having default rates of 15% or more to discuss possible actions, and that the Commission speed up its development of GSL suspension, limitation, and termination policies for colleges.

When such policies eventuate, the impact on community college participation could be severe. For example, were a default rate cut-off for participation set at 10% today, 61 community colleges would be terminated from the program; at a cut-off rate of 20%, 21 colleges would be terminated. Neither UC nor CSU would be affected. Obviously, such policies (if adopted) would quickly reverse the GSL growth trend in community colleges, drying up this major source of community college student assistance.

It is clear the GSL program is a new source of concern, one that may justify coordinated statewide responses. Additional GSL information and staff recommendations are planned for the next Board report on student aid.

## Part 2: Financial Aid Students and Administrators

In this part selected characteristics of students aid recipients and financial aid administrators are reviewed from data available for the first time.

### *Students*

Table 5 shows what happened to student aid applicants after they applied. Important questions are prompted by these data: why did nearly 35,000 student applicants fail to enroll? Why did 32,258 students not complete their files? Assuming the same eligibility rate for this group as for other applicants, how did the 19,451 students presumably eligible meet the costs of attendance?

Answers to these questions are not readily available. Obviously, understanding the answers would help to explain why only 60.3% of all community college student aid applicants actually received financial assistance. Some implications of these data are discussed later.

Table 6 depicts selected aid recipient characteristics which are compared to the Fall 1982 total credit enrollments. On the whole, financial aid recipients are younger than the total credit-enrolled student body, are nearly one and a half times more likely to be from a minority group, and are more than twice as likely to be enrolled full-time. Additional characteristics are noteworthy:

1. The impact of Southeast Asian enrollments seems dramatically apparent. Asian and Pacific Islanders are the largest minority group receiving financial assistance, and those receiving aid accounted for one third of all Asian students in attendance statewide.

TABLE 5

Status of 1982-83 Community College  
Financial Aid Applicants  
for 101 Colleges Reporting

Status	Number	% of Applicants
Applied	230,241	100.00
Never Enrolled	34,563	15.0
Ineligible	16,130	7.0
File Incomplete	32,258	14.0
Eligible, but no funds	8,526	3.7
Received aid	138,944	60.3

Source: May 1983 Chancellor's Survey

TABLE 6

Characteristics of 1982-83 Community College Financial Assistance Recipients  
Compared to Total Fall 1982 Credit Enrollments

Characteristic	% Financial Aid N = 138,944	% All Enrolled N = 1,192,920	% Financial Aid of Total Enrolled
Sex: Male	46.6	45.0	12.1
Female	53.3	55.0	11.3
Age: 22 or less	35.9	23.0	18.2
23 - 29	36.5	40.6	10.5
30 or more	27.6	36.4	8.8
Units: 12 or more	64.0	26.1	28.6
6 - 11	36.0	29.6	14.2
1 - 5	0.0	44.3	0.0
ADA	*99,151	639,072	15.6
Ethnicity: American Indian	1.2	1.6	8.7
Asian	21.0	7.4	33.1
Black	17.3	9.2	22.0
Hispanic	15.0	12.7	14.0
Filipino	1.1	1.9	6.7
White	40.7	64.5	7.2
Other	3.7	2.7	18.9

Source: May 1983 Chancellor's Financial Aid Survey and Fall 1982 Student Profiles, Analytical Studies Unit.

\*Estimated from general student/ADA ratios

2. Over one in every five of all black students received financial aid, and more than one in every ten Hispanic students received aid. More than one in every sixteen white students received aid.
3. Hispanic, black, and Asian students accounted for over half of all student aid recipients.
4. Financial aid recipients have a disproportionate impact on ADA and apportionment income. Recipients were 11.6% of total credit headcount enrollments but generated an estimated 15.6% of ADA, a 33% greater proportionate impact on ADA than the average community college student. Apportionment income generated by financial aid recipients is estimated at over \$203 million.
5. Nearly 30% of all full-time students depend upon financial aid to maintain attendance.

#### *Financial Aid Administrators*

Table 7 compares financial aid administrators to recipients, full time faculty, and total credit enrollments by sex and ethnicity. Aid administrators are somewhat more representative of the male and female students they serve than are faculty, and are substantially more representative than faculty by ethnicity. Indeed, Blacks, American Indians, and Hispanics are overrepresented among aid administrators when compared to the students they serve.

Table 8 presents additional characteristics. Noteworthy is that 63.5% of the aid administrators hold Master and Doctoral degrees, but that 36.5% possessed baccalaureate degrees or lower level educational attainments.

#### Part 3: Operating Costs, Staff and Workload

Reports to the Board on financial aid presented in 1977 and 1979 consistently and heavily emphasized that financial aid offices were understaffed and overworked. Also emphasized was considerable administrative turnover among financial aid officers which caused the pool of aid officers at any time to contain a large proportion of inexperienced and untrained administrators who, at the same time, had to cope with complex and shifting program requirements, stiff accountability responsibilities for the financial aid delivered, less than sympathetic college administrators and faculty who lent financial aid officers inadequate support in terms of staffing, operating budgets, salaries and benefits, and participation in college-wide administrative decision-making.

These difficulties, it was said, were causing significant financial aid management problems, and, as indirect evidence of these, both reports focused on the high underutilization rates in the SEOG and CWS programs. Beyond considerable anecdotal evidence, however, additional evidence that financial aid staffing and office operating budgets were serious problems was not available.

Data from the Chancellor's survey begin to provide a better framework for understanding the condition of modern student aid operating costs, staffing,

TABLE 7

Selected Characteristics of Community College Financial Aid Administrators  
Compared to Financial Aid Recipients, Full-time Faculty, and  
Total Enrollments, 1982-83

Characteristic	% FA Admin. N = 101	% FA Recipients N = 138,944	% Faculty N = 16,400	% all CC students N = 1,192,920
Sex: Male	58	46	66	45
Female	42	53.3	34	55
Ethnicity: Amer. Ind.	2.0	1.2	0.5	1.6
Asian	2.0	21.0	3.2	7.4
Black	20.8	17.3	4.3	9.2
Hispanic	20.0	15.0	5.1	12.7
Filipino	1.0	1.1	0.3	1.9
White	52.5	40.7	86.6	64.5
Other		3.7	-----	2.7

Source: May 1983 Chancellor's Office Survey and Analytical Studies Unit



TABLE 8

Additional Characteristics of Community College  
Financial Aid Administrators, 1982-83

Characteristic	% of Financial Aid Administrators
Age: Under 25	0.0
25 - 35	27.2
36 - 45	29.7
46 - 55	31.7
over 55	11.1
Highest Educational Level Attained:	
High School	1.0
Some College Certif.	4.9
AA/S	4.9
BA/S	25.7
Masters	56.4
Doctorate	7.1

Source: May 1983 Chancellor's Office Survey

and workload. While far from exhaustive, the data support the contention that financial aid offices are indeed understaffed and underfunded--long-standing conditions which could worsen significantly in the face of the current budget crisis and the political impasse over how to provide adequate funding this year and possibly next.

Survey data show that the statewide problem of obtaining experienced and qualified financial aid officers may have abated, because the average administrator has been on the job for 7.1 years, and worked in financial aid a total of 9.2 years. Additional analysis is needed, however, to determine if the problem persists at certain groups of colleges or in certain regions.

Table 9 provides selective insights into financial aid office staffing. Highlights and related implications are discussed next.

#### *Employment Status and Compensation*

Fifty-one aid officers were reported as holding certificated positions, forty-nine classified. Average annual salary for certificated aid officers was \$39,000, compared to \$26,000 for the classified officers. (Benefits are excluded from salary figures.) Questions posed by these employment status and salary differences include:

1. Whether there is compensational inequity among districts for financial aid administrator positions performing similar functions, and whether the status differences are patterned in any way, e.g., by sex, ethnicity, size of college, or size of workload.
2. Whether classified administrators face more difficulty than certificated ones when working with other administrators and faculty, and whether such difficulties (if any) adversely affect the delivery of financial aid.
3. Whether college budget cuts have led to reclassification of certificated financial aid positions to classified positions under reorganization conditions.

#### *Full-Time Employment*

While all financial aid administrators are employed full time, the certificated group reports working directly on financial aid office matters 69% of the time, while for classified administrators the corresponding figure was 87%. In several cases, the less than full-time assignment to financial aid results from the same person managing financial aid and EOPS. Questions from this finding include:

1. How much of the less than full-time assignment is due to EOPS responsibility, and where applicable, how large are the respective programs--are there cases of apparent "undermanagement" in both areas?
2. To what extent are less than full time assignments indicative of shrinkage in overall administration due to budget cuts and reorganization? How many aid officers are responsible for other programs?

TABLE 9

Selected Staffing Information on Community College  
Financial Aid Offices for 1982-83

Staff	No.	Salary	Total Hours Employed on Campus	Hours in FA Office	b/ Total FTE	b/ FA FTE	% Total FTE in FA
Administrators:							
Certificated	51	\$ 2,012,563	100,298	69,792	48.2	33.5	69
Classified	49	1,269,663	96,419	84,013	46.4	40.4	87
Other Staff:							
Certificated	25	756,615	40,349	28,252	19.4	13.6	70
Classified	449	6,793,945	870,002	792,078	418.2	380.8	91
Student	a/ 500	877,888	232,943	227,087	112.0	109.2	98
<b>TOTALS</b>	<b>1,074</b>	<b>\$11,710,674</b>	<b>1,340,011</b>	<b>1,201,224</b>	<b>644.2</b>	<b>577.5</b>	<b>89.6</b>

Source: May 1983 Chancellor's Office Survey of Financial Aid

Notes : a) Estimated from typical student work weeks adjusted for expected work study awards

b) All FTE's computed by dividing total hours by 2,080 hours to achieve standard comparisons

3. What is the impact on other office staff when the aid officer is less than full time? Is the time commitment of aid officers compatible with the managerial continuity required for managing complex aid programs involving millions of dollars?

#### *Student Workers*

Students employed part-time to work in financial aid offices were estimated to number 500, and delivered more than a quarter of a million hours of service time--equivalent to 112 full-time positions, and accounting for nearly one of every five hours of total staff time working in financial aid offices.

Questions include:

1. What functions do the students perform and how do these compare to the functions of regularly employed staff, particularly classified personnel?
2. Is the proportion of student worker time in community college aid offices similar to that in UC and CSU aid offices? Are the aid functions performed by students in all three segments similar?
3. Has the availability of student workers inhibited employment of more regular staff?
4. What are the training, quality control, and longevity implications of employing 500 students? Do turnover, student scheduling, training, and supervision requirements consume a substantial portion of the regular staff's time?

Overall, the statewide average for staffing in financial aid offices consists of one 0.8 FTE administrator, one 0.13 FTE other certificated person (e.g., a counselor), four regular classified persons, and five part-time students -- a total of about 10 persons per office, half of whom are student workers.

The costs of operating all such financial aid offices is shown in Table 10, where expenditures are estimated from survey results by cost category. Is \$13,363,053 an adequate statewide budget to deliver \$183 million in student aid?

Without additional analysis this question is difficult to evaluate, but the data in Table 11 suggest that compared to the financial aid office **budgets** in UC and CSU, the answer appears to be no. The data are very preliminary and are meant only to confirm the need for additional study.

Theoretically, cost comparisons among segmental aid offices can be made with great precision because the aid functions performed are necessarily similar. Staff will seek additional cooperation from the UC and CSU to obtain better comparison data for future Board review, and staff will also compare community college staffing data to existing staff formulas used by the other segments and proposed by the national financial aid administrators association. State-wide financial aid staffing guidelines may need to be developed for community colleges.

TABLE 10

Estimated Expenditures on Community College  
Financial Aid Office Operations, 1982-83

Cost Category	Amount Expended	% of Total
Certificated Salaries	\$ 1,930,375	14.4
Classified Salaries	8,143,038	60.9
Benefits	2,334,506	17.5
Books & Supplies	281,322	2.1
Other Expenses	541,247	4.0
Capital Outlay	132,565	1.1
TOTAL	\$ 13,363,053	100.0

Source: Estimated from May 1983 Chancellor's Survey Results

TABLE 11  
 Selected Intersegmental Financial Aid Office Operational Comparisons  
 (Comparisons are Rough and Meant to be Indicative - Caution Needed)

Segments	Total Administrative Budget	Average Budget per Campus	No. Awards	No. Students	Dollars Awarded
CC N = 101	\$ 13,363,053	\$ 132,307	226,477	138,944	\$ 183,273,661
CSU N = 19	a/ 17,700,000 b/ (14,050,000)	931,579 (739,474)	190,000	90,000	205,000,000
UC N = 9	c/ 13,600,000	1,511,111	d/ 147,830	74,830	247,873,000

Sources: CC data from Chancellor's Office May 1983 Survey.  
 CSU data from CSU Systemwide for 1982-83  
 UC data on students and award dollars from UC Systemwide for 1981-82

Notes: a/ This figure includes costs of business and accounting operations, whereas CC and UC cost data do not.  
 b/ Staff assumption that 1/2 of accounting costs match to CC/FAO functions.  
 c/ Estimated from information from Legislative Analyst's Office.  
 d/ Estimated by assuming ratio of awards to students is the same for UC as in CSU (i.e., 2:1).

#### Part 4: Policy Implications

Data reported here imply some adverse effect on access to community colleges. The implications are discussed below.

##### *Regarding Need Based Aid and GSL Trends*

Structural differences between need based aid and GSL programs are substantial and, if unchanged while the decline and growth trends in the respective programs continue, could lead to inequity and reductions of access for low income students.

Unlike the need-based programs, student accountability in the GSL program is so poor that, by comparison GSL's seem institutionally out of control. The GSL program does not require needs analysis if adjusted gross income is below \$30,000, does not require documentation and monitoring of student educational goals, and does not require academic progress monitoring except at the time the college certifies the loan applications.

In addition, because GSL's are essentially a "deal" between students and private lenders, colleges have limited authority. For example, a student who does undergo needs analysis can find the college certifying a loan amount that's less than the lender's minimum, in which case the lender may simply adjust the amount upward. The aid officer can reduce other awards (except Pell) but is powerless to do more even if the combination of Pell and GSL is equivalent to an overaward.

Also, should the student drop his or her unit load or do poorly academically, the aid officer cannot adjust the GSL amounts later as would be done in the case of need-based aid. Nor is the college typically made privy by lenders to the names of students in default, even though the college may be held responsible for high default rates.

In need-based programs students are frequently monitored regarding units, grades, goals, and progress made. Though these monitoring activities are far from perfect, they are required and hold students accountable at regular intervals within and between terms of attendance. By contrast, GSL accountabilities may be more infrequent, less immediate, and more remote. Especially troubling is that the ease of GSL availability may actually encourage considerable debt because the long-term repayment period of 10 years can psychologically give a GSL the short-term appearance of a grant. Several policy implications follow from the structural differences between need-based aid and GSL's.

1. Aid officers face a growing loss of control over packaging because large GSL volume increases the possibility of circumventing or neutralizing the packaging process, threatening distributional equity, the heart of financial aid.

- 1. Increased dependence on GSL's as a long term source of aid may reduce access because: GSL's ultimately compete with other financial investment decisions and could be discontinued abruptly--government guarantees aside; large GSL volume shifts financial aid policy decisions from public jurisdiction over tax expenditures to private jurisdiction over the use of deposits and savings--market vagaries may be less stable than national policy commitments.
- 2. GSL's are more regressive than need-based aid, threatening equity: need-based aid is generally increased as student or family resources decline, whereas GSL's are indifferent to all adjusted income levels below \$30,000; because associate or certificate students often earn less in many occupations than baccalaureate or professional students in higher paying occupations, the burden of repayment is regressive even at the \$50 per month minimum.
- 3. When interest rates are high, GSL volume can increase through a self-propelled cycle that erodes need-based aid. Need-based dollars decline within fixed appropriations when GSL costs rise to cover interest rate differences. Fewer need-based dollars remain, forcing students to increasingly to GSL's, so volume again grows, together with costs, leading to yet more erosion of need-based aid. Such processes also adversely affect equitable aid packages and may force students into GSL's as aid alternatives shrink.

The combined impact of these implications can reduce access in the long run. In the short run, fewer need-based awards can be offset through greater GSL volume. But as default rates rise, college participation may fall off, leaving students with less need-based aid and no GSL alternative. Nor is it clear that reduced GSL costs would replenish need-based programs. GSL volume may continue to rise in other segments, among independents and private schools. Overall, financial assistance can shift to less needy populations.

#### *Regarding Students, Staff, and Institutions*

Because the trends discussed so far imply potential instability in the supply of financial assistance, unexpected shocks to the financial aid system, and the continued understaffing of financial aid offices, could cause further policy difficulties affecting students and colleges.

- 1. Clearly, any sharp reduction in the availability of financial assistance will impact disproportionately on minority and full-time students who are the main recipients of financial aid, adversely affecting equal access policies for students, and district income under present funding mechanisms.
- 2. Limited financial aid office staffing, increased accountability requirements, relative longevity among current aid administrators, and possible inequity in their pay and benefits may lead to increased incidences of burnout and turnover, reducing the effectiveness of aid delivery. The current recipient-to-applicant ratio seems low and may partly result from understaffing.



3. Financial aid understaffing may be symptomatic of similar understaffing in other student service programs. Preliminary comparisons among segments suggests community colleges in 1981 spent substantially less on all student service programs than did UC and CSU where, presumably, the need for such services is less given differences in student populations.

The institutional consequences of understaffing in student services programs is not well understood and needs additional study and analysis.

The second report to the Board will include recommended board actions in those policy areas needing attention.

## DESCRIPTION OF FIVE MAJOR FEDERAL PROGRAMS

The Office of Student Financial Assistance (OSFA) of the U.S. Department of Education administers five programs to help students finance their education after high school:

- o Pell Grants
- o Supplemental Educational Opportunity Grants (SEOG)
- o College Work-Study (CWS)
- o National Direct Student Loans (NDSL)
- o Guaranteed Student Loans (GSL)

In order to receive aid from these sources, undergraduate students must, in general, meet certain citizenship requirements; be enrolled at least half-time and be making satisfactory progress toward the completion of an eligible course of study. In addition, male students 18 years or older must be registered for the draft in order to receive aid from the five OSFA programs during the 1983-84 award year.

### Pell Grants (formerly Basic Educational Opportunity Grant - BEOG)

An entitlement program generally considered the foundation of the aid package. According to California law, students are required to apply for a Pell Grant before they can be considered for state aid. Pell Grants for the 1983-84 award year (July 1, 1983 to June 30, 1984) will range from \$200 up to \$1800 maximum, with eligibility determined by the federal government according to a formula approved annually by Congress.

The average Pell Grant for a full-time community college student generally does not exceed \$763.

### Campus-Based Programs

The Supplemental Educational Opportunity Grant (SEOG), College Work-Study (CWS), and National Direct Student Loan (NDSL) Programs are referred to as "campus-based programs." Under these programs, institutions apply annually to OSFA for funds, and receive these funds directly. The financial aid administrator at each school then determines which applicants are eligible and how much aid each applicant will receive.

While OSFA does set broad guidelines regarding the distribution of these funds, within these guidelines the individual schools set specific requirements, deadlines, and eligibility criteria.

### Supplemental Educational Opportunity Grants (SEOG)

Supplemental Educational Opportunity Grants are based on financial need. The financial aid administrator determines the student's financial need and will award the student an SEOG in accordance with that need. For 1983-84, awards will range from \$200 up to \$2,000.

### College Work-Study (CWS)

The College Work-Study Program provides part-time jobs for students who need financial aid and who must earn a part of their educational expenses.

An institution that participates in CWS arranges jobs on campus or off campus with a public or private nonprofit agency. In arranging a job and assigning a work schedule, the financial aid administrator will take into account the student's need for financial assistance, class schedule, health, and academic progress.

As with other campus-based aid, the Work-Study award is set by the aid office, with the salary at least the current minimum wage.

### National Direct Student Loans (NDSL)

Provides long-term, low-interest loans based on financial need. The financial aid administrator determines the student's financial need and will package the student with an NDSL loan in accordance with that need. For community college students, NDSL loans generally range up to \$1,000.

The current rate of interest is 5%. Repayment begins six months after graduation or termination of enrollment on at least a half-time basis. Students may be allowed up to ten years to repay based upon the amount borrowed, with a \$30.00 per month minimum repayment required.

### Guaranteed Student Loans Program (GSLP)

One of the largest sources of subsidized low interest loans sponsored by the Department of Education. Source of funds is private capital (i.e., banks, savings and loan associations, etc.).

Eligibility for these subsidized loans is restricted to students whose family adjusted gross income is less than or equal to \$30,000 or above \$30,000 but who have demonstrated financial need in the amount of the loan. Interest on this type of loan is paid by the federal government while the student is enrolled on at least a half-time basis.

The maximum annual amount that may be borrowed is \$2,500 for community college students, with an interest rate of 9%.

Repayment begins six months after graduation or termination of enrollment on at least a half-time basis. Students may be allowed up to ten years to repay based upon the amount borrowed with a minimum annual repayment of \$600 (\$50 per month).

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1982-83

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