The Financial Aid Profession at Work:
The 1996 Survey of Undergraduate Financial Aid Policies, Practices, and Procedures
(SUFAPPP:96)

Sponsored by
The National Association of Student Financial Aid Administrators
and
The College Board

Dedication:

In memory of Bill Van Dusen

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Executive Summary

The 1996 Survey of Undergraduate Financial Aid Policies, Practices, and Procedures (SUFAPPP:96), is a collaboration between the National Association of Student Financial Aid Administrators (NASFAA) and The College Board. SUFAPPP:96 provides information on the financial aid policies and practices used by aid administrators to award financial assistance to undergraduate students and their families. Through SUFAPPP:96, aid administrators at postsecondary education institutions that were members of NASFAA and The College Board were surveyed to provide detailed information on their aid application procedures, use of electronic aid applications (EDExpress) and the Renewal Application, need analysis methodologies, use of professional judgment, financial aid packaging policies, non-need-based institutional scholarships, student borrowing, and financial aid office management and compliance issues. Aid administrators also provided their numbers of financial aid applicants and recipients and amounts of aid distributed to students by type of aid (grants, loans, work-study, and others).

Most survey responses are based on financial aid policies that were in effect during the 1994-95 academic year (information on professional judgment procedures relates to students who applied for financial aid for the 1995-96 award year). Whenever possible, data on financial aid award amounts were compared with information from The College Board and the U.S. Department of Education. Based on these comparisons, it appears that the trends in financial aid reported by SUFAPPP:96 are very similar to those reported in these nationally representative data sources.

The study also examines the effects of the Higher Education Amendments of 1992 and the Student Loan Reform Act of 1993 on federal student aid policy and delivery. Such changes include the introduction of the Federal Methodology (FM), implementation of the Direct Loan program, and the introduction of the Federal Stafford Unsubsidized Loan program. Responses from SUFAPPP:96 are compared with the 1988 study (SUFAPPP:88) to demonstrate how the changes in statute affected loan delivery, aid amounts, and aid packages.

The survey instrument was distributed to 2,919 postsecondary education institutions. About half (51 percent) were returned and processed. Two-year public colleges (community colleges) comprised the largest respondent group at 24 percent, followed by four-year public colleges and universities (18 percent), private universities (17 percent), private liberal arts colleges (12 percent), proprietary schools (10 percent), public vocational/technical schools (10 percent), and “other” (9 percent). The respondents’ characteristics basically mirror the distribution of institutions that were members of NASFAA and The College Board, and are similar to the distribution of postsecondary institutions in the United States. Responses for proprietary schools, however, may not be representative of all such schools in the country, since relatively few proprietary schools are NASFAA and College Board members.

Changes in aid application and need analysis methodologies appear to have had some effects on financial aid procedures used at many campuses. Institutions reported that most undergraduates did not use EDExpress, but the Renewal Application appears to have had a huge effect on reducing the aid application burdens on students and their families at four-year colleges and universities. Renewal Applications had only a small (but still positive) effect on the workload burdens of aid administrators. Most aid administrators reported that implementation of the Direct Loan program had a positive effect on student loan delivery in both Direct and Federal Family Education Loan programs. The majority of administrators also said that mandatory entrance and exit loan counseling, instituted for all borrowers by the 1992 Amendments, helped to reduce loan default rates.

The majority (57 percent) of institutions required aid applicants who qualified for the Simplified Needs Test to report optional home equity and other asset information on the FAFSA, and 60 percent of institutions required applicants to submit a separate institutional aid application in order to receive institutional grants. Some institutions, particularly four-year private colleges and universities, use either the College Scholarship Service's Institutional Methodology or their own self-developed institutional methodology to award institutional grants. These findings suggest that many institutions are unsure if FM accurately assesses students' financial need—more institutions appear to be willing to use alternative methodologies in order to collect home equity and other information that is not counted by FM.

Changes in application procedures had a much more noticeable effect on verification and use of professional judgment. The proportion of institutions that verified 100 percent of their aid applications fell from 71 percent in 1983 to just 20 percent in 1996. Professional judgment was very rarely used to change dependency status, the cost of attendance, or the expected family contribution.

SUFAPPP:96 shows that the number of students who received financial aid to pay college expenses has grown dramatically over the past seven years. Aid offices reported a 50 percent growth in the number of aid applications they received from 1987-88 to 1994-95. The average amount of aid funds administered by institutions grew from $6 million to over $14 million. Most of this growth came from loan programs. During this period, the proportion of financially needy students who were routinely packaged a Stafford Subsidized Loan grew from 66 percent to 99 percent. At all institutional types, the proportion of financial need covered by grants fell, while the percentage met by Stafford Subsidized and Unsubsidized Loans jumped.

Key financial aid trends from 1988 to 1996, by institutional type, are:

- At four-year public colleges, average aid awarded jumped from $13 million to $33 million. Despite the increase in total aid, the percentage of students' financial need that was unmet grew from 11 percent to 18 percent. The percentage of aid from grants and campus-based programs fell from 60 percent of total aid to just 41 percent. The share of aid from Stafford Subsidized and Unsubsidized Loans grew from 42 percent to 50 percent.

- The average percentage of unmet need at four-year private institutions grew from 12 percent to 18 percent. Grants and campus-based aid as a percentage of total aid funds fell from 66 percent to 56 percent.
- Proprietary institutions saw grant aid as a proportion of total funds fall from 44 percent to 34 percent, while funds from SLS/Stafford Unsubsidized Loans increased from 13 percent to 20 percent. Unmet need grew from 21 percent to 27 percent.
- Unmet need at community colleges increased to 32 percent from 21 percent, despite the fact that average aid funds per institution increased from about $3 million to nearly $5 million. In 1996, 45 percent of the financial need of community college aid recipients was met by loans.

Use of institutional aid for non-need-based purposes (academic merit, artistic talent, racial/ethnic minority status, etc.) was particularly noteworthy during this period, especially at four-year public and private colleges. During the time period, the average *number* of institutional scholarships tripled at four-year private colleges, but the average scholarship *amount* doubled at four-year public institutions. Public colleges were the most likely to provide minority scholarships that were not also based on students' financial need, while the private colleges were the most likely to provide scholarships based on academic merit.

However, contrary to media reports, the majority (63 percent) of institutions cited family income as the most important demographic criterion used to award institutional grants. Many students who received non-need-based grants in fact had demonstrated financial need. Further, the percentage of institutions that were willing to match financial aid offers that students received from other institutions was largely unchanged from 1988 to 1996, which suggests that colleges' willingness to use aid to "negotiate" for students was not as widespread as many might believe. But aid administrators were less likely than admissions officers to be involved with the selection of institutional grant recipients.

Increases in institutional grants were not large enough to reduce the perceived need to borrow. Therefore, more students borrowed larger amounts, and average cumulative student loan debt grew by nearly 40 percent at four-year private colleges and by 45 percent at four-year public institutions. Despite this growth, the average monthly loan payment for borrowers from four-year institutions increased by just $50 per month. This strongly suggests that the growth in borrowing has not had as adverse effects on most students as the media and other groups have portrayed.

SUFAPPP:96 also found that aid administrators are more burdened than ever before. Despite large increases in aid applicants and recipients, the average number of full-time equivalent (FTE) staff working in aid offices grew by just one FTE position. Aid administrators are doing more for more students but with proportionally fewer resources. Aid administrators are also becoming more process oriented and less schooled in using theory to provide the best financial aid packages for students. This trend deserves further study. Future editions of SUFAPPP should look at whether student aid professionals continue to endorse and meet the original goals of financial aid in the policies, practices, and procedures they employ at their institutions. Future studies should also continue to watch the growth in the reliance on student loans and the increasing use of non-need-based institutional aid.

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Introduction

The 1996 Survey of Undergraduate Financial Aid Policies, Practices, and Procedures (SUFAPPP:96) continues a tradition of collaboration between the National Association of Student Financial Aid Administrators (NASFAA) and The College Board. Similar studies conducted in 1983, 1985, and 1988 surveyed colleges, universities, and career schools on current issues in financial aid administration. The SUFAPPP survey was sent to financial aid administrators at postsecondary education institutions that were members of NASFAA and The College Board. The survey asked 73 questions on a variety of topics, including application procedures, need analysis, professional judgment, packaging, institutional and minority scholarships, student borrowing, and financial aid office management and compliance issues.[1]

In addition to studying the policies, practices, and procedures of financial aid offices, the 1996 study also explored the effects of statutory and regulatory changes to federal student aid policy and delivery that were implemented since the previous SUFAPPP study in 1988. These include those changes that resulted from the Higher Education Amendments of 1992 and the Student Loan Reform Act of 1993. SUFAPPP:96 also examined how changes in the economic environment affected the ability of institutions to recruit, retain, and provide financial assistance to students.

Noteworthy changes in federal financial aid programs since the last study include:

- The federally-mandated Free Application for Federal Student Aid (FAFSA)
- Establishment of the Federal Methodology (FM) for financial need analysis
- Implementation of the Federal Direct Student Loan Program (FDSL)
- Availability of Federal Stafford Unsubsidized Loans
- A variety of new institutional eligibility and reporting requirements

SUFAPPP:96 was designed to study these institutional aid policies, practices, and procedures. SUFAPPP also addresses the unmet financial need (total postsecondary education costs minus financial aid awards) to students and their families.

This report shows the survey responses by specific institutional characteristics, including institutional type and control, undergraduate admissions selectivity level, enrollment size, cost, and a new variable, a combination of control and selectivity.

For the most part, the survey deals with the 1994-95 academic year (generally, July 1, 1994 to June 30, 1995). For some questions, in particular, those dealing with the use of professional judgment, respondents were asked about their policies, practices, and procedures relating to

[1] The Appendix contains a copy of the SUFAPPP:96 survey instrument.

students who applied for financial aid for the 1995-96 award year.

Whenever possible, the results for SUFAPPP:96 were compared with previous SUFAPPP studies, The College Board's *Trends in Student Aid* report, and other available data. These comparisons confirm that the data and findings from SUFAPPP:96 were representative of the financial aid policies, practices, and procedures at nearly all types of higher education institutions.

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Chapter 1: Characteristics of the Responding Institutions

The SUFAPPP:96 survey instrument was distributed to the 2,919 postsecondary education institutions that were members of NASFAA and the College Board. Of these, 1,492 usable surveys (51 percent) were returned and processed.[2]

Response by Institutional Type and Control

The respondents were grouped into seven by categories, based on their institutional type and control (n=number of respondents in each category):

1. four-year public colleges and universities (n=273)
2. two-year public colleges (n=344)
3. public vocational/technical schools (n=143)
4. four-year private universities (n=257)
5. four-year private liberal arts colleges (n=183)
6. proprietary schools[3] (n=152)
7. "other."[4] (n=130)

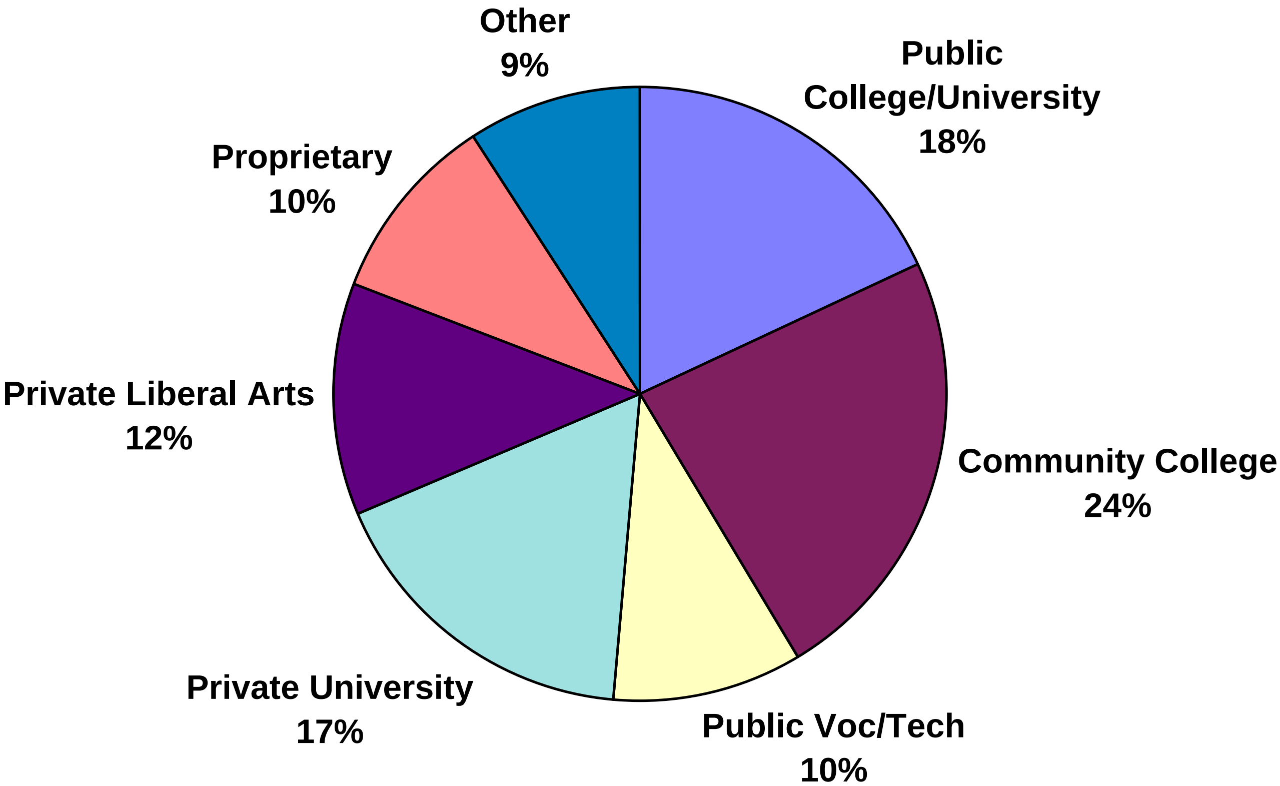
Two-year public colleges (more commonly known as community colleges) comprised the largest respondent group at 24 percent, followed by four-year public colleges and universities (18 percent), private universities (17 percent), private liberal arts colleges (12 percent), proprietary schools (10 percent), public vocational/technical schools (10 percent), and "other" (9 percent). Figure 1-1 shows the distribution of SUFAPPP:96 respondents by institutional type. The analysis revealed few differences between the private university and private liberal arts college categories. Therefore, in many tables and charts, "four-year private" colleges and universities refers to both private liberal arts colleges *and* private universities. Furthermore, because the category "other" is a combination of institutions with very different characteristics, and the number of respondents from this category is so small, it is generally not included in the analysis.

[2]While 1,492 surveys were processed, some respondents chose not to answer certain questions. For that reason, the number of respondents mentioned in connection with a specific question may not total to 1,492.

[3]This method of stratification ignores the diversity of proprietary institutions, whose programs range from less than one year to doctoral and professional. The numbers of proprietary institutions by level, however, were too small to support separate analysis.

[4]The "other" category includes lower division private institutions, "other" private, and "other" public.

Figure 1-1. Respondents to SUFAPPP:96, by Type and Control of Institution



Source: NASFAA and the College Board, *SUFAPPP:96*

Public institutions represented the largest group of respondents by control, at 53 percent. Private, non-profit institutions accounted for 37 percent, and proprietary (private, for-profit) institutions made up 10 percent.

Four-year colleges and universities that offer undergraduate and graduate degrees were the largest respondent group by institutional type at 34 percent, followed by two-year lower division institutions (28 percent), vocational/technical schools (18 percent), and four-year institutions that offer bachelor's degrees exclusively (15 percent). The number of responses from hospital schools of nursing, two-year upper division, and "other" institutions was small (1 percent, 2 percent, and 3 percent, respectively).

Representation by Type and Control

When compared with the total population of institutions that are members of NASFAA and The College Board, community colleges were over-represented in the group of SUFAPPP:96 participants. However, community colleges are *underrepresented* in the two organizations when compared with the total number of institutions in the United States.

On the other hand, relative to the total number institutions in the country, proprietary schools are significantly underrepresented in the current sample because so few are either NASFAA or College Board members. Furthermore, proprietary schools that are members of these two organizations tend to have larger enrollments than other such institutions nationally. This means that the responses from proprietary institutions probably are not reflective of the financial aid policies and procedures of all such schools. For example, it is likely that the size of the financial aid office in most proprietary schools is smaller than what this study shows.

A higher number of institutions responded to the study in 1988 than in 1996 (2,962 versus 1,492), but responses by institutional type and control were relatively consistent in the two studies. However, proprietary institutions represented a higher proportion of respondents in 1988 than in 1996 (15 percent of the respondents compared with 10 percent in 1996) while fewer community colleges responded in 1988 (20 percent) than in 1996 (24 percent). These small differences do not appear to have affected any of the results.

Admissions Selectivity

Because financial aid policies and practices are very likely to differ by institutions' undergraduate admissions policies, the respondents were also divided into selectivity categories. Colleges and universities classified as "highly selective" were those that admitted "a limited number of applicants selected from among those who meet some specified level of academic achievement or other qualifications above and beyond high school graduation."[5] This group represented 12 percent of responding institutions. About 32 percent of the institutions admitted "the majority of individuals who meet some specified level of academic achievement above and beyond high school graduation." They were classified as "moderately selective." Thirty percent reported that they admitted "any high school graduate, or person with equivalent credentials" and were classified as minimally selective; and 25 percent admitted "any individual wishing to attend who demonstrates ability to benefit." These postsecondary institutions were classified as non-selective. Figure 1-2 illustrates the admissions selectivity of respondents by institutional control.

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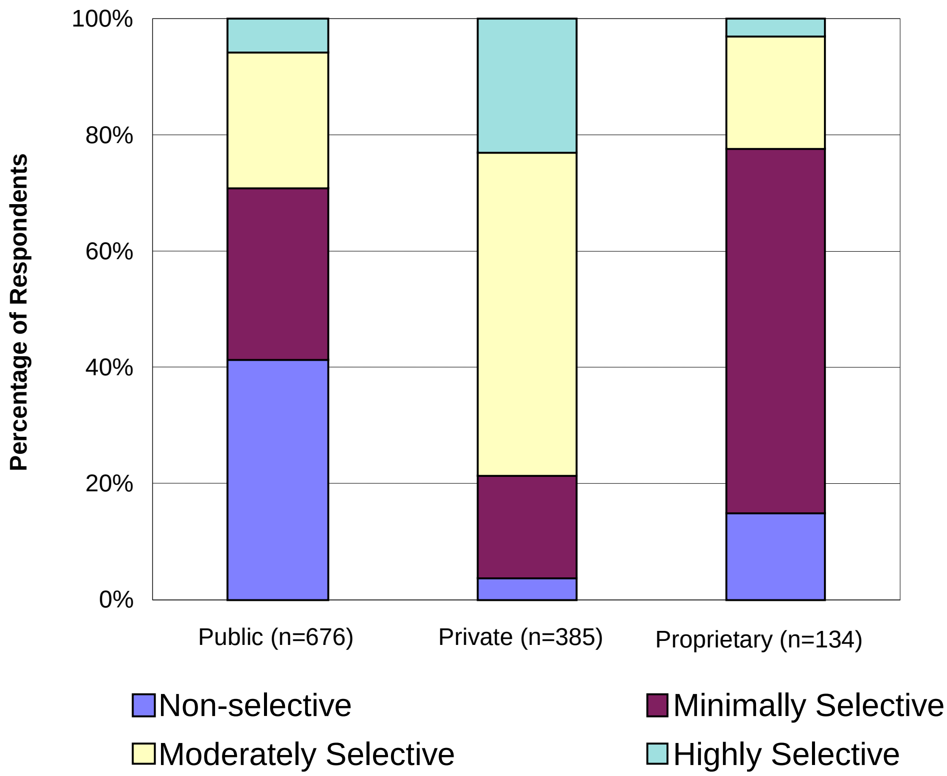
[5]See survey question 4 in the Appendix.

Figure 1-2. SUFAPPP:96 Respondents by Institutional Control and Undergraduate Admissions Selectivity



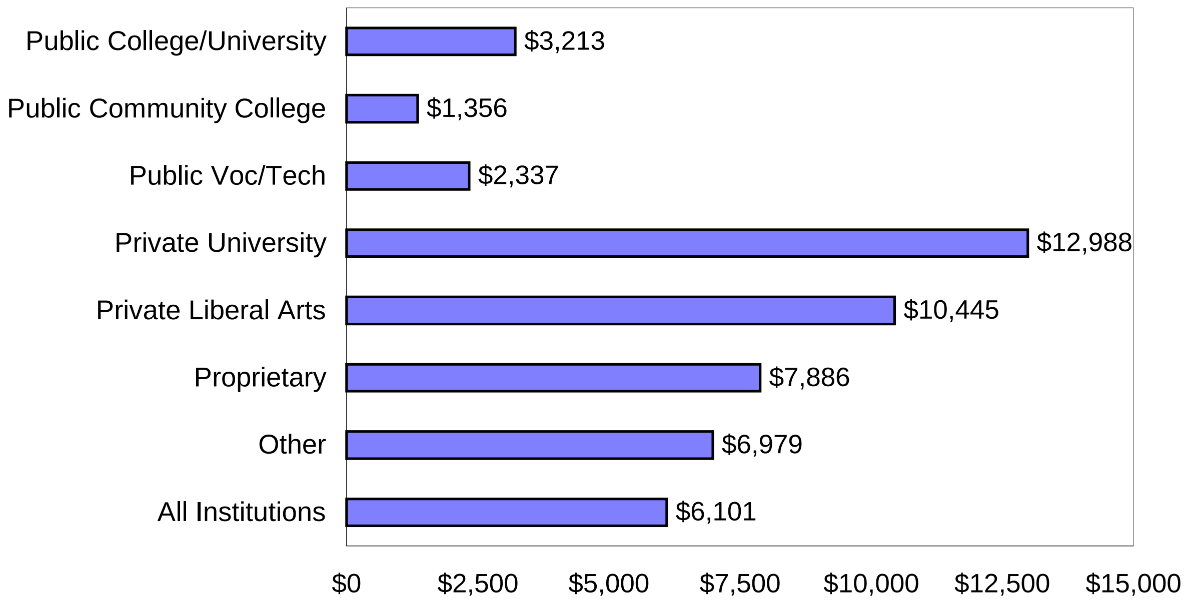
Source: NASFAA and the College Board, *SUFAPPP:96.*

An analysis of the 1988 data revealed a similar response rate based on selectivity. The moderately selective institutions represented roughly the same percentage of respondents in 1988 as they did in 1996. But non-selective schools were a slightly higher share of respondents in 1988 (29 percent versus 25 percent in 1996). Highly selective institutions also were a higher proportion of respondents in 1988 (15 percent versus 12 percent). In 1988, minimally selective institutions represented 23 percent of the respondents, compared with 31 percent in 1996. It is unlikely that these small differences affected the results.

Tuition and Fee Charges[6]

The average undergraduate tuition and fee charge at SUFAPPP:96 institutions in 1994-95 was $6,100. Average tuition prices varied a great deal by institutional type, from nearly $13,000 at private universities to $1,350 at community colleges (see Figure 1-3).

Figure 1-3. Average Tuition and Fee Charges at Institutions That Responded to SUFAPPP:96



Source: NASFAA and the College Board, *SUFAPPP:96.*

The average tuition charges shown by SUFAPPP are nearly identical to those reported in The College Board's *Trends in Student Aid*[7] report. The $11,914 average tuition and fee charge for all four-year private colleges and universities[8] that responded to the SUFAPPP was just $195 higher than the average shown in *Trends* ($11,719). In *Trends*, the average tuition price at four-year

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[6] The SUFAPPP survey instrument requested tuition and fee charges and enrollment data, as well as financial aid applicant, recipient, and funding information for the 1994-95 academic year. This was the most recent data available when the survey was distributed. Survey data for financial aid policies, practices, and procedures referred to the 1995-96 academic year.

[7] *Trends in Student Aid: 1987-1997*, The College Board, 1997.

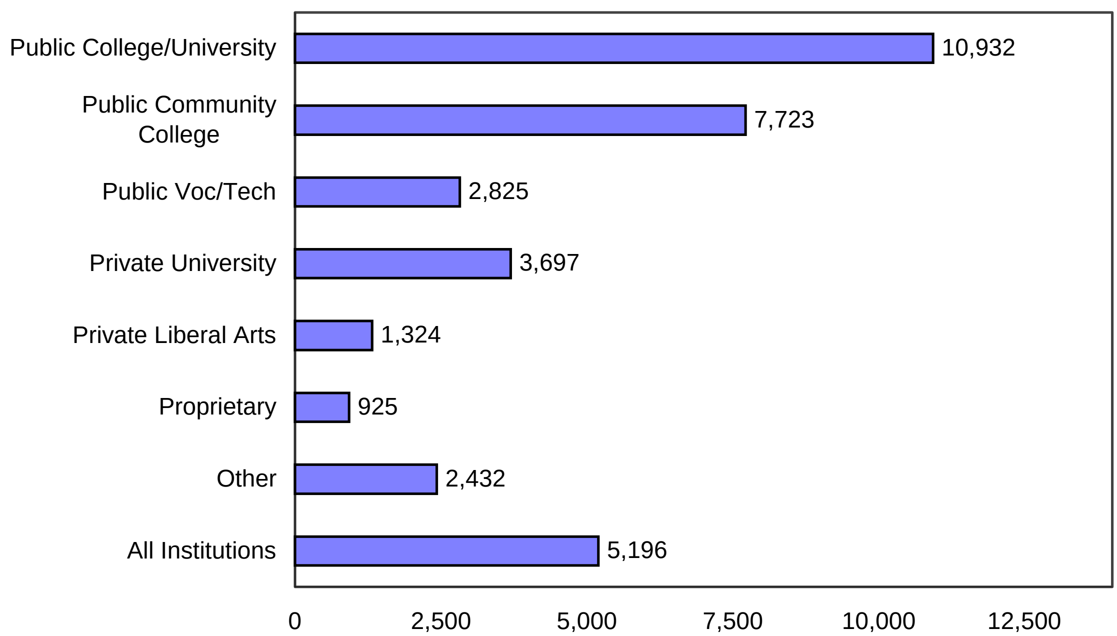
[8] This is the combined average for private liberal arts colleges and private universities. This average is not shown in Figure 1-3.

public colleges and universities was $2,705, compared with an average of $3,213 for the public colleges that participated in the SUFAPPP. The $1,356 average tuition charge at community colleges that responded to SUFAPPP was just $46 higher than the average reported by *Trends* ($1,310).

Undergraduate Enrollment

The average total undergraduate enrollment for all respondents was approximately 5,200. Average enrollment by type of institution ranged from 925 at proprietary institutions to nearly 11,000 at four-year public colleges and universities. Again, enrollments often varied widely by institutional type, with four-year public colleges and universities having the largest student bodies on average (see Figure 1-4).

Figure 1-4. Average Undergraduate Enrollment by Institutional Type at SUFAPPP:96 Respondents



Source: NASFAA and the College Board, *SUFAPPP:96.*

With the exception of proprietary schools, enrollment has increased dramatically in the seven years between SUFAPPP:88 and SUFAPPP:96. At four-year private colleges and universities, enrollment went up by an average of 22 percent, while at four-year public institutions, the number of undergraduates grew by 16 percent. Community colleges saw their enrollments grow by 23 percent, and public vocational/technical schools experienced a 37 percent gain in numbers of undergraduates. The number of undergraduates who attended proprietary schools fell by an average of 19 percent, but this drop may reflect the difference in the number of schools that responded to the SUFAPPP rather than an actual decrease in proprietary school enrollments. This decline probably is not reflective of enrollment trends at all proprietary schools. Enrollment grew by an average of 20 percent at all institutions that responded to the SUFAPPP. Later sections of this report will show that this growth played an important role in the availability of financial aid funds and the workload of financial aid administrators.

Enrollment Status

Responding institutions reported that 65 percent of their students were enrolled full time during the 1994-95 academic year, This compares with 69 percent in 1987-88. Roughly 23 percent were enrolled at least half-time but less than full-time (20 percent in 1987-88), and 12 percent were enrolled less than half time (10 percent in 1987-88). Students at traditional four-year institutions and proprietary schools were more likely than undergraduates at community colleges or vocational/technical schools to be enrolled full-time. Table 1-1 shows the changes in enrollment status by type of institution.[9]

Table 1-1.
Undergraduate Student Enrollment Status,
by Institutional Type, 1988 and 1995

Institutional Type	Year	Percentage Full-Time	Percentage Half-Time	Percentage Less Than Half-Time
Public College/University	1988	73%	17%	10%
	1995	71%	20%	9%
Community College	1988	43%	32%	25%
	1995	44%	35%	21%
Public Voc/Tech	1988	63%	22%	15%
	1995	56%	27%	16%
Private University	1988	74%	16%	10%
	1995	76%	16%	7%
Private Liberal Arts	1988	77%	14%	9%
	1995	78%	14%	8%
Proprietary	1988	75%	19%	6%
	1995	75%	20%	5%
All Institutions	1988	69%	20%	10%
	1995	65%	23%	12%

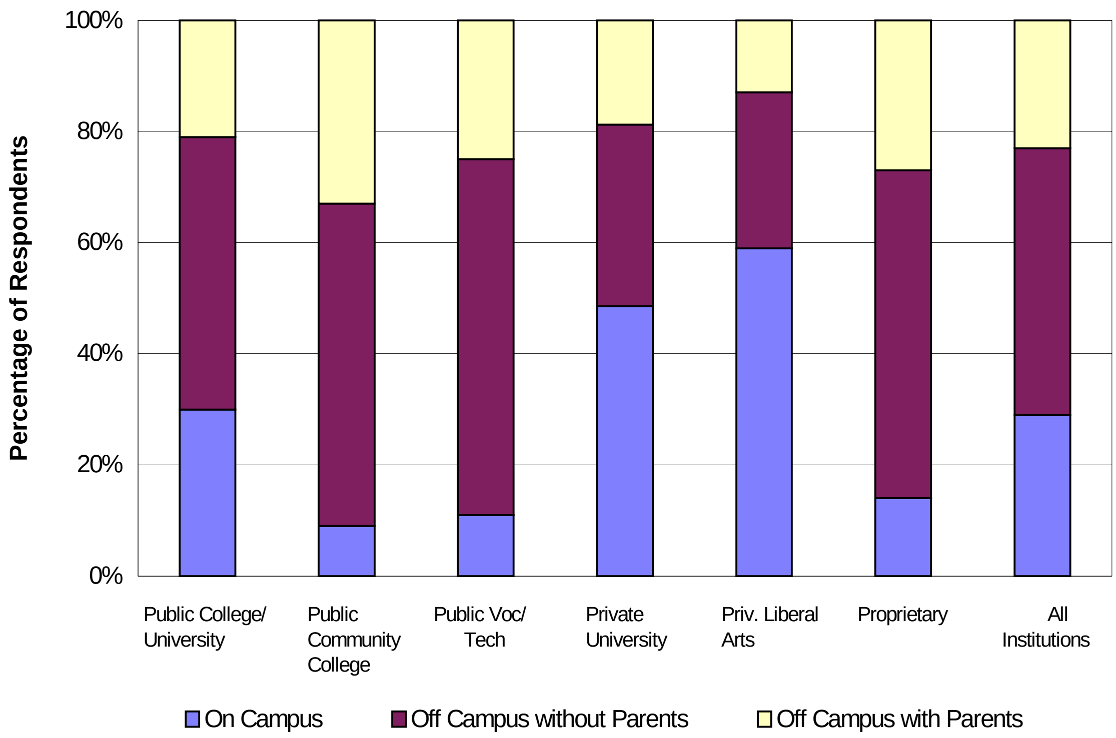
Source: NASFAA and The College Board, *SUFAPPP:96.*

[9]The enrollment status data are *not* weighted by enrollment; that is, average enrollment status at large public institutions carries no more weight than that at small proprietary schools. Thus, these data represent institutional patterns, not the enrollment statuses of individual students.

Student Housing Status

According to SUFAPPP:96, 29 percent of undergraduates lived on campus, 48 percent lived off campus but not with their parent(s), and 23 percent lived off campus *with* their parent(s). Private liberal arts colleges reported the largest percentage of students living on campus (59 percent). Community colleges, many of which have limited or no on-campus housing facilities, reported the smallest percentage of students living on campus (9 percent). Vocational/technical schools reported the largest percentage of students living off campus, but not with parent(s), at 64 percent, which reflects the large number of financially independent students who attend these institutions. Community colleges reported the largest percentage of students living with their parent(s) at 33 percent, reflecting the local nature of these institutions (see Figure 1-5).

Figure 1.5 Undergraduate Student Housing Status by Institutional Type

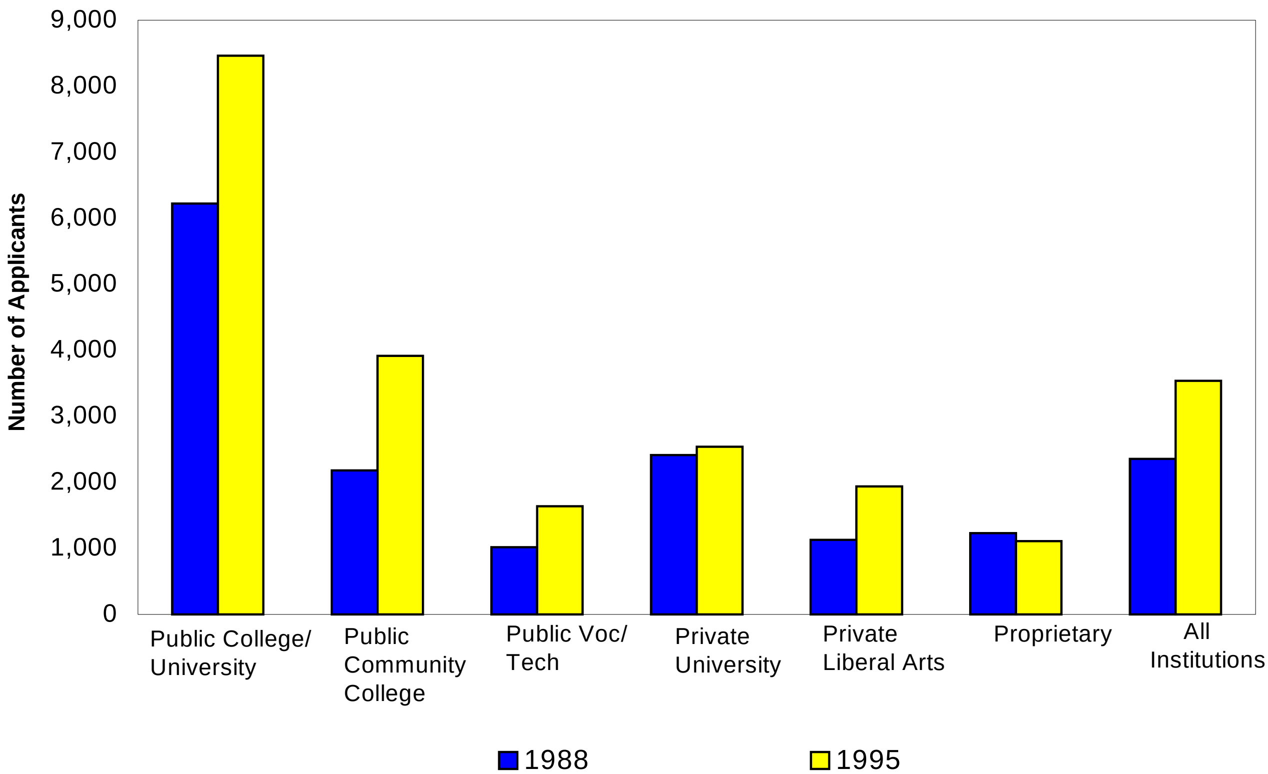


Source: NASFAA and The College Board, *SUFAPPP:96.*

Financial Aid Applicants and Recipients

Responding institutions reported that, on average, 3,538 students applied for financial aid in 1994-95, and 2,743, or 78 percent, received an aid award.[10] The average number of applicants ranged from a low of 1,111 at proprietary institutions to a high of 8,466 at public universities. These large increases reflect the growth in enrollment at all institutional types that occurred during the study period. Figure 1.6 displays the increase in average numbers of aid applicants by type of institution in 1988 and 1995.

Figure 1-6. Average Number of Financial Aid Applicants by Type of Institution, 1988 and 1995

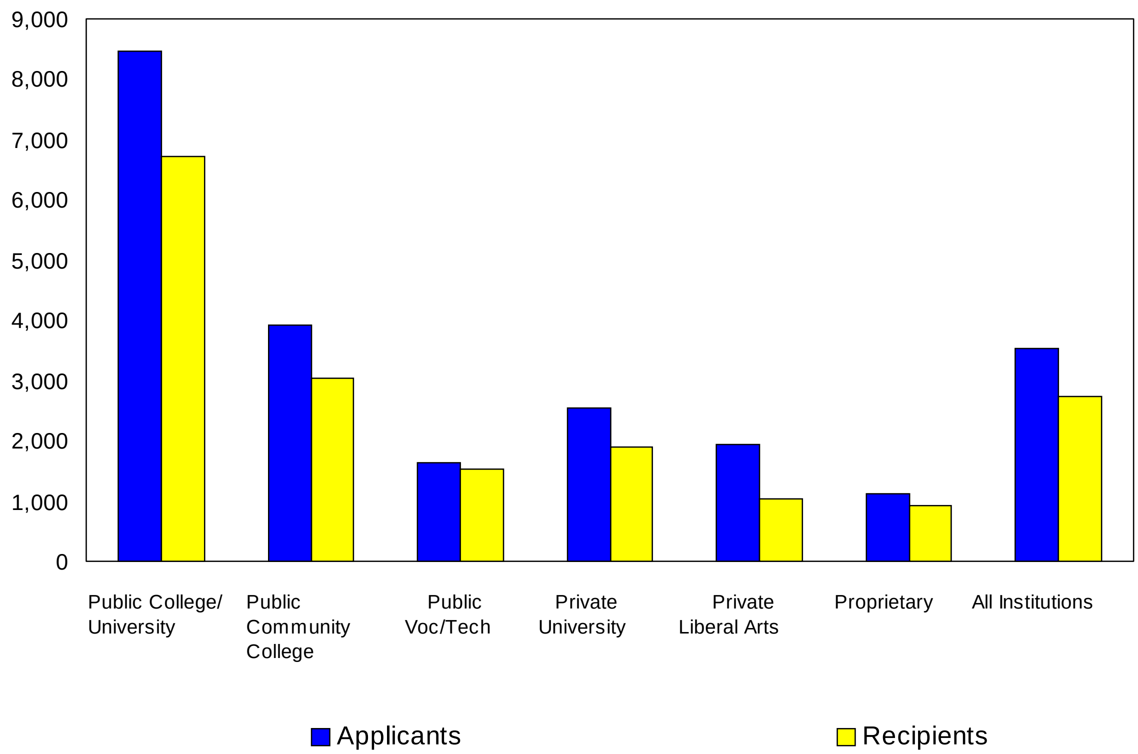


Source: NASFAA and the College Board, *SUFAPPP:96.*

[10] See survey questions 7 and 8 in the Appendix for the wording of applicant and recipient questions.

The number of financial aid applicants has grown dramatically since SUFAPPP:88. On average, the number of applicants went up 50 percent, from 2,356 in 1987-88 to 3,538 in 1994-95.[11] Private colleges and universities received 26 percent more aid applications than they did in 1987, while four-year public colleges received 36 percent more applications and community colleges received 80 percent more. The average number of financial aid recipients also varied by type of institution, ranging from 917 at proprietary institutions to 6,711 at four-year public colleges and

Figure 1-7. Average Number of Financial Aid Applicants and Recipients by Type of Institution



Source: NASFAA and the College Board, SUFAPPP:96.

universities (see Figure 1-7). The average percentage of applicants who received awards ranged from 53 percent at private liberal arts colleges to 93 percent at public vocational/technical schools.

[11] Proprietary institutions reported a drop in the number of applicants since 1988, which is no doubt more a reflection of the number and types of institutions that responded to the more recent survey, rather than to the average number of applications received at the same proprietary institutions.

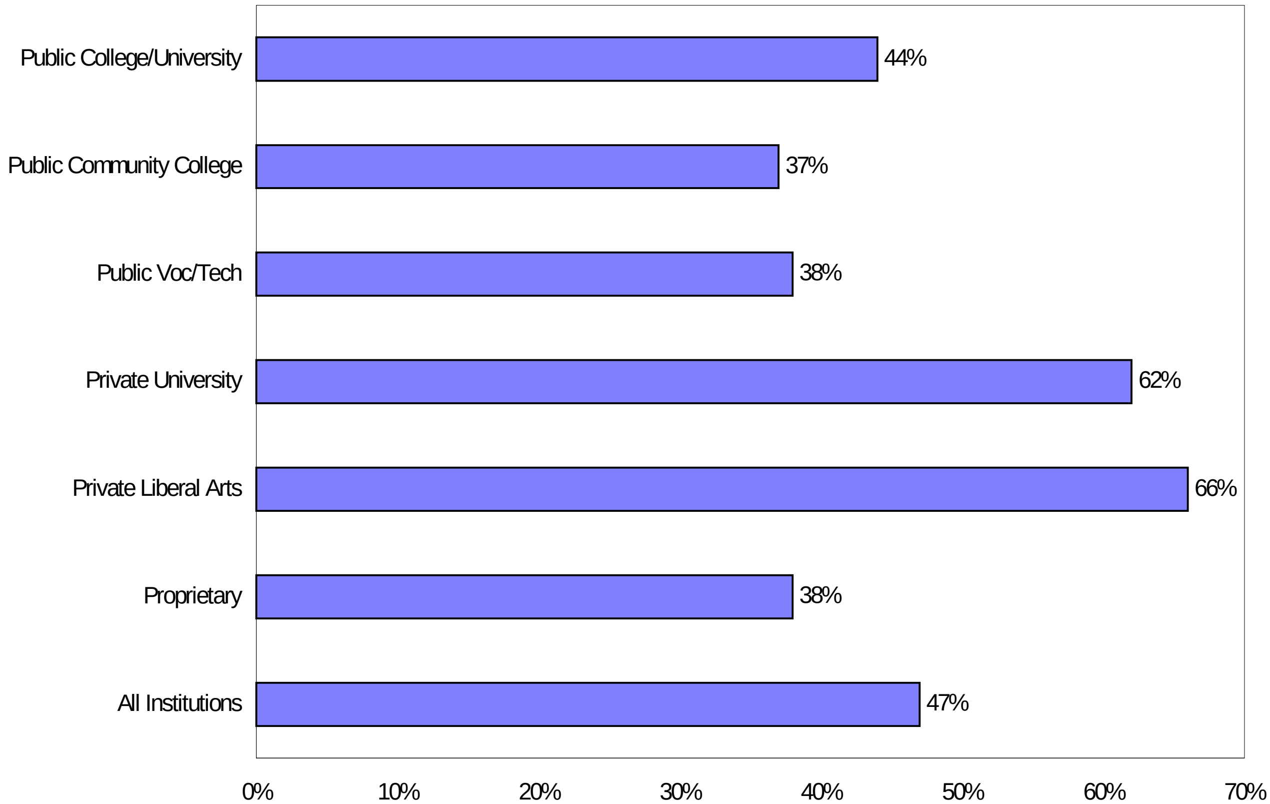
The average percentage of financially needy students who received an award from federal campus-based[12] and institutional aid programs in 1994-95 varied from 38 percent at proprietary and public vocational/technical institutions to 66 percent at private liberal arts institutions (see Figure 1-8).[13] Of course, a number of institutions either do not participate in the campus-based programs or do not award institutional funds. These institutions would have been unable to award such funds to their needy students, but may have met students' financial need in part or in full with Federal Pell Grants or guaranteed loans.[14]

[12]Federal campus-based programs include the Federal Supplemental Educational Opportunity Grant, Federal Perkins Loan, and Federal Work-Study programs.

[13]See survey question 11 in the Appendix for the wording of this item.

[14] Federal guaranteed loan programs include the Federal Stafford Subsidized, Federal Stafford Unsubsidized, and Federal PLUS loan programs. These loans are awarded through the Federal Direct Loan and FFEL Programs.

Figure 1-8. Average Percentage of Needy Financial Aid Applicants Who Received Campus-Based or Institutional Aid Funds, by Institutionial Type



Source: NASFAA and The College Board, *SUFAPPP:96.*

Dependency Status

On average, institutions reported that 47 percent of their 1994-95 financial aid applicants were classified as financially dependent on their parent(s), 23 percent were independent without dependents, and 30 percent were independent with dependents. Students at private liberal arts institutions were more likely to be dependent; more than two-thirds of these aid applicants were dependent while less than one-third were either independent without dependents (16 percent) or independent with dependents (15 percent). At public vocational/technical institutions, however, 75 percent of aid applicants were independent—twenty-one percent independent without dependents, and more than half (54 percent) independent *with* dependents. Table 1-2 shows dependency status by type of institution for the 1988 and 1996 SUFAPPP surveys.

Table 1-2.
Financial Dependency Status for Undergraduates,
by Type of Institution, 1988 and 1996

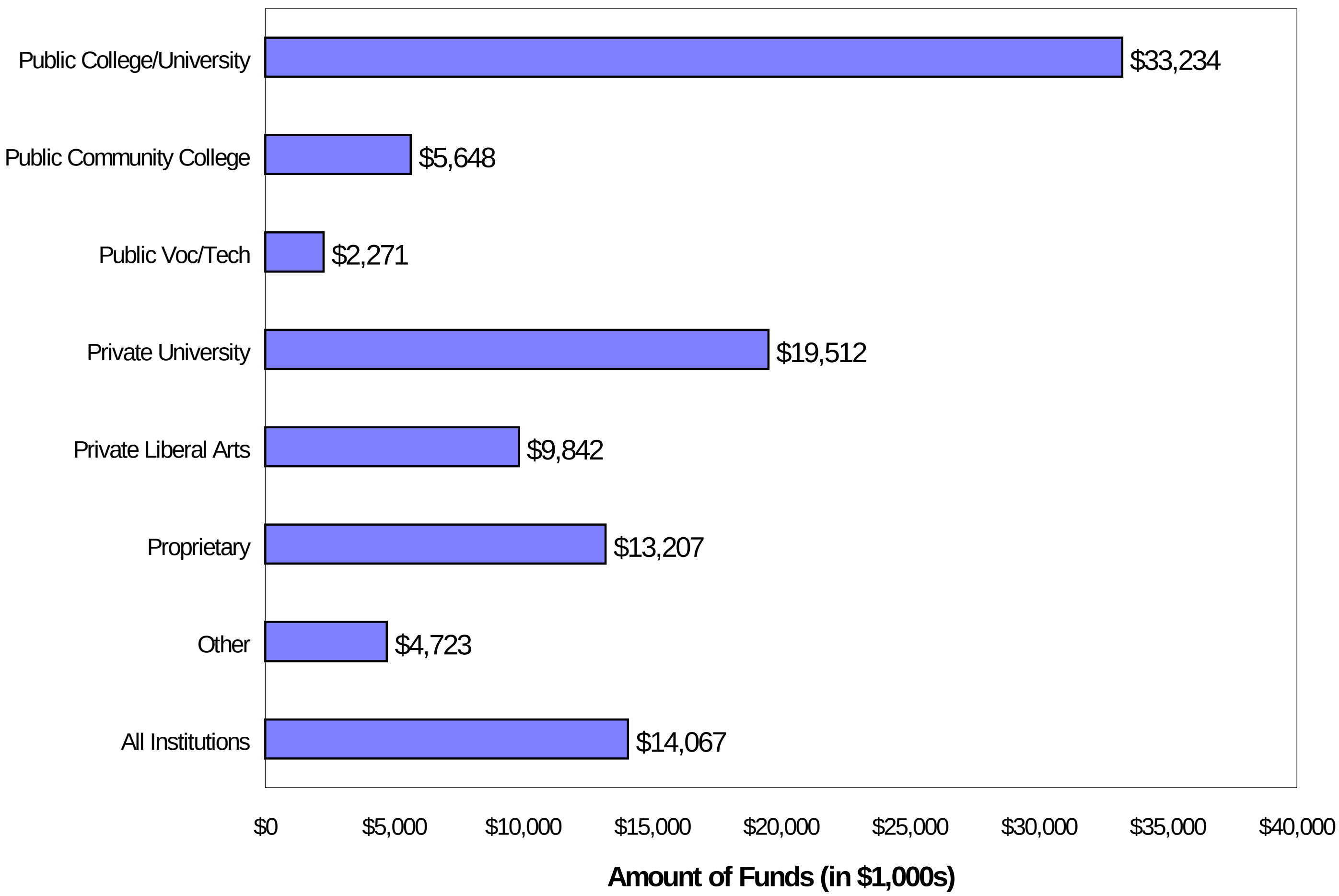
Institutional Type	Year	Pct. Dependent	Pct. Independent Without Dependents	Pct. Independent With Dependents
Public College/University	1988	59%	23%	18%
	1996	56%	24%	20%
Community College	1988	36%	25%	38%
	1996	34%	25%	40%
Public Voc/Tech	1988	32%	24%	44%
	1996	25%	21%	54%
Private University	1988	70%	16%	14%
	1996	65%	18%	17%
Private Liberal Arts	1988	72%	15%	13%
	1996	69%	16%	15%
Proprietary	1988	37%	27%	36%
	1996	33%	29%	38%
All Institutions	1988	53%	21%	26%
	1996	47%	23%	30%

Source: NASFAA and The College Board, *SUFAPPP:96.*

Financial Aid Funds

Overall, the responding institutions administered $14 million per institution in financial aid funds during the 1994-95 academic year. Total aid dollars differed substantially by institutional type. Average total aid administered ranged from $2.3 million at public vocational/technical institutions to $33 million at four-year public colleges and universities. Figure 1-9 illustrates average funds administered by type of institution.

Figure 1-9. Average Financial Aid Funds Administered, by Institutional Type, in Academic Year 1994-95



Source: NASFAA and The College Board, *SUFAPPP:96.*

Since 1988, the distribution of financial aid funds by institutional type has remained fairly constant, although the total amounts have increased substantially. Later sections of this report will show the trends in financial aid awards by institutional type.

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Chapter 2: Student Aid Applications

Between the 1988 and 1996 SUFAPPP studies, the procedures used to determine student eligibility for financial aid were altered dramatically. Previously, as many as six independent organizations were authorized annually to calculate the official expected family contribution (EFC) used to establish eligibility for all need-based student aid programs authorized under Title IV of the Higher Education Act, except Pell Grants. Several organizations published, distributed, and processed student aid applications. These organizations, known as Multiple Data Entry (MDE) processors, transmitted applicant data to a Central Processing System contractor, the only organization authorized to calculate the family contribution (known as the Eligibility Index) for Pell Grant eligibility.

The Higher Education Amendments of 1992 significantly overhauled the student aid application and delivery system. Effective with the 1993-94 academic year, the law mandated that students be allowed to apply for all Title IV funds using the Free Application for Federal Student Aid (FAFSA). For three years, the FAFSA was processed by three organizations under contract with the U.S. Department of Education: the American College Testing Program (ACT), the College Scholarship Service (CSS) of The College Board, and the Pennsylvania Higher Education Assistance Agency (PHEAA). The federal government reimbursed these organizations for distributing and processing FASFAs. These agencies used the new statutory Federal Methodology (FM) to determine students' eligibility to receive federal financial aid. Beginning in 1996-97, the Department contracted with just one organization, National Computer Systems, for FAFSA processing.

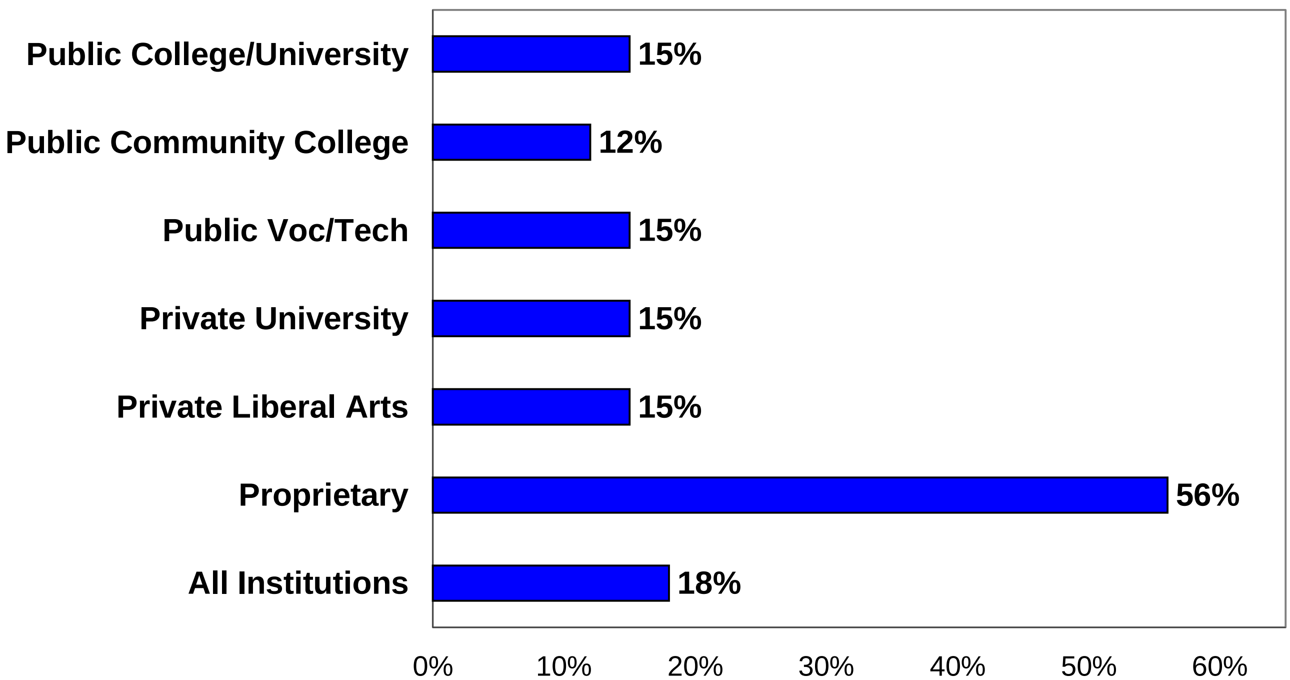
Under FM, a single Expected Family Contribution (EFC) is calculated to determine eligibility for all need-based aid programs authorized under Title IV of the Higher Education Act. This methodology, a simplified version of the Congressional Methodology used from 1988-89 to 1992-93, excludes several data elements some institutions feel are important in determining expected family contributions for their aid applicants. In response to FM, a number of institutions introduced or expanded a separate application form and need analysis methodology for awarding institutional funds. Of the former MDE processors, only the College Scholarship Service continued to publish, distribute, and process a separate application form using an independent need analysis methodology called Institutional Methodology (IM).

Between 1988 and 1996, both the U.S. Department of Education (ED) and postsecondary institutions took major steps to further automate the student aid application and delivery systems. EDExpress, ED's electronic data exchange software, allows students to complete their FAFSAs electronically. Since 1992-93, students have been able to file a FAFSA Renewal Application electronically. The Renewal Application allows continuing students to update their application data for a new academic year. This application is designed to reduce the burden many applicants may bear when reapplying for aid in order to complete their educational programs. A printed version of the Renewal Application that preprints many of the initial application items was introduced in 1994-95.

Electronic Applications

More than half (58 percent) of the aid administrators who responded to SUFAPPP:96 reported that **none** of their aid applicants used EDExpress to file their aid applications electronically. On average, 18 percent of applicants filed electronically, but as Figure 2-1 shows, 56 percent of applicants at proprietary schools used EDExpress .

Figure 2-1. Average Percentage of Financial Aid Applicants Who Submitted the FAFSA Using EDExpress, by Institutional Type



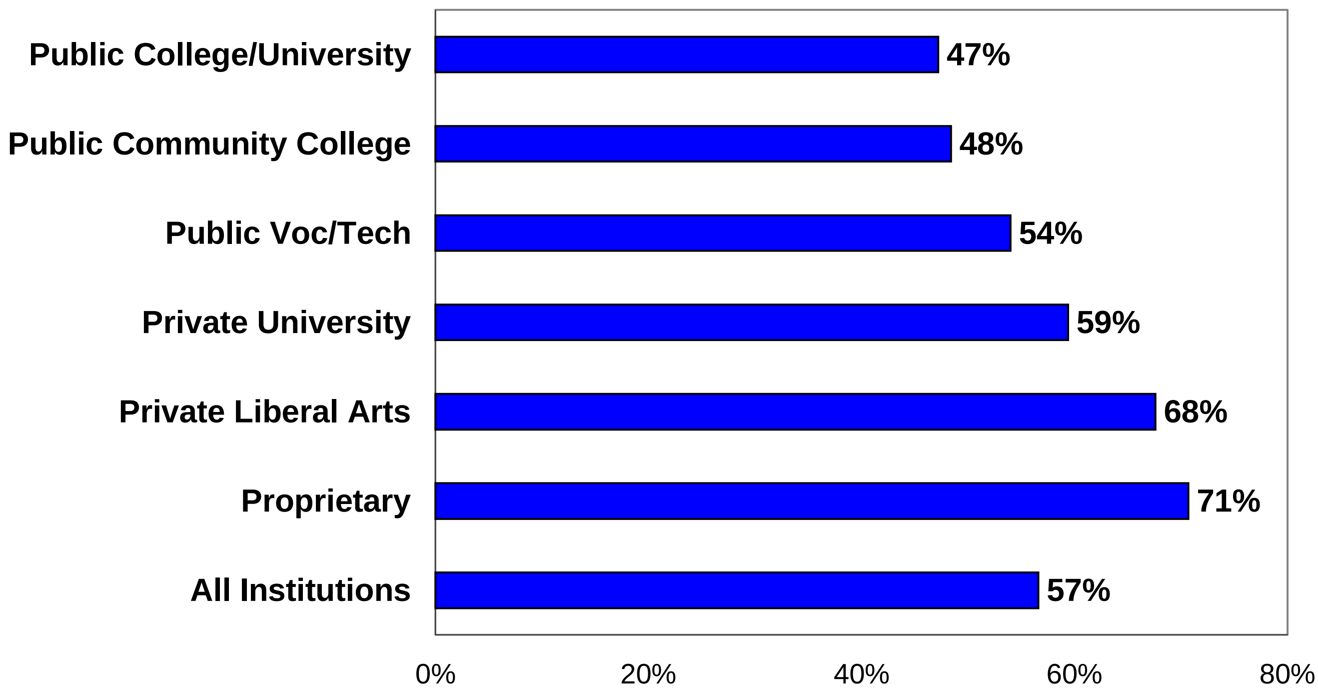
Source: NASFAA and The College Board, *SUFAPPP:96.*

Optional Asset Information on the FAFSA

Under FM, applicants may qualify for a Simplified Needs Test if the family adjusted gross income is less than $50,000. Because the Simplified Needs Test ignores assets, some states and institutions advise their applicants to complete the asset information on the FAFSA even if they qualify for the Simplified Needs Test and are not required to do so.

Findings from SUFAPPP:96 show that whether institutions requested optional asset information depended a great deal on whether the institution was public or private. Figure 2-2 shows that nearly one-half of the four-year and two-year public colleges and public vocational/technical institutions requested the asset information, compared with more than two-thirds of proprietary schools and four-year private liberal arts colleges.

Figure 2-2. Average Percentage of Institutions That Asked Students to Complete the FAFSA Optional Asset Information Section, by Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96*

Institutional Applications

In order to capture additional information not collected on the FAFSA, institutions may require students to complete a separate application that asks aid applicants to provide more detailed financial information. Institutions have the option of either using the College Scholarship Service (CSS) application (in 1988, this application was called the Financial Aid Form or FAF) or asking students and their families to complete a financial aid application form that is developed by the institution. While these separate applications may be used to determine eligibility for institutional scholarships and awards, they may not be used to calculate eligibility for any federal student aid.

Table 2-1 shows that 60 percent of all the institutions that responded to the SUFAPPP:96 survey developed their own application form to capture additional data from both first-year and renewal applicants. Furthermore, about 9 percent of institutions required students to complete the FAF, leaving only about one-third of institutions that require students to fill out only the FAFSA. Private colleges and universities were much more likely than public institutions to require new and renewal aid applicants to submit the FAF, while a higher proportion of community colleges and public four-year institutions were more likely than other institutional types to use their own separate aid applications.

Table 2-1. Average Percentage of Institutions That Required New and Renewal Student Aid Applicants to Submit CSS/FAF or Institutional Applicants, by Type of Institution

Institutional Type	Application Type (New or Renewal)	None	CSS/FAF	Institutional Application
Public College/University	New	51%	3%	49%
	Renewal	51%	2%	49%
Community College	New	33%	2%	69%
	Renewal	32%	1%	69%
Public Voc/Tech	New	33%	2%	69%
	Renewal	33%	2%	68%
Private University	New	31%	22%	59%
	Renewal	29%	22%	63%
Private Liberal Arts	New	32%	23%	52%
	Renewal	36%	20%	53%
Proprietary	New	40%	3%	60%
	Renewal	49%	3%	49%
All Institutions	New	37%	9%	60%
	Renewal	38%	8%	60%

Source: NASFAA and The College Board, *SUFAPPP: 96.*

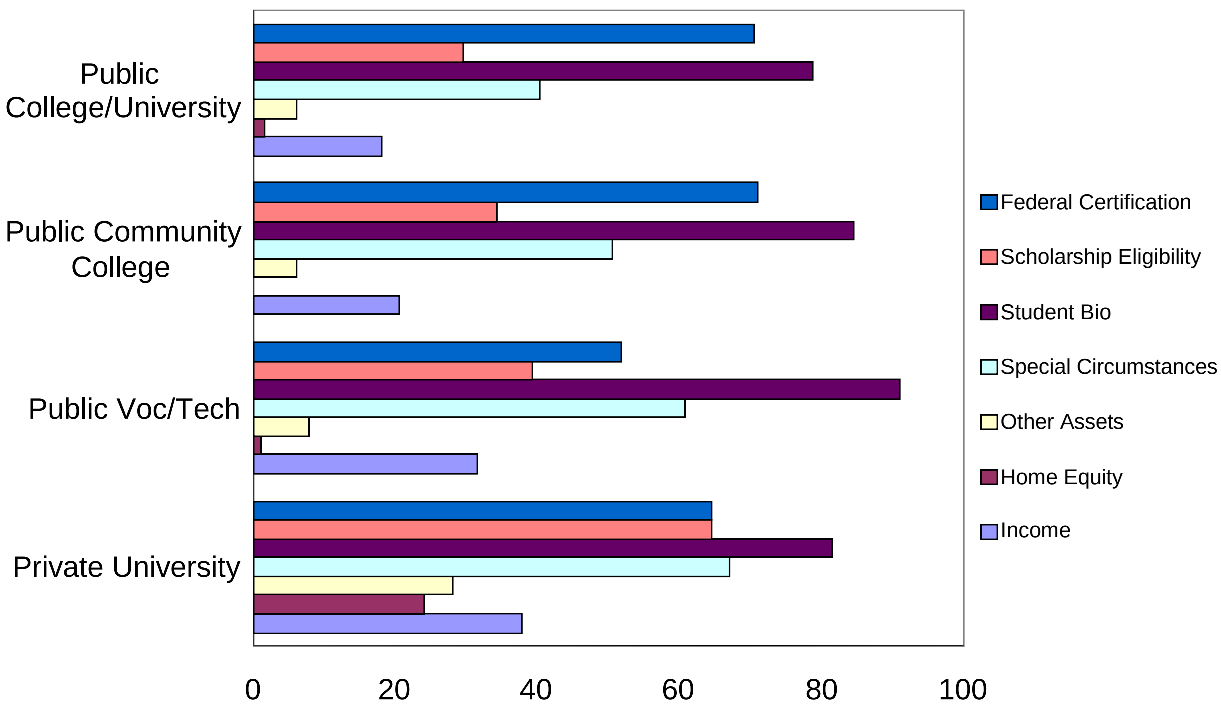
Institutions that require their own separate application, other than the FAF, were asked to identify what additional information they collect.[15] About one-third of private institutions collected additional income data, but a slightly smaller share of public institutions required these data (see Figure 2-3). Private colleges and universities also were more likely than other institutional types

[15]See the Appendix, item number 23, for a complete description of the choices respondents were asked.

to use their separate applications to ask for home equity and other asset data. Colleges and universities with selective admissions standards also were more likely than other institutions to ask for income and asset data; these institutions usually have more institutional aid funds to distribute and may require the additional income data to determine eligibility for these awards. Nearly all of the institutions that used their own aid applications required their applicants to report more detailed biographic/academic data, such as previous colleges attended (since institutions were required to collect financial aid transcripts from any previous colleges attended). Additional information collected also included academic grades and standardized test scores (used by some colleges to award their institutionally-funded scholarships); driver's license numbers; loan cosigners; and student certification required under federal regulations (see Figure 2-3).

About 68 percent of four-year private colleges and universities that used separate applications did so to establish eligibility for institutional scholarships. Only one-third of four-year public institutions reported using applications for this purpose.

Figure 2-3. Data Collected on Separate Institutional Aid Applications by Institutional Type

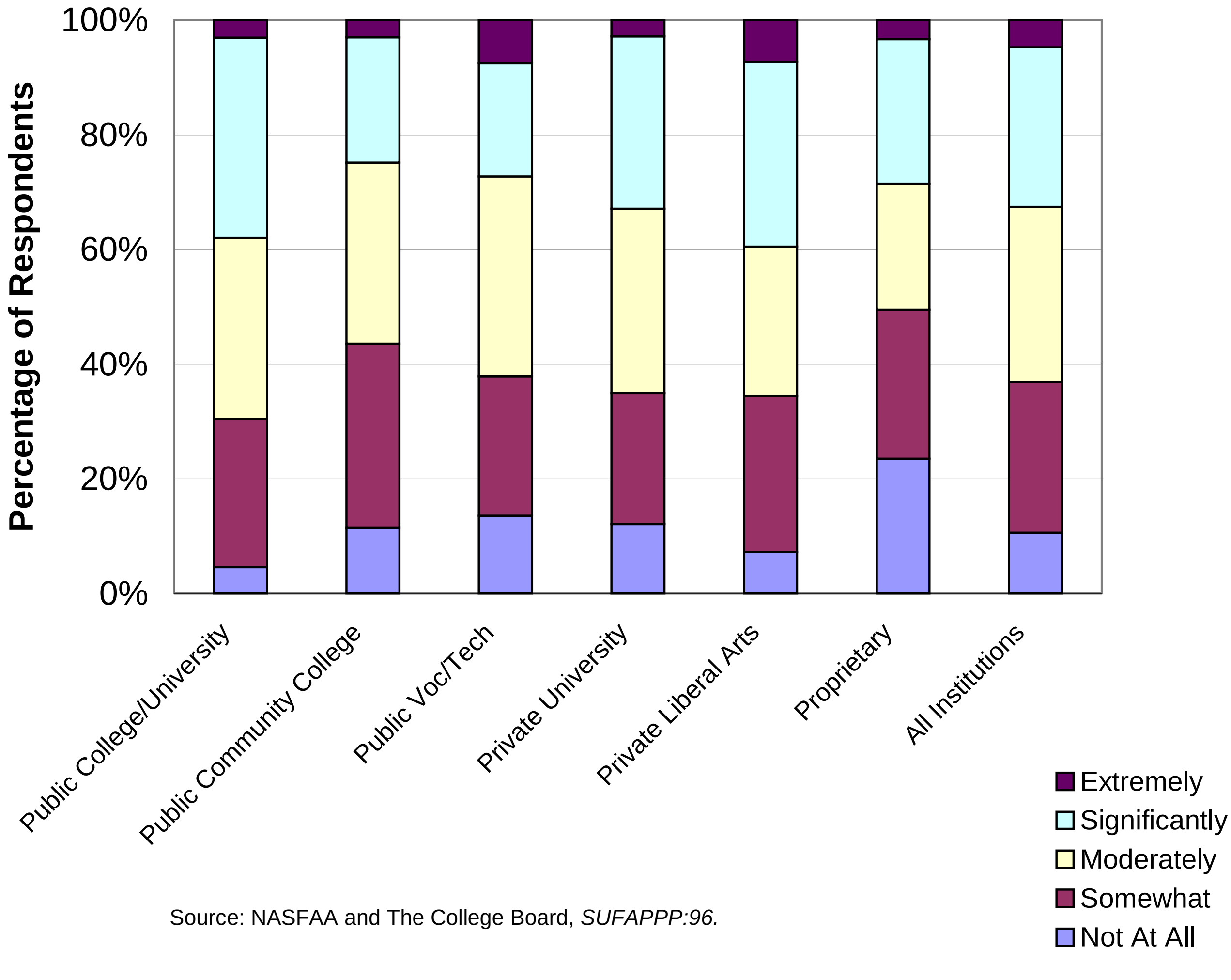


Source: NASFAA and The College Board, *SUFAPPP:96.*

Renewal Applications

The overwhelming majority (90 percent) of the respondents said that the implementation and use of the Renewal Application reduced the aid application burden on continuing students; nearly one-third claimed it had a *significant* or *extreme* effect (see Figure 2-4). A smaller share of respondents from proprietary schools and two-year public colleges reported this result. This may reflect the smaller number of renewal applicants at these institutions, since students at community colleges and proprietary schools are less likely to enroll for two or more years of undergraduate study, and thus are less likely to need a renewal application.

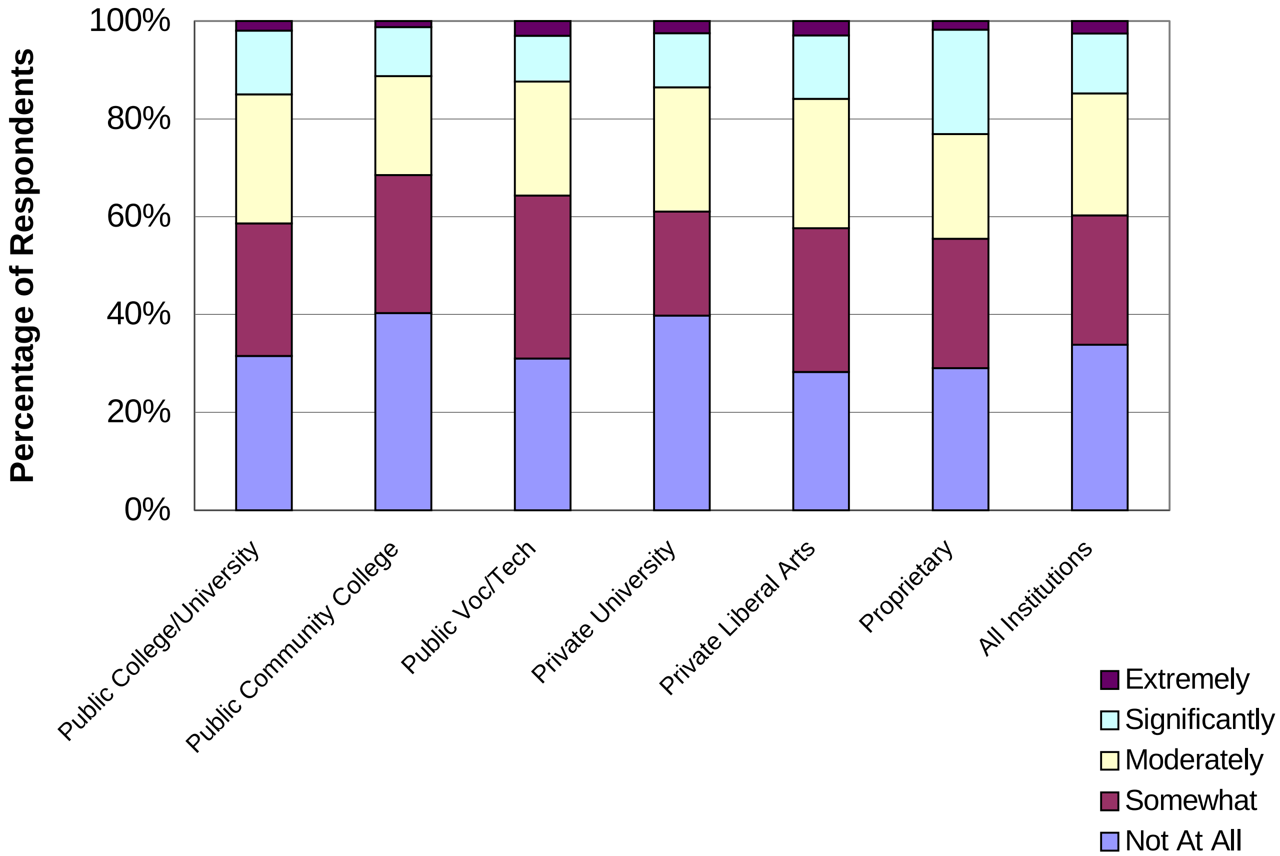
Figure 2-4. Extent to Which the Renewal Application Reduced the Burden on Financial Aid Applicants, by Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96.*

A much lower percentage of SUFAPPP participants reported that the renewal applications had a positive effect on reducing the burden on financial aid *operations* (see Figure 2-5). Just 13 percent of all respondents reported that the new process had significantly or extremely reduced their workload burdens, although a majority of institutions (66 percent) believed that the renewal application had at least somewhat reduced their workloads.

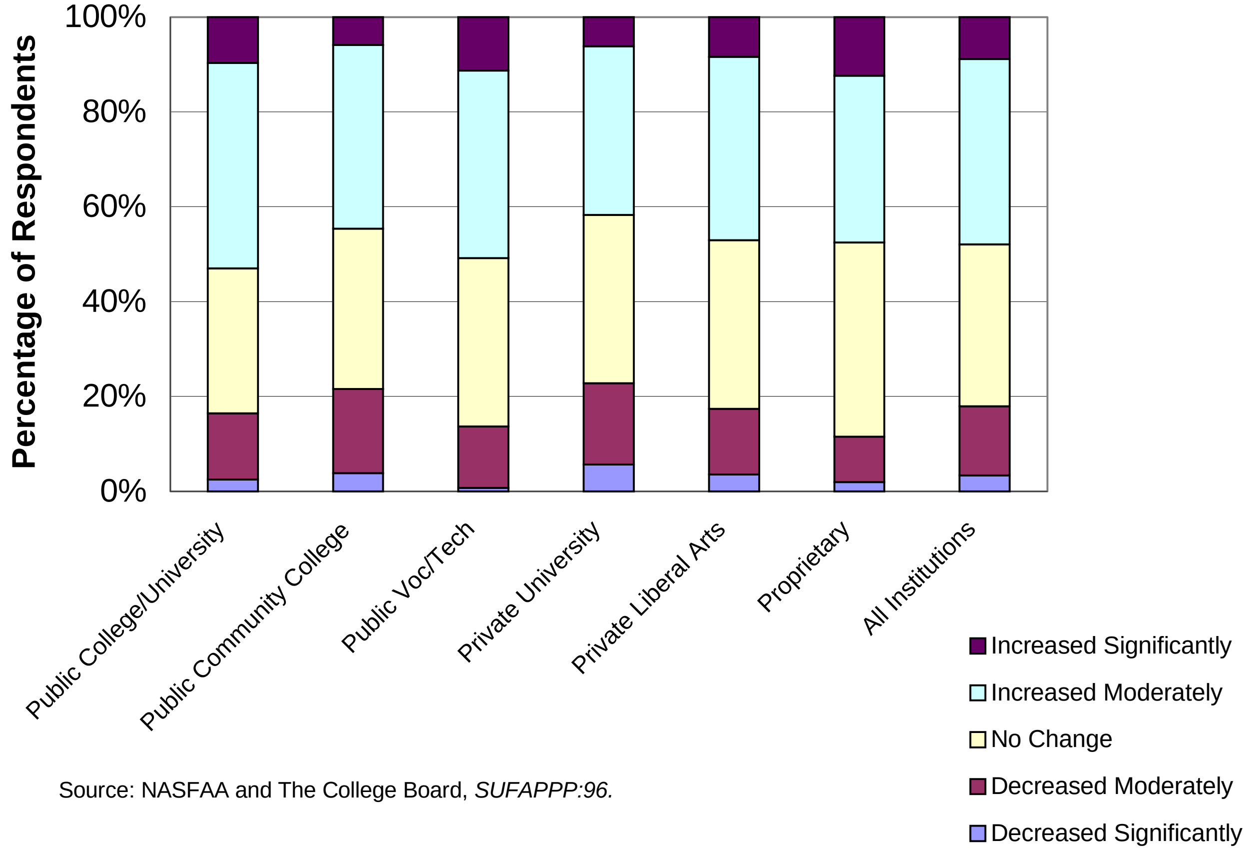
Figure 2-5. Extent to Which Renewal Application Reduced the Burden on Financial Aid Operations, by Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96*

The renewal application did not appear to have had any effect on the accuracy of applicant data at most institutions. Figure 2-6 shows that 30 percent of respondents reported that there was no change in the accuracy of financial aid data submitted by students, and 34 percent said it increased accuracy only moderately.

Figure 2-6. Effect of the Renewal Application on Accuracy and Completeness of Financial Aid Data Reported by Students, by Type of Institution



Source: NASFAA and The College Board, *SUFAPPP:96.*

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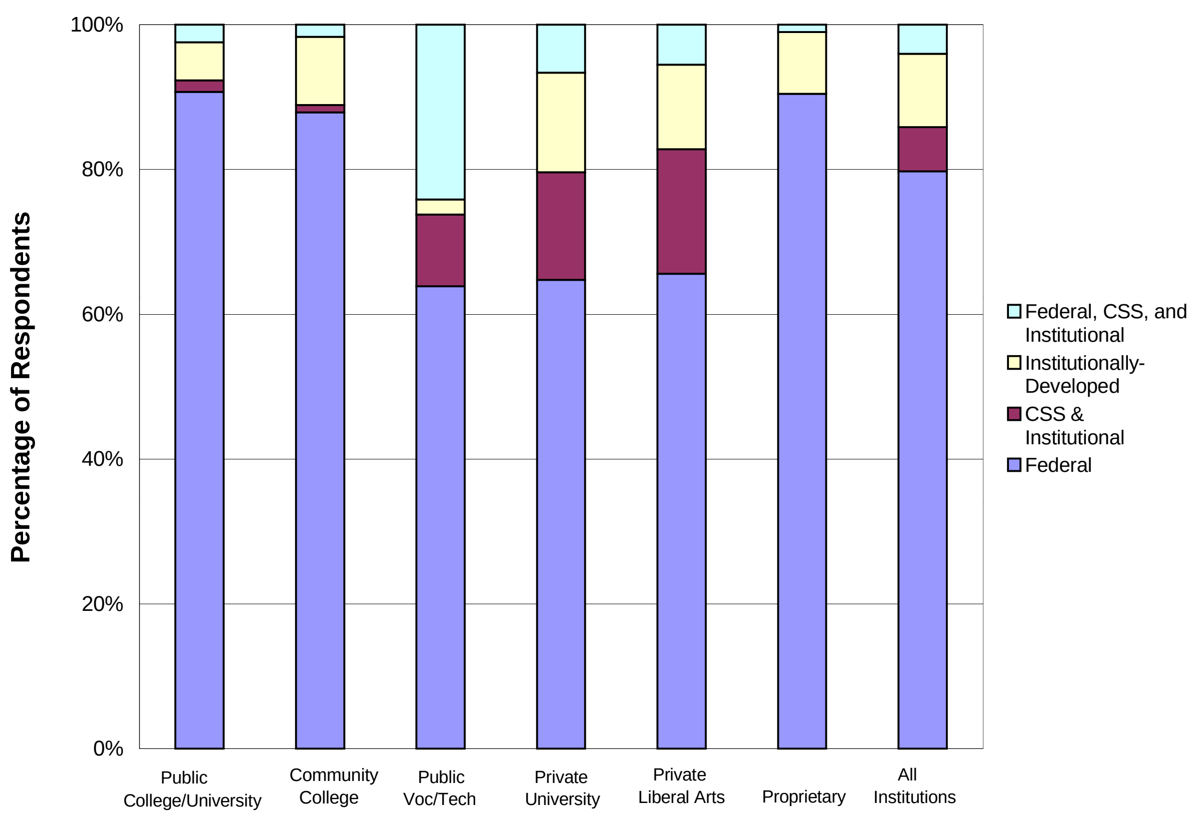
Chapter 3: Need Analysis and Application Review

Need Analysis Methodology

Changes in federal need analysis instituted by the Higher Education Amendments of 1992 led to changes in the need analysis methodologies used by institutions to distribute their institutionally funded financial aid awards. The Federal Methodology does not include home equity and allows many families to exclude other assets from federal financial aid considerations. A number of financial aid offices believe these data are necessary in order to distribute institutional grants equitably. Separate aid applications and need analysis methodologies are often used to award institutional funds. SUFAPPP:96 asked respondents to indicate which need analysis methodologies they used to distribute institutional aid. Figure 3.1 reveals these results.

Figure 3-1. Need Analysis Methodology Used to Determine Eligibility for Institutional Aid After the Higher Education Amendments of 1992, by Type of Institution

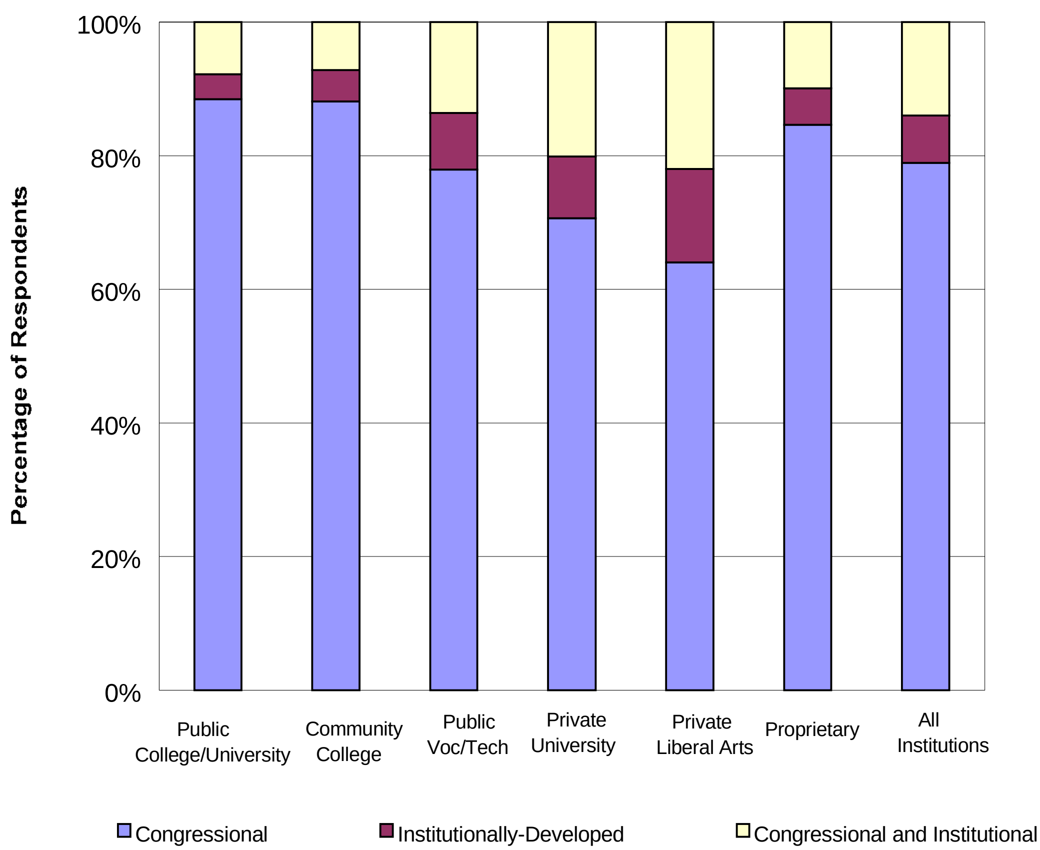


Source: NASFAA and The College Board, *SUFAPPP:96.*

About 83 percent of public colleges and universities used the FM exclusively, compared with 64 percent of private universities and 65 percent of private liberal arts colleges. Combined, about three-quarters of all two-year public and four-year institutions and proprietary schools used FM exclusively to award their institutional aid. In contrast, 65 percent of four-year private colleges and universities used FM to award institutional aid.

These results vary slightly from earlier years. Prior to the 1992 reauthorization of the Higher Education Act, about 80 percent of public four-year colleges and universities used the Congressional Methodology exclusively, while 66 percent of private universities and 58 percent of private liberal arts colleges used CM only. About 68 percent of two-year public and four-year colleges and proprietary schools used only the CM, compared with 63 percent of four-year private colleges and universities (see Figure 3-2).

Figure 3-2. Need Analysis Methodology Used to Determine Eligibility for Institutional Aid Before the Higher Education Amendments of 1992, by Type of Institution



Source: NASFAA and The College Board, *SUFAPPP:96.*

In SUFAPPP:88, it was reported that “Congressional Methodology formalized many of the practices already accepted by the aid community,”[16] and, therefore, most administrators accepted the results when awarding institutional aid. Clearly, a high percentage of institutions also use FM to award institutional aid. However, it is not clear if FM accurately reflect the practices previously in place at institutions. Questions remain about whether institutions use FM because it accurately predicts ability to pay or whether if reflects political expediency in a period of competitive admissions.

Verification

Federal regulations require institutions to verify, or review for accuracy, either at least 30 percent of the aid applications received, or 100 percent of those applications “flagged” by the central processor for verification. Under verification, applicants provide supporting documentation (e.g. income tax returns, untaxed income statements, bank statements, etc.) to the financial aid office. Aid administrators compare the information applicants provide with data reported from the FAFSA. If there are errors, applicants have the opportunity to correct the application, or, in many cases, the financial aid administrator can recalculate the EFC based on the new data.

Historically, rather than sample 30 percent of aid applications or rely on the central processor to flag applications, many institutions chose to verify all the applications they received. Institutions that verified all the applications did so not only to check the accuracy of the information reported, but also to make changes in the data to conform to institutional policies. Through this verification and review process, institutions changed the EFC as they saw fit to award their own funds. Many institutions, for example, added back to income secondary business losses, added the home equity not counted in FM, or eliminated the discount for the second member of the family in college if the second member was attending less than full time or a low-cost community college.

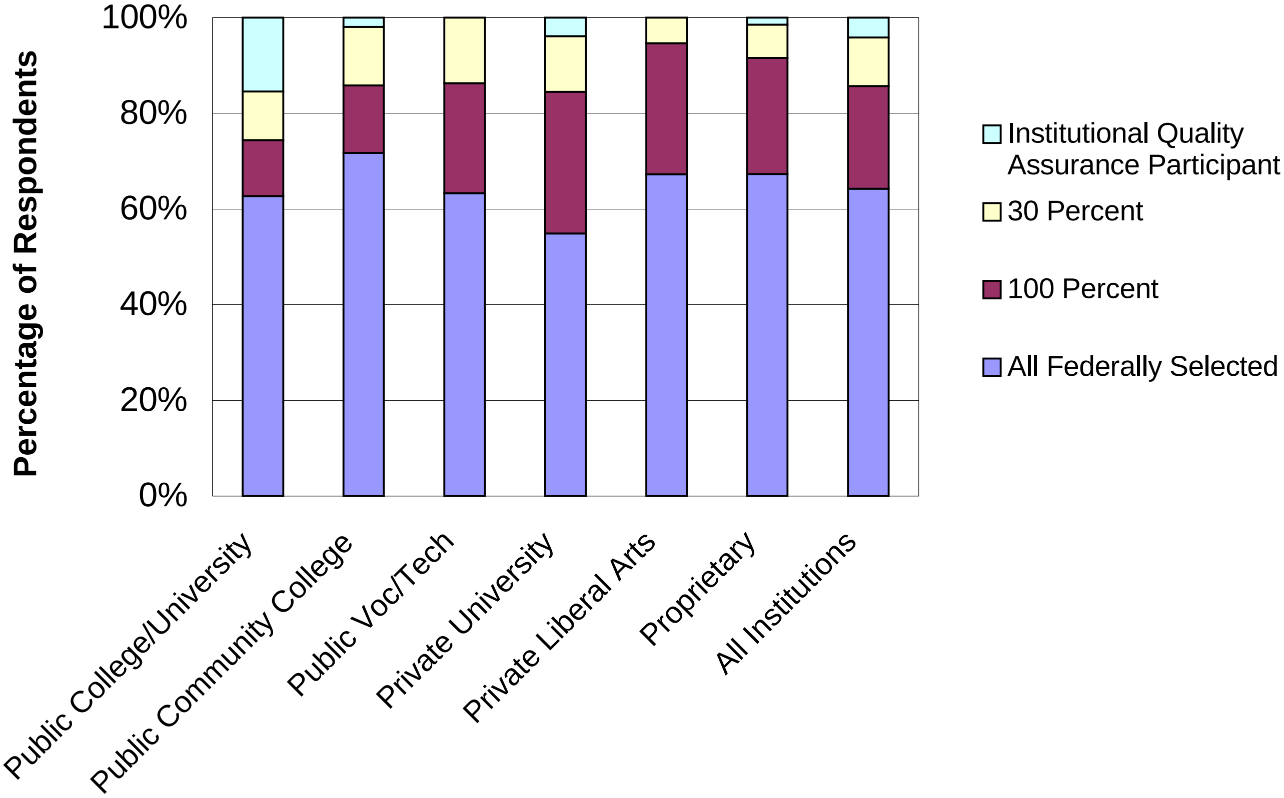
Use of verification varies by institutional type. Over three-quarters of public and proprietary institutions performed the minimum verification required, either 30 percent of applications or all those selected under federal criteria, compared with about two thirds of private institutions. A higher share of private colleges and universities performed verification over and above the minimum federal requirements (see Figure 3-3). A small number of institutions participate in the Institutional Quality Assurance Program, under which institutions set their own verification standards based on characteristics of their student aid applicants.

The balance in each type of institution either performed 100 percent verification, or used some other criteria to determine accuracy (institutionally designed criteria that met the federal minimum, but represented less than 100 percent—a category not shown in Figure 3-3). It might

[16] “The Financial Aid Profession at Work: A Report on the 1988 Survey of Undergraduate Need Analysis Policies, Practices, and Procedures" (SUFAPPP:88) (unpublished manuscript).

be expected that a greater percentage of private colleges and universities would verify more than the federal minimum. However, it was surprising to find that the difference in approach between public and private institutions was rather small.

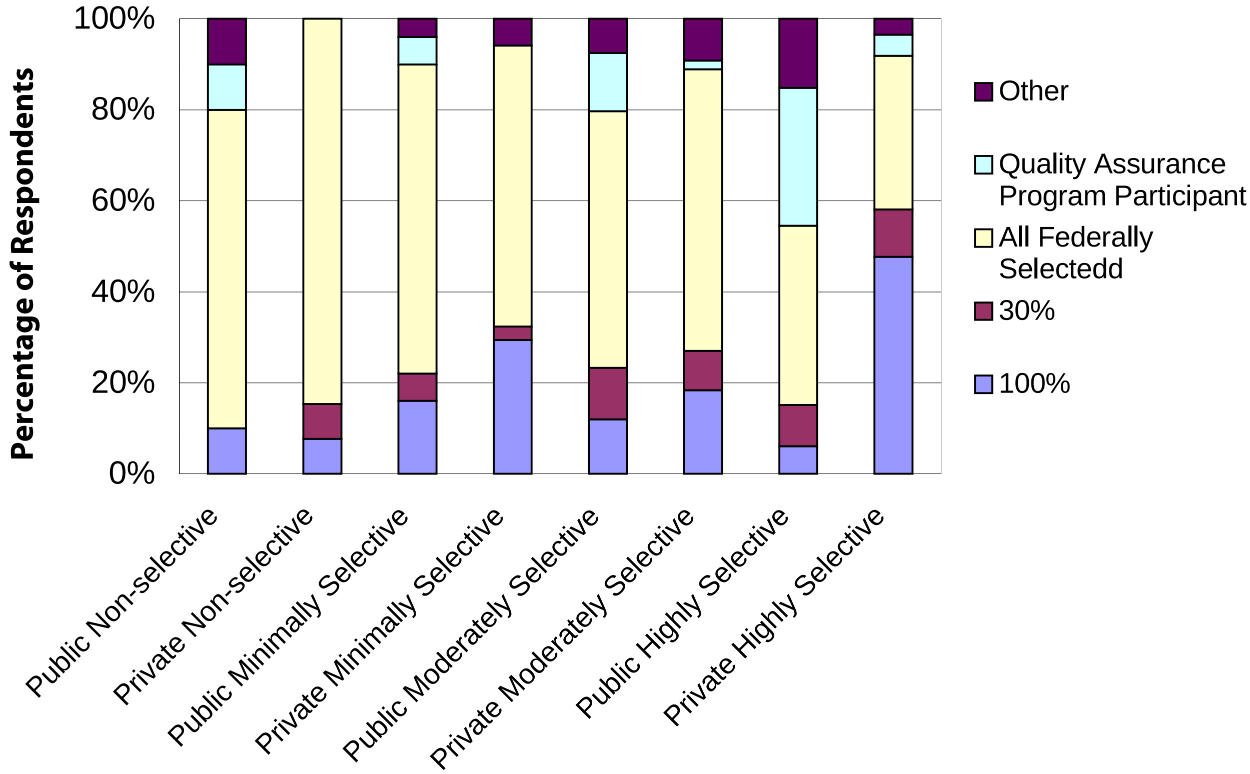
Figure 3-3. Use of Federal Verification Procedures, by Type of Institution



Source: NASFAA and The College Board, *SUFAPPP:96.*

Use of verification also varies by undergraduate admissions selectivity and institutional control (public versus private). As Figure 3-4 shows, nearly one-half of *private* highly selective colleges and universities reported they verified 100 percent of their aid applications, but only 6 percent of highly selective *public* institutions said that they verified all of their federal aid applicants. Selective private colleges are more likely to provide large amounts of aid. These institutions may use 100 percent verification in order to distribute their institutional and other aid dollars more accurately. Public institutions, which tend to have lower tuition charges and other costs, may have less of an incentive to use 100 percent verification.

Figure 3-4. Use of Federal Verification Procedures, by Undergraduate Admissions Selectivity Level and Institutional Control

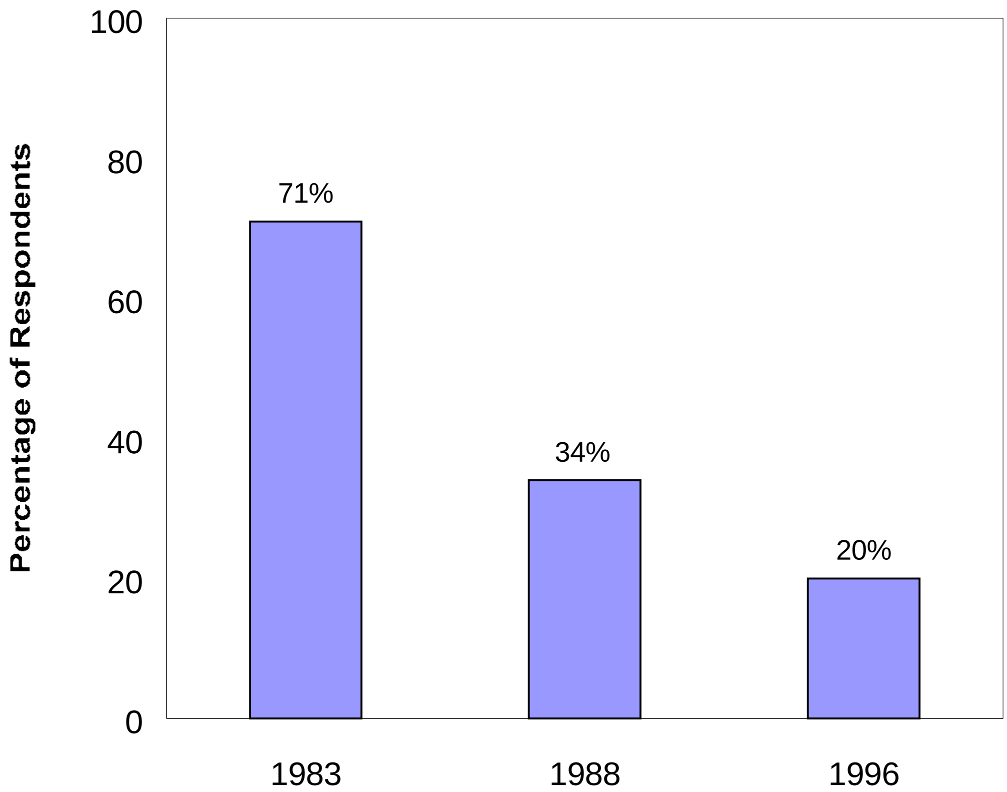


Source: NASFAA and The College Board, *SUFAPPP:96.*

The effects of the alternations in need analysis methodologies can also be seen by changes in the proportion of institutions that use 100 percent verification. The number of institutions that required *all* applicants to submit documentation (parents' income tax return for dependent students, student's tax return for independent students) for verification (or, in 1983 terms, validation[17]) decreased from 71 percent in 1983 to 34 percent verified in 1988.[18] In 1996, only 20 percent of institutions verified all applicants (see Figure 3-5). Since 1983, the number of institutions that routinely verified the information for all their aid applicants has dropped nearly 75 percent.

[17]Survey of Undergraduate Need Analysis Policies, Practices, and Procedures, 1983 (SUFAPPP:83).
[18]SUFAPPP:88.

Figure 3-5. Percentage of Institutions That Routinely Conducted 100 Percent Verification for All Financial Aid Applicants in 1983, 1988, and 1996



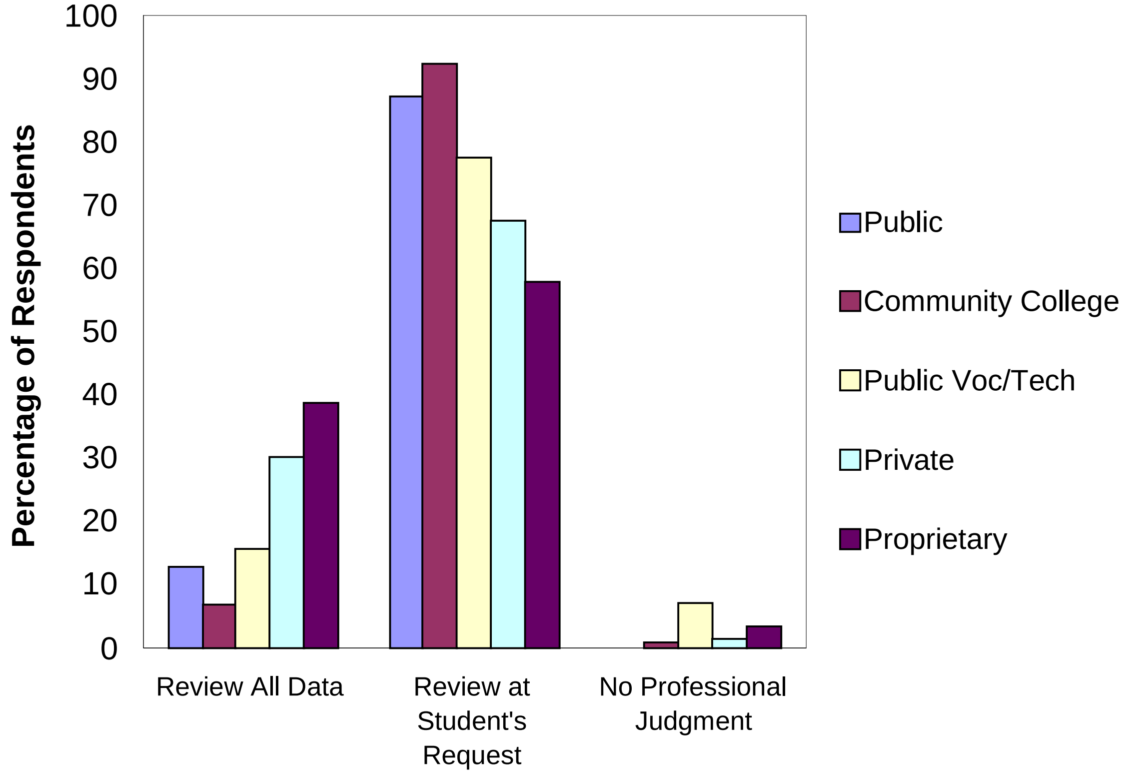
Source: NASFAA and The College Board, *SUFAPPP:96.*

Review and Professional Judgment

Financial aid administrators at all postsecondary education institutions have the ability to adjust the data used to determine eligibility for financial assistance. The process used to change students' financial aid data is referred to as professional judgment. Professional judgment reviews may by requested by the applicants, or may be initiated by staff in the financial aid office even if students do not request such reviews.

Use of professional judgment often varies by institutional type. Private institutions are more likely to review routinely all need analysis data and exercise professional judgment, if warranted. As Figure 3-6 indicates, over 30 percent of the respondents from private colleges and universities reported that they review applications without receiving a student request, compared to only 10 percent of respondents from public institutions. Just 39 percent of proprietary institutions provided routine use of professional judgment. However, at many proprietary schools, students complete their financial aid applications in the presence of a financial aid counselor, so a review is being done at the same time as the application is being completed.

Figure 3-6. Use of Professional Judgment, by Type of Institution



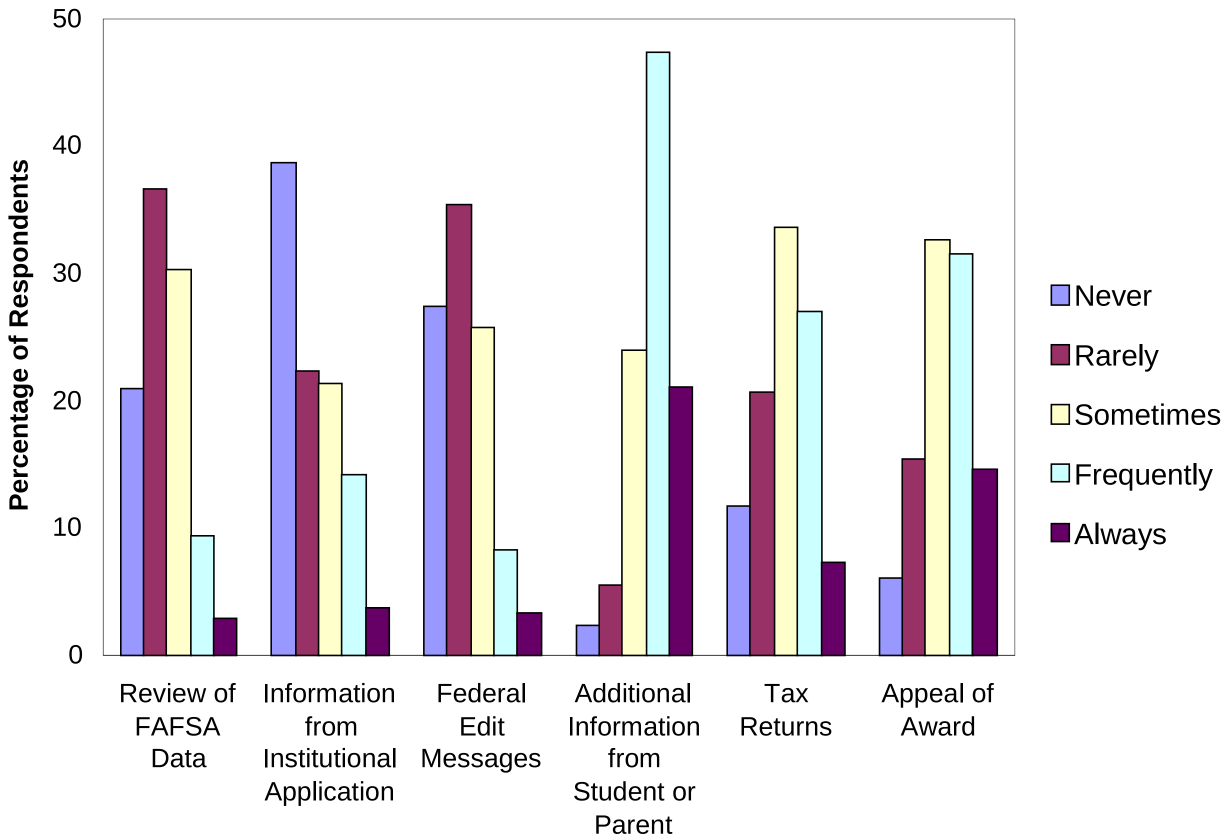
Source: NASFAA and The College Board, *SUFAPPP:96.*

Overall, financial aid administrators use professional judgment to change applicant data quite sparingly, and major changes in eligibility appear to be rare when professional judgment is used. For example, rarely do financial aid administrators change the dependency status of the applicant, the cost of attendance, or the EFC (although a slightly higher share of four-year private institutions used professional judgment to lower the EFC). In addition, although they have the authority to do so, almost none of the aid administrators used professional judgment to refuse to certify a student loan application for otherwise eligible students.

Professional judgment is used most often to decrease the EFC. Institutions report that when professional judgment is exercised, about one-third of the time it results in a lower EFC; this proportion does not vary by institutional type or undergraduate admissions selectivity level.

The most frequently cited reason for initiating professional judgment is “additional information from the student or parent” (especially at four-year private colleges), and the least cited is “data collected on an institutional application” (see Figure 3-7).

Figure 3-7. Frequency of Use of Professional Judgment Reviews, by Professional Judgment Trigger



Source: NASFAA and The College Board, *SUFAPPP:96.*

Four-year public colleges tend to use recommendations from a committee within the financial aid office as a basis for making professional judgment decisions. Thirty-four percent of these institutions frequently or always use committees for this purpose, versus only about 18 percent of all other institutions.

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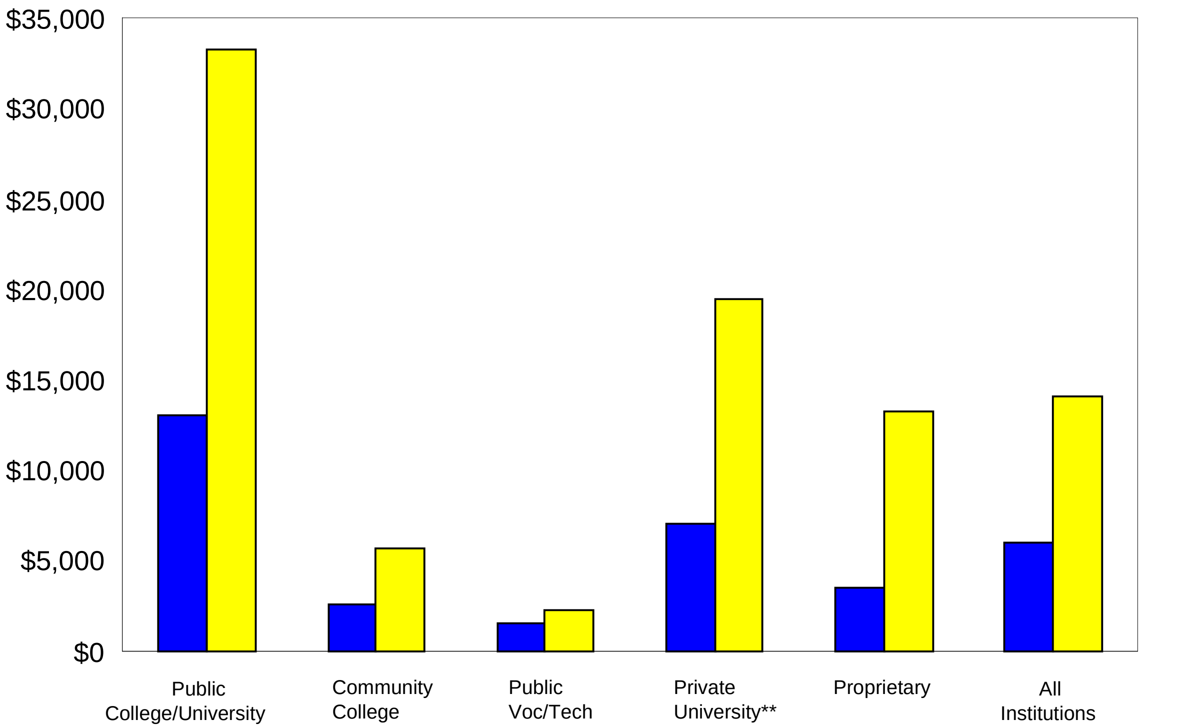
Chapter 4: Financial Aid Awards

During the 1994-95 academic year, the average total student financial aid available at responding institutions was $14.1 million. This represents a dramatic increase from 1988, when the average total aid was just $6 million (see Figure 4.1). Total aid available varied enormously by institutional type. At four-year public colleges and universities, average aid available was $33 million in 1996 (compared with $13 million in 1988), and at public vocational/technical schools the average available was $2.3 million (versus $1.5 million in 1988). The total aid available at proprietary schools quadrupled during this time period, rising from $3.5 million to over $13.2 million. Most of these increases came from growth in federal loan funds.[19] While overall total aid awarded doubled in seven years, the average cost of attendance, as reported in *Trends in Student Aid*, increased by only 60 percent.

Figure 4-1. Average Amount of Financial Aid Funds*, by Type of Institution, 1988 and 1996



*Funding figures are in $1,000s.
**Includes private liberal arts colleges.

Source: NASFAA and The College Board, *SUFAPPP:96.*

[19] *Trends in Student Aid*.

Sources of Funds

The years since SUFAPPP:88 have seen a substantial erosion in the purchasing power of federal grant dollars and, at the same time, an increase in the availability of loans to help families pay for educational expenses. As a result, at all types of institutions, Federal Stafford Loans have provided an increasing share of aid funds while the proportion provided by Federal Pell Grants and campus-based aid declined. At proprietary schools and public four-year institutions, well over half of all aid was in the form of Stafford Subsidized and Unsubsidized Loans, while at four-year private colleges and universities and community colleges, loans made up less than half of the aid available (see Table 4-1).

SUFAPPP:96 respondents reported that approximately 44 percent of the total aid awarded was subsidized and unsubsidized loans. This number is substantially higher than the percentage reported in SUFAPPP:88, in which institutions reported that 37 percent of aid awarded was in the form of loans.

Table 4-1. Sources of Financial Aid for Undergraduates, by Type of Institution, 1988 and 1996

Institutional Type	Year	Pell Grants	Campus -Based	Institutional Grants	State Aid	Stafford Subsidized	SLS/ Stafford Unsubsidized	PLUS	Other
Public College/Univ.	1988	23%	14%	12%	11%	37%	5%	0%	4%
	1996	16%	7%	9%	9%	38%	12%	3%	6%
Community College	1988	39%	13%	8%	11%	37%	4%	0%	5%
	1996	47%	6%	4%	11%	19%	6%	0%	7%
Private College/Univ.	1988	12%	12%	29%	13%	37%	4%	0%	4%
	1996	9%	7%	31%	9%	26%	8%	5%	5%
Proprietary	1988	27%	7%	4%	6%	37%	13%	0%	3%
	1996	24%	4%	2%	4%	37%	20%	7%	2%

Source: NASFAA and The College Board, *SUFAPPP:96.*

Table 4-1 reveals several important trends:

- At proprietary institutions, grant aid as a percentage of total aid to undergraduates has fallen from about 44 percent to 34 percent. At the same time, the percentage of aid from SLS/Stafford Unsubsidized Loans jumped from 13 percent to 20 percent.
- At four-year private colleges and universities, grants and campus-based aid as a percentage of total funds dropped from 66 percent to 56 percent.

- Four-year public colleges and universities saw the largest changes in sources of funds since 1988. In 1988, grants made up 60 percent of the available aid versus 41 percent in 1996.
- Community colleges saw a dramatic increase in Pell Grants as a percentage of the total aid, rising from 39 percent to 47 percent. At the same time, campus-based and institutional aid dollars decreased by 11 percentage points (from 21 percent to 10 percent). As a result, total grants available at community colleges, despite the rise in Pell Grant dollars, were slightly less in 1996 than they were in 1988.

While these data should not surprise those familiar with financial aid policy, they are stark reminders of the dramatic change in how students and their families finance higher education.

Percentage of Financial Need Met and Typical Aid Packages

The changes in types of aid available to institutions naturally have a direct link to the types of financial aid packages students receive. Table 4-2 shows that, due to the increases in Stafford Loans, borrowing accounted for a greater share of financial aid packages. More of students' financial need was met with loan funds. (Chapter 6 discusses these issues in more detail.)

Table 4-2. Percentage of Financial Need Met by Grants and Loans and Percentage of Need That Was Unmet in Typical Financial Aid Packages, by Institutional Type

Institutional Type	Year	Pct. of Need Met by Grants	Pct. of Need Met by Loans	Pct. of Need Met by Work-Study	Pct. of Need Unmet
Public College/Univ.	1988	37%	34%	18%	11%
	1996	26%	45%	10%	18%
Community College	1988	37%	24%	18%	21%
	1996	32%	25%	11%	32%
Private College/Univ.	1988	38%	29%	18%	12%
	1996	26%	45%	10%	18%
Proprietary	1988	31%	41%	7%	21%
	1996	24%	44%	6%	27%

Source: NASFAA and The College Board, *SUFAPPP:96.*

At all institutional types, the percentage of grants in typical aid packages did not kept pace with increases in costs of attendance. Despite the increases in borrowing, the percentage of students' financial need that was unmet increased. Ironically, unmet need was largest at community colleges and vocational/technical schools, the lowest-cost institutions.

Financial Aid Packaging Policies

A common belief held by students and parents applying for aid is that minority students and students with higher grades and artistic, athletic, and other special talents get more grant money (even when aid is need-based) than others. To test this hypothesis, institutions were asked whether they varied the percentage of gift aid (grants and scholarships) and self-help aid (work and loans) in first-year students' financial aid packages, based on racial/ethnic categories, academic grades, or other demographic characteristics. Table 4-3 displays these results.

Table 4-3. Financial and Demographic Characteristics Used for Awarding Institutional Aid in 1994-95*, by Type of Institution

Institutional Type	Academic Merit or Desirability	Race/ Ethnicity	State of Residence	Special Talents	Family Income	Financial Dependency
Public College/Univ.	28%	21%	40%	23%	60%	19%
Community College	16%	5%	24%	18%	56%	20%
Public Voc/Tech	20%	7%	18%	10%	70%	32%
Private College/Univ.	74%	31%	24%	52%	62%	16%
Proprietary	26%	0%	9%	7%	72%	30%
All Institutions	28%	18%	25%	30%	63%	21%

*Responses are not mutually exclusive; institutions may have chosen two or more criteria used to award institutional grants.

Source: NASFAA and The College Board, *SUFAPPP:96.*

At nearly all institutional types, family income was the most cited characteristic used to determine eligibility for institutional grants. This strongly suggests that most of the grant funds were distributed to students with the greatest financial need, or those from families with the lowest income, *regardless of racial/ethnic status or other characteristics.* The one exception is at four-year private colleges and universities (private liberal arts colleges and private universities combined). Nearly three-quarters of these institutions said that academic merit/desirability was a factor in awarding institutional grants. Many private colleges use their grant dollars to encourage undergraduates with high academic abilities to attend their institutions; the data may suggest that private institutions are more likely that others to use institutional grants to compete for enrollment of high-ability students. However, 62 percent of these colleges and universities also said that family income was an important criterion, which may mean that the grants were being targeted to students with low-income as well as academic merit.

Similarly, “special talents” is a factor at 51 percent of four-year private institutions but only 19 percent of other institutions. Racial/ethnic membership is a key factor at 31 percent of four-year private institutions, versus just 10 percent of all others.

The SUFAPPP:96 survey also asked institutions to list the other criteria they use to award institutional grants, such as students’ enrollment status, field of study, and institutions’ financial aid application deadline (i.e., students who completed the aid applications before the deadline were given first priority for receiving grants). Of these criteria, the most often cited was the date the financial aid application was submitted, with 68 percent of the institutions reporting this as an important factor. With the exception of proprietary schools, where many students show up at the very last moment, this criterion was cited by 60 percent or more of the institutions.

Table 4-4 Other Criteria Used for Awarding Institutional Aid by Type of Institution

Institutional Type	Enrollment Status	Field of Study	Aid Application Date
Public College/University	53%	10%	86%
Community College	57%	19%	77%
Public Voc/Tech	60%	25%	63%
Private College/University	69%	16%	63%
Proprietary	46%	7%	40%
All Institutions	60%	16%	68%

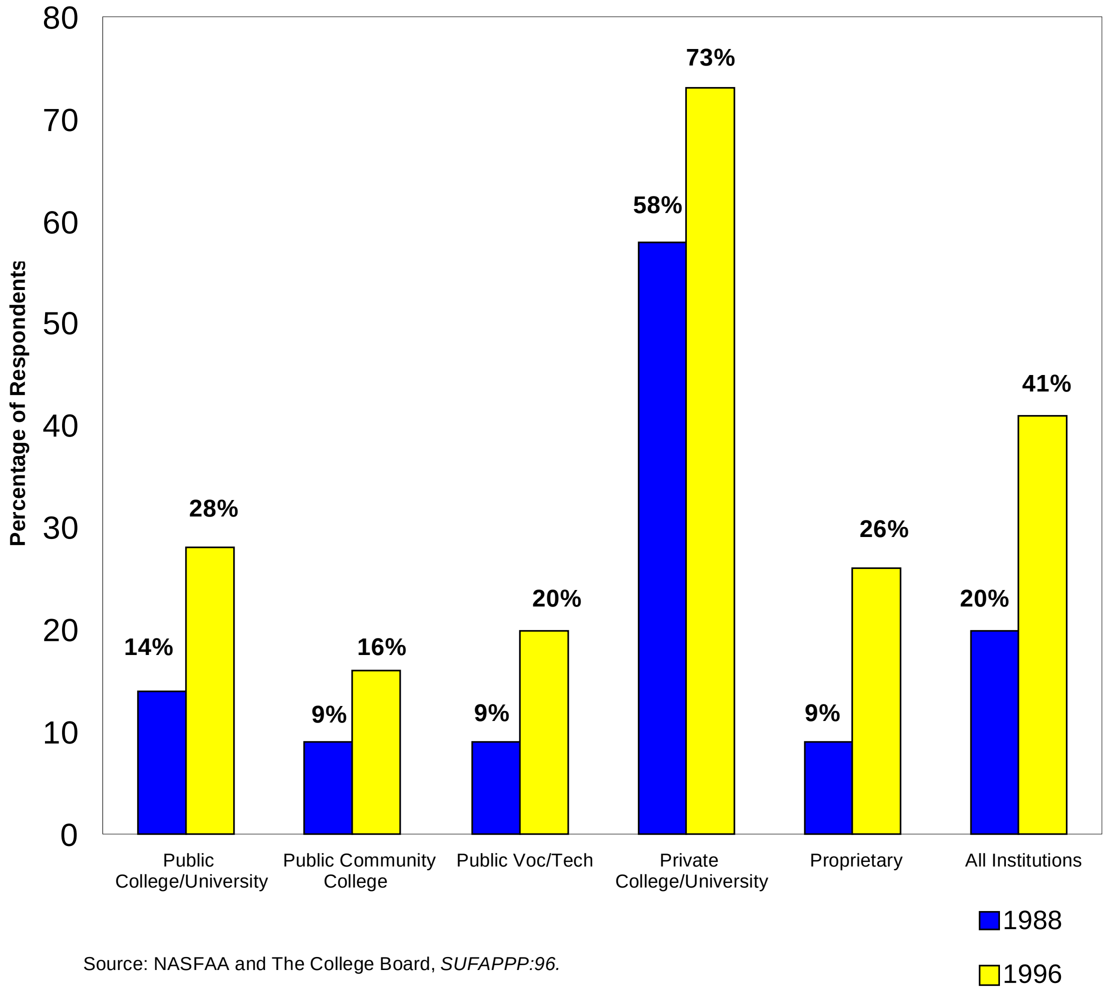
*Responses are not mutually exclusive.

Source: NASFAA and The College Board, *SUFAPPP:96.*

Students’ enrollment status also was an often-cited factor. This is not unusual, since many colleges reserve their gift aid for full-time students. Many institutions reason that part-time students have greater opportunities to earn more of their share of the educational expenses; therefore, these students are less likely to receive institutional grant aid. Full-time students also tend to have higher educational costs and higher financial need than those enrolled part-time.

The proportion of institutions that award institutional grants based on academic merit or desirability in 1996 was compared to responses to similar questions in SUFAPPP:88. Figure 4-2 illustrates these results.

Figure 4-2. Percentage of Institutions That Award Institutional Grants Based on Academic Merit or Desirability, 1988 and 1996, By Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96.*

In 1988, academic merit/desirability was used as a criterion to award institutional aid at 58 percent of four-year private colleges and universities and 14 percent of four-year public institutions. By 1996, merit was used as a criterion at 73 percent of four-year private institutions and 28 percent of four-year public colleges and universities. Grades also influenced institutional aid policies at more community college and vocational/technical schools than they did eight years ago. Clearly, with limited grant resources, more institutions are using merit as a criterion to decide which undergraduate students will get institutional grants.

Financial Aid Award Letters

By law, institutions must provide written documentation notifying students about the financial aid awards they will receive if and when they attend the institution. Federal regulations are somewhat vague about what must be included in the award letter. At a minimum, institutions must detail the specific amounts awarded in each program and the terms of the award. However, there are no requirements regarding other information to be included. As a result, there is a wide variation among institutions as to what information they provide (see Table 4-5).

Table 4-5. Items Included in Financial Aid Award Letters, by Type of Institution

Institutional Type	Cost of Attendance	Charge	Expected Family Contribution	Institutional Methodology	Financial Need	Unmet Need
Public College/Univ.	86%	33%	71%	12%	75%	55%
Community College	84%	16%	77%	13%	80%	67%
Public Voc/Tech	76%	22%	79%	19%	82%	70%
Private College/Univ.	75%	73%	27%	12%	36%	25%
Proprietary	59%	59%	46%	31%	53%	46%
All Institutions	77%	45%	56%	16%	75%	49%

Source: NASFAA and The College Board, *SUFAPPP:96.*

Differences in the components of the award letters are most striking among four-year public and private colleges and universities. While 71 percent of public institutions show the expected family contribution, only 27 percent of private colleges do so. Similarly, three-quarters of public colleges and universities include the student's financial need, compared with 36 percent of private institutions. Fifty-five percent of public colleges versus only 25 percent of private institutions show students' unmet need.

Financial Aid Appeals and Adjustments

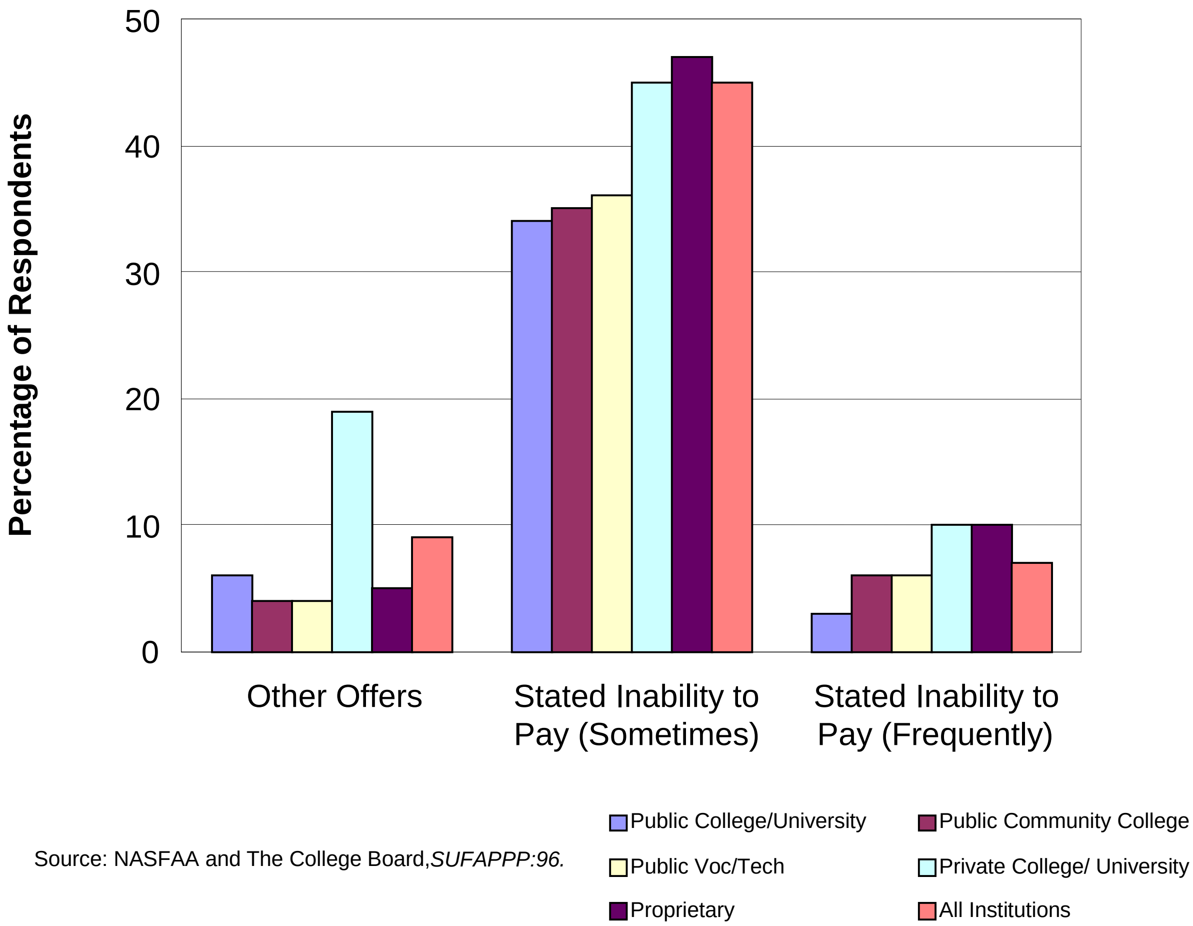
One of the most controversial topics in higher education concerns the notion that colleges are willing to change the original financial aid offer based on how much institutions want particular students to attend or how strenuously the family negotiates for higher aid amounts. Competition among institutions to increase enrollments is often fierce, and many stories in the popular press suggest that colleges and universities have used financial aid as a "bargaining chip" to persuade students to attend their institutions. To test the degree to which aid offers are adjusted on these bases, the survey asked institutions to indicate how often they adjust packages to reflect:

- Financial aid offers from other institutions students may be considering.

- New information provided by families.
- Families' stated inability to pay.

Private colleges appear to be more willing than other institutions to adjust aid packages for these reasons. About 19 percent of private colleges and universities report they at least "sometimes" adjust their financial aid offers based on what other colleges have awarded prospective students. Only 6 percent of four-year public colleges and universities said they were willing to do this (see Figure 4-3). Furthermore, 45 percent of four-year private institutions were willing at least sometimes to adjust packages to reflect the families' stated inability to pay. Only 34 percent of four-year public colleges adjusted financial aid awards for this reason.

Figure 4-3. Percentage of Institutions That Said They Adjust Financial Aid Packages to Reflect Offers from Other Institutions or Families' Stated Inability to Pay

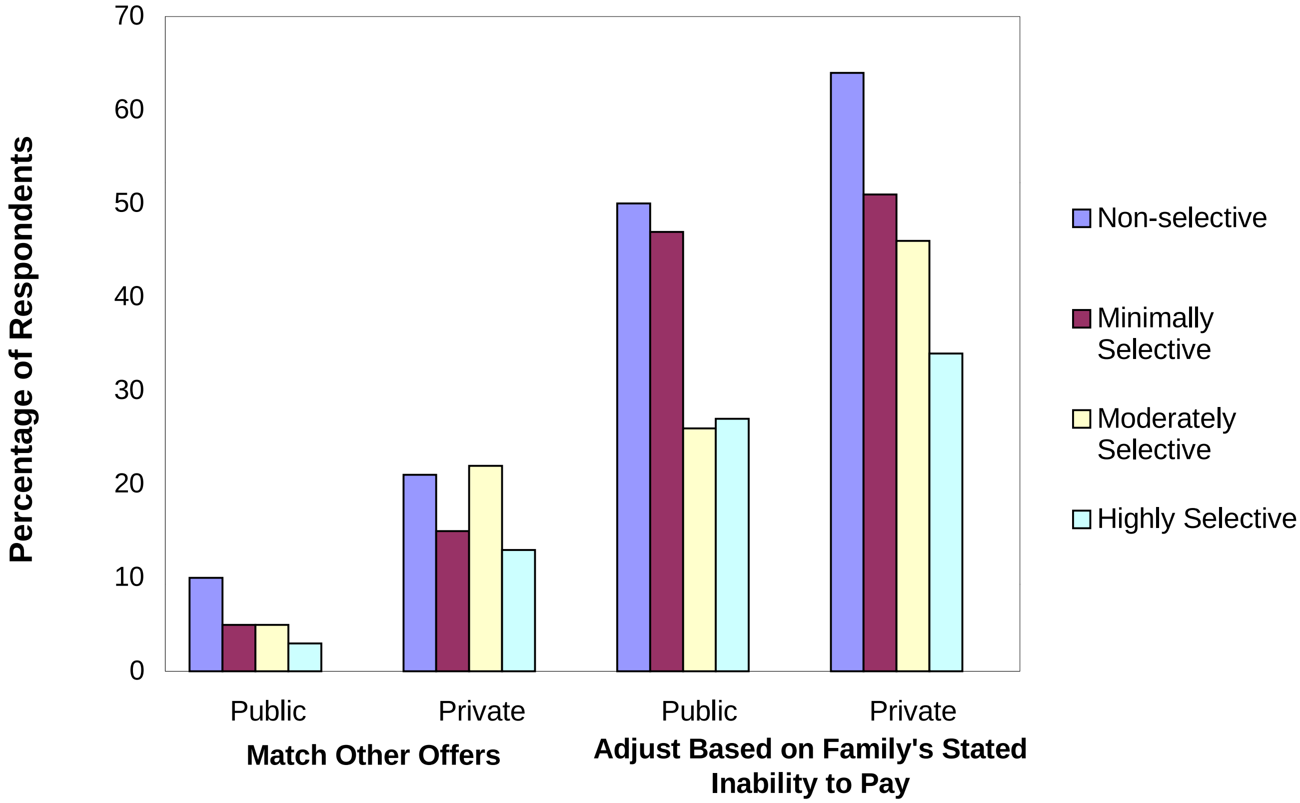


Source: NASFAA and The College Board, *SUFAPPP:96.*

Moreover, about 10 percent of private colleges and universities *frequently or always* adjust packages because of families' stated inability to pay, compared with 3 percent of public colleges.

As Figure 4-4 shows, the willingness of colleges to negotiate financial aid awards appears to be inversely related to its degree of selectivity.

Figure 4-4. Percentage of Institutions Willing to Match Financial Aid Offers from Other Institutions Based on Families' Stated Inability to Pay, by Undergraduate Admissions Selectivity Level



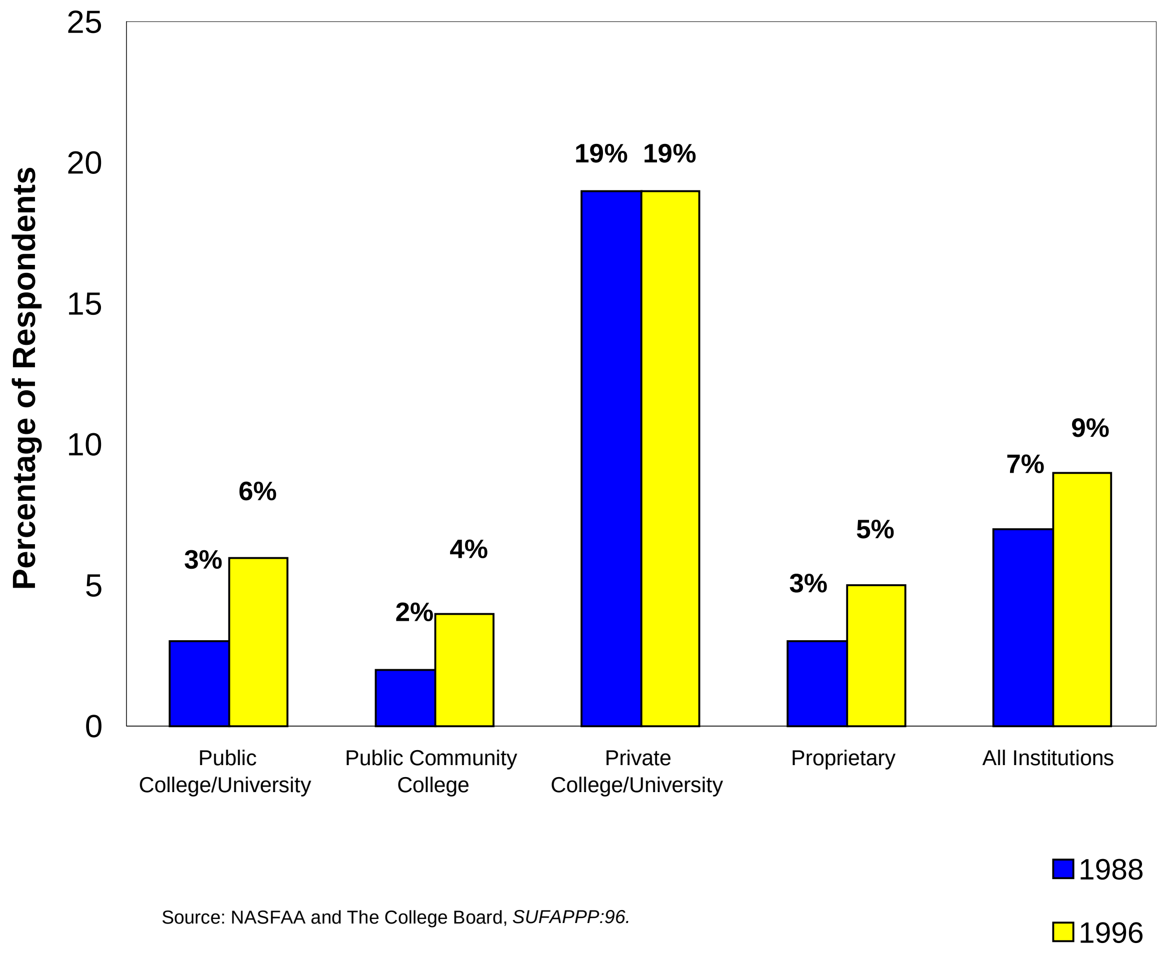
Source: NASFAA and The College Board, *SUFAPPP:96.*

Among private colleges and universities, the less selective institutions were most willing to match or beat offers from other institutions. Fifty-three percent of the minimally selective private colleges said they at least sometimes adjust packages, compared with 46 percent of the moderately selective and 34 percent of the highly selective. These differences reflect the competition private colleges and universities often face when they attempt to find enough students to fill their entering classes. Highly selective institutions often have more applicants for seats in their entering classes than available spots, so they may have less of a need to use financial aid packages to negotiate with students and parents. Less selective institutions are more likely to have fewer applicants to meet their goals for entering classes, so their need to negotiate with students and their families may be much higher.

These factors appear to influence decisions to negotiate at public institutions as well. Almost half of the least selective public colleges adjusted their aid packages to reflect families' stated inability to pay, compared with about one-quarter of the moderately selective and most selective institutions.

The degree to which colleges were willing to negotiate financial aid packages does *not* differ substantially from the results reported in SUFAPPP:88. Figure 4-5 shows that less than 10 percent of respondents in all sectors except private colleges and universities reported a willingness to match other offers.

Figure 4-5. Institutions' Willingness to Match Financial Aid Other Offers from Other Institutions, 1988 and 1996



Source: NASFAA and The College Board, *SUFAPPP:96.*

Even at private colleges and universities the proportion of private colleges and universities that said there were willing to match offers from other institutions did not change. This strongly suggest that institutions’ use of financial aid to negotiate with students and their families is no greater now than it was seven years ago. Despite media and other reports to the contrary, it does not appear that most colleges and universities are willing to use their financial aid packages to “bid” for students.

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Chapter 5: Institutional Aid

The use of institutional non-need-based scholarships to attract students is a major issue in the postsecondary education community. For purposes of this study, institutional non-need-based grants were defined as "those scholarships and grants awarded without consideration of financial need, including athletic scholarships."

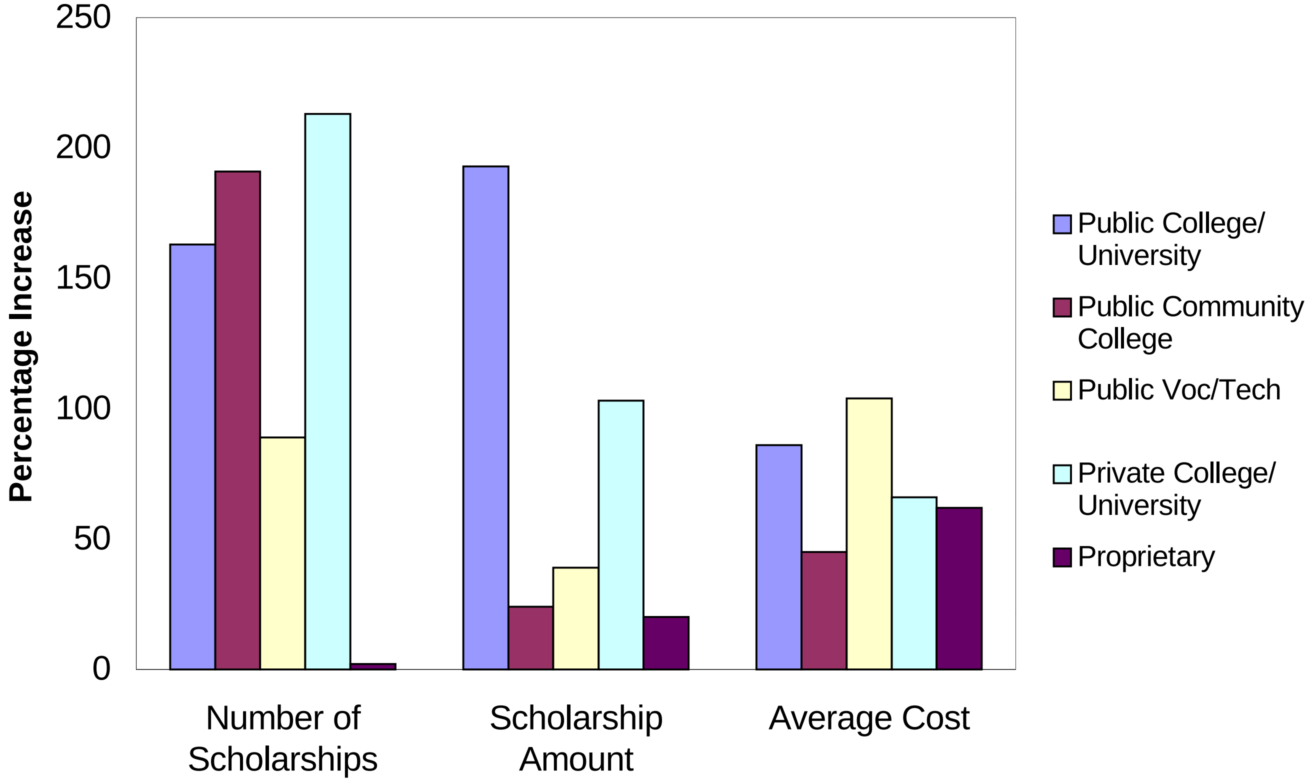
Non-Need-Based Aid

About three-quarters of SUFAPPP:96 respondents said they offered non-need-based aid. Close to 90 percent of the four-year colleges and universities, both private and public, awarded such aid, compared with 40 percent of the proprietary schools and public vocational/technical schools. The proportion of institutions that award non-need aid appears to have increased rapidly; close to half of the respondents reported that they awarded *more* scholarships in 1995-96 than in 1993-94. Nearly 50 percent said they award about the same number, and 4 percent said they award fewer non-need-based scholarships and grants. Amounts of non-need grants increased at approximately 60 percent of private colleges and universities compared with 49 percent of public institutions.

When compare with SUFAPPP:88, it appears that the percentage of institutions that awarded non-need-based aid has largely remained unchanged. In fact, with the exception of proprietary schools, virtually the same percentage of respondents reported awarding non-need-based scholarships in 1988 as did in 1996. However, the *number of scholarships and average award amounts* grew noticeably, particularly when compared with the growth in average total cost of attending college. While the average number of non-need-based scholarships at private colleges and universities more than tripled and the average amount doubled over the seven-year period, average cost of attendance increased only about 66 percent.[20] At four-year public colleges and universities, the number of non-need-based scholarships went up two and one-half times and the average award nearly tripled, but average costs grew just 80 percent (see Figure 5-1).

[20]The College Board, *Trends in Student Aid*.

Figure 5-1. Percentage Increase in Number of Institutional Non-Need Scholarships, Average Grant Amounts, and Total Cost of Attendance, by Institutional Type 1988 to 1996



Source: NASFAA and The College Board, *SUFAPPP:96.*

Private colleges and universities had the largest increase in *numbers* of scholarships provided, but average grants increased by the greatest amount at four-year public institutions. Private institutions appeared to be spreading their grant dollars more widely, while the public colleges were offering significantly more and substantially higher awards in 1996 than in 1988. These data suggest that four-year public institutions have joined the private colleges and universities in the widespread use of non-need-based aid.

Renewability of Scholarships

About 79 percent of the non-need scholarships awarded by four-year private colleges and universities were renewable (students were eligible to receive the awards for more than one academic year). Two- and four-year public colleges were less likely than private institutions to provide renewable scholarships (49 percent at four-year public institutions and 47 percent at community colleges). These percentages are similar to those reported in SUFAPPP:88, which indicates that for the most part institutions have not changed their practices regarding the renewability of non-need-based scholarships and grants.

Minority Scholarships

Aid administrators also provided information of the awarding of minority scholarships, which were defined as "those scholarships and grants awarded exclusively to students traditionally considered to be members of minority racial and/or ethnic groups in the United States." Overall, about 40 percent of the institutions offered minority scholarships. The variation among institutions, however, is striking. Just 10 percent of proprietary schools offered these grants, versus two-thirds of public colleges and universities and 51 percent of private institutions (see Table 5-1).

Table 5-1. Percentage of Institutions That Offered Minority Scholarships, and Percentage of Minority Scholarships Awarded Based on Financial Need, by Institutional Type

Institutional Type	Percentage That Offer Minority Scholarships	Percentage of Minority Scholarships Based on Need	Percentage of Minority Scholarships Not Based on Need
Public College/University	68%	32%	53%
Community College	43%	28%	25%
Public Voc/Tech	21%	25%	19%
Private College/University	51%	50%	31%
Proprietary	11%	13%	0%
All Institutions	42%	32%	53%

Source: NASFAA and The College Board, *SUFAPPP:96.*

Furthermore, among institutions that do offer minority scholarships, about one-third of the scholarships are based on financial need and 53 percent are not based on need (presumably, the remaining scholarships are based on some combination of the two, although that is not clear from the data). At private colleges and universities, one-half of the minority-designated scholarships are based on need, compared with one-third at public institutions. More than half of the minority scholarships offered by public colleges were *not* need-based.

Selection of Scholarship Recipients

The SUFAPPP:96 survey also asked aid administrators to describe the roles they play in selecting institutional scholarships, hypothesizing that if financial aid administrators made the selection, it was likely that more scholarships would go to needy students.

In more than half the institutions, *the staff of the financial aid office has little or nothing to do with who is selected for an institutional scholarship.* At two-thirds of two-year and four-year public institutions, the financial aid office is responsible for less than 20 percent of the selections (see Table 5-2). In addition, in only about 11 percent of institutions do financial aid administrators select more than 80 percent of the scholarship recipients. Financial aid administrators at private colleges appear to be more likely than those at other institutions to influence the selection of institutional scholarship recipients.

Table 5-2. Selection of Institutional Scholarship Recipients by Financial Aid Office and Admissions Office in 1994-95, by Institutional Type

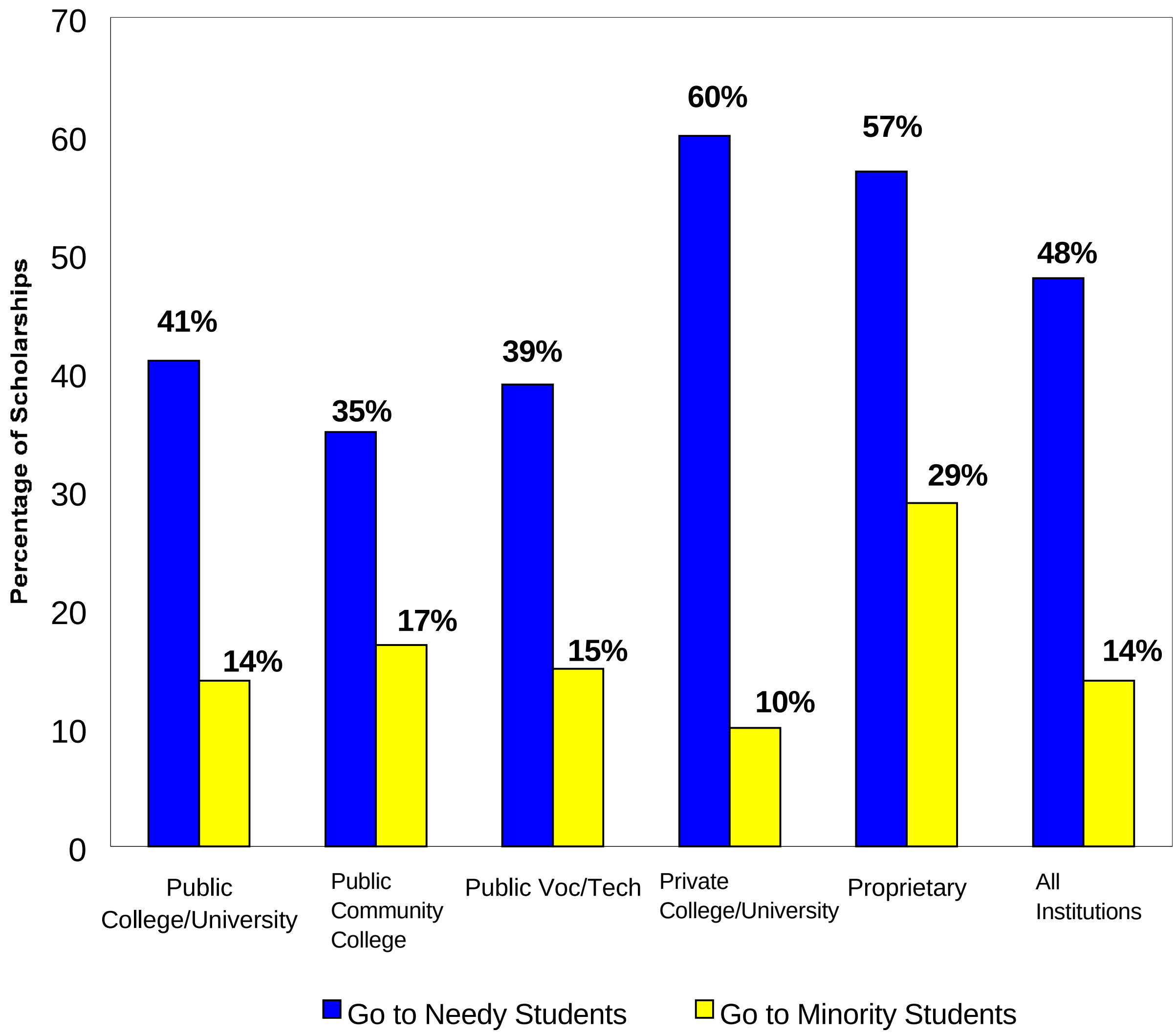
Institutional Type	Financial Aid Office Selects Less than 20 Percent of Scholarship Recipients	Admissions Office Selects Less than 20 Percent of Scholarship Recipients	Financial Aid Office Selects More than 80 Percent of Scholarship Recipients	Admissions Office Selects More than 80 Percent of Scholarship Recipients
Public College/University	66%	59%	6%	8%
Community College	66%	91%	11%	1%
Public Voc/Tech	77%	85%	6%	6%
Private College/University	63%	39%	16%	32%
Proprietary	72%	70%	10%	16%

Source: NASFAA and the College Board, *SUFAPPP:96.*

Admissions office representatives appear to be the most involved in scholarship selection at private colleges and universities. At about one-third of private institutions, admissions office staff select more than 80 percent of scholarship recipients. This compares with just 8 percent of the admissions offices at public colleges and universities.

Despite this finding, it appears that a majority of the non-need-based grants are awarded to students who have demonstrated financial need. About half of all merit-based scholarships go to students who also have demonstrated financial need—slightly more in private institutions, slightly fewer in public colleges and universities. Roughly 14 percent of general institutional scholarships go to racial/ethnic minorities (see Figure 5-2).

Figure 5-2. Percentage of Institutional Scholarships That Were Provided to Financial Needy or Minority Students, by Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96.*

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Chapter 6: Student Loans

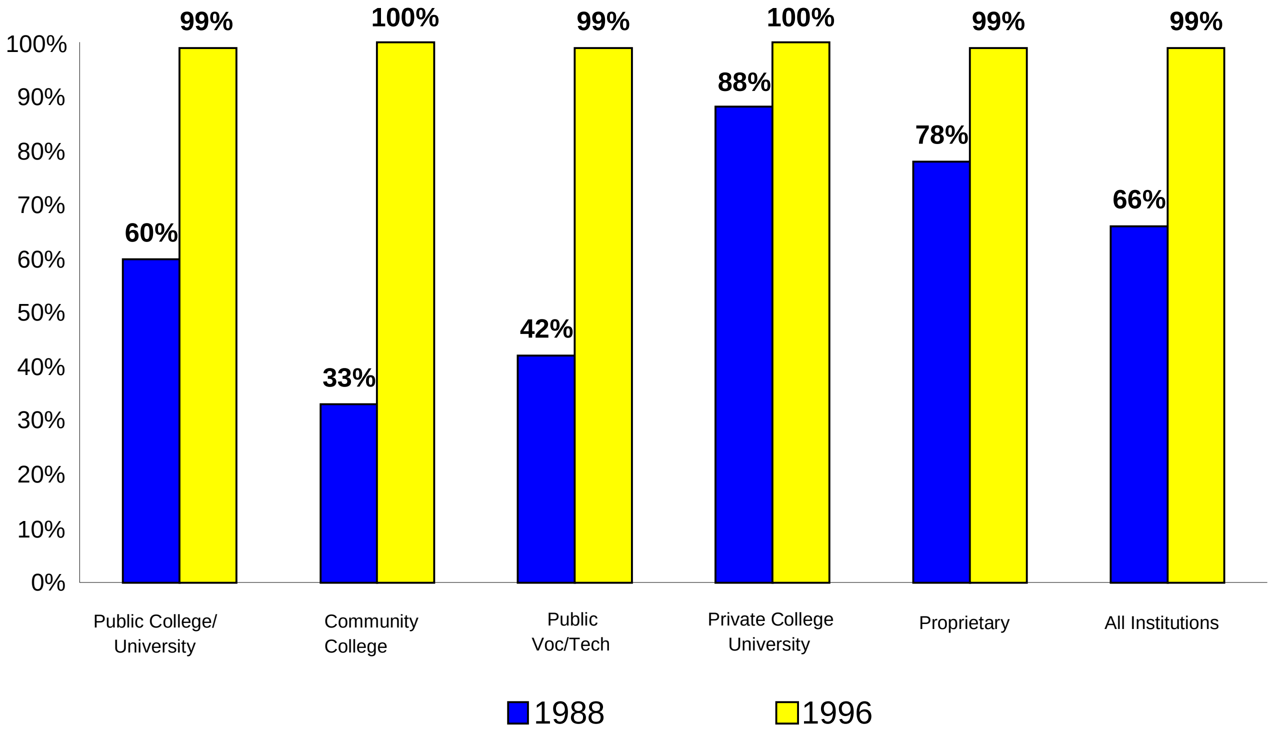
Loans have become the single largest source of financial assistance for postsecondary students and their families, accounting for close to 60 percent of aid.[21] Since 1988, important changes have occurred in how student loans are packages and the cumulative amount of debt students incur to complete their baccalaureate degree programs.

Packaging Loans

Aid administrators estimated the percentage of financially needy undergraduates who were routinely packaged a need-based student loan. In the 1996 survey, nearly all institutions reported that they normally included a Stafford Subsidized Loan in needy undergraduate students' aid packages (see Figure 6-1). From 1988 to 1996, the proportion of needy students who were routinely packaged a subsidized loan grew from 66 percent to 99 percent. The largest increases in packaging of need-based loans occurred at public vocational/technical schools and community colleges. At vocational/technical schools, the share of students who were routinely packaged loans jumped from just 33 percent to 100 percent, while the proportion of those at community colleges who were packaged loans grew from 42 percent to 99 percent. Routine packaging of loans grew from 60 percent to 99 percent at four-year public colleges and universities, and from 88 percent to 100 percent at four-year private institutions.

[21] The College Board, *Trends in Student Aid.*

Figure 6-1. Percentage of Financially Needy Undergraduates Who Were Routinely Packaged A Stafford Subsidized Loan, 1988 and 1996, by Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96.*

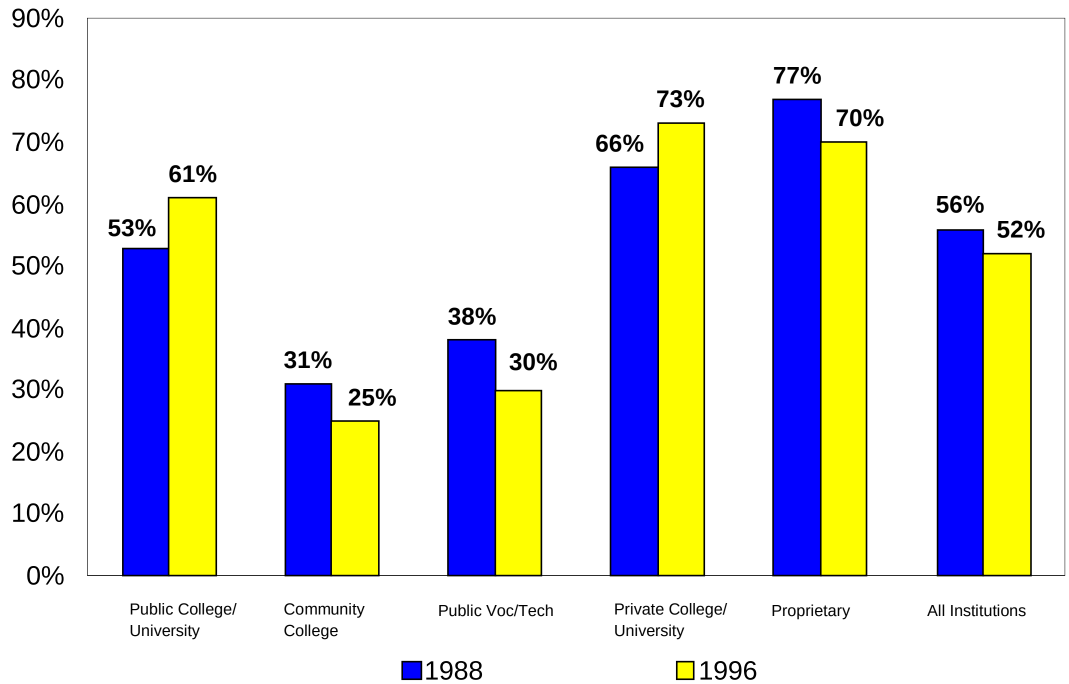
SUFAPPP:88 reported that, on average, about 60 percent of needy first-year students were routinely packaged Stafford Subsidized Loans. In 1996, nearly all first-year undergraduates were packaged a subsidized loan.

Actual Borrowing

Not every student awarded a loan actually borrows. According to a study by the National Center for Education Statistics (NCES), for the 1995-96 academic year about half of all undergraduates (8.3 million of the estimated 16.7 million undergraduates who were enrolled at some time during the year) received some type of financial aid. Just 25 percent of all students received a loan (22 percent received a Stafford Subsidized Loan, 10 percent received a Stafford Unsubsidized Loan, and 4 percent received a Perkins loan).[22] Thus, about 52 percent of aid recipients received loans to help fund their undergraduate education, according to NCES.[23]

This seems to mirror the SUFAPPP results. On SUFAPPP:96, respondents estimated the percentage of aid recipients who borrowed. About half the undergraduates who received financial aid borrowed from any source, almost exactly the figure reported by NCES.[24] The percentage of students who borrowed varies greatly by institutional type. Only about 30 percent of the community college aid recipients received loans, while 61 percent of those at four-year public colleges and universities and nearly three-quarters of those at four-year private institutions borrowed (see Figure 6-2).

Figure 6-2. Percentage of Undergraduate Financial Aid Recipients Who Borrowed, 1988 and 1996



Source: NASFAA and The College Board, *SUFAPPP:96.*

During the study period, the percentage of undergraduate student aid recipients at four-year

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[22] U.S. Department of Education, Office of Educational Research and Improvement, National Center for Education Statistics. *National Postsecondary Student Aid Study: Student Financial Aid Estimates for 1995-96* (*NPSAS:96*). August 1997.

[23] Comparisons between the NCES and SUFAPPP data should be judge cautiously. The NCES data include all proprietary institutions, while SUFAPPP includes only those that were members of NASFAA or The College Board. Financial aid data from NCES data were drawn for academic year 1995-96, while SUFAPPP data are based on 1994-95.

[24] *NPSAS:96.*

public and private colleges and universities who borrowed increased, but declined at community colleges and vocational/technical schools. Due to this decline, the overall proportion of aid recipients who received loans fell from 56 percent to 52 percent.

Aid administrators provided average student loan indebtedness from all sources for undergraduates who borrowed (see Figure 6-3). While average cumulative debt for all institutions is close to $11,000, the amount varies by institutional type. Vocational/technical students owed, on average, only $2,821, while borrowers from private colleges and universities owed $15,080. Students who attended four-year public colleges left their institutions with an average of nearly $12,000, but community colleges borrowers owed about $4,900.

Cumulative Debt Levels

While the annual *number* of students who borrow to pay for college is a concern, the bigger worry for most families, policy makers, and economists is the *cumulative amount* undergraduates borrow to complete undergraduate degree and certificate programs. Among other things, college administrators worry that too much borrowing will have an impact on college enrollment and student loan default rates. Policy makers worry that the high cost of repaying student loans will adversely affect career selection (that is, due to loan repayment obligations, more students may choose careers based on average salaries rather than their professional interests and aspirations). And economists worry that too much individual debt will negatively affect borrowers' ability to purchase cars, homes, and other items.

The NCES report[25] reveals data similar to SUFAPPP for all institutional types but proprietary schools (see Figure 6-3). NCES reports the following total indebtedness for 1995-96 graduates who borrowed[26]:

- Proprietary $4,770
- Community College $5,450
- Four-Year Public $11,950
- Four-Year Private $14,290

Only in the proprietary sector is there a substantial difference ($4,770 in the NCES report versus $8,865 in SUFAPPP:96).

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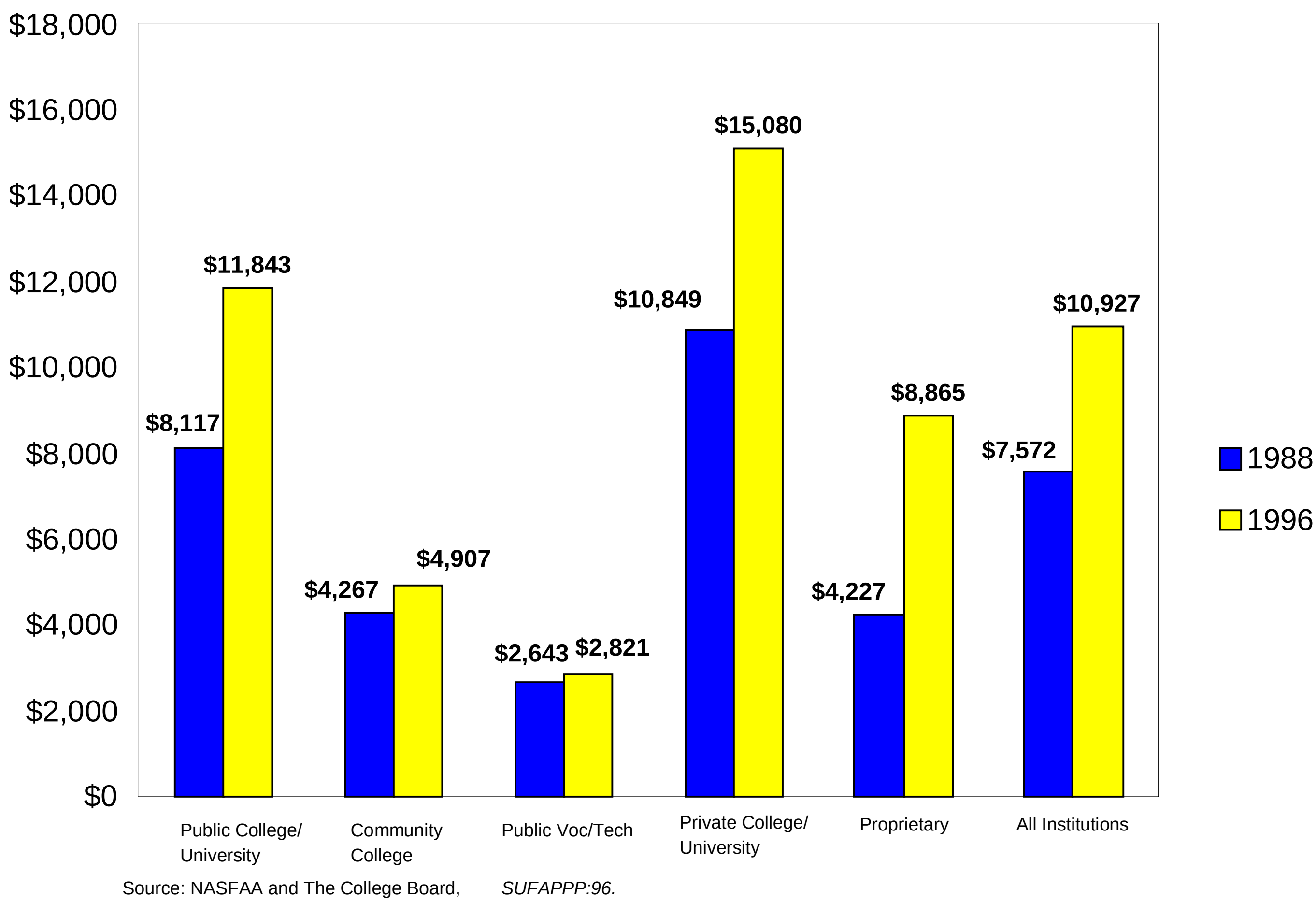
[25] *NPSAS:96.*

[26] NCES data are weighted and based on undergraduates who completed degree or certificate programs. SUFAPPP data are unweighted and refer to all students, whether or not they completed their educational programs.

In the last seven years, the average cumulative amount borrowed by undergraduates who attended four-year public colleges and universities rose by 46 percent, while cumulative debt at four-year private institutions rose by about 39 percent. These increases, however, were less than the rise in the cost of attendance (66 percent at four-year private colleges and universities and 61 percent at four-year public institutions[27]). While increased indebtedness is more than the rate of inflation (33 percent, according to the Bureau of Labor Statistics[28]), it may not be a big problem for many students. Based on the standard 10-year repayment plan and an 8.25 percent interest rate, the average monthly repayment for borrowers from private institutions increased by $52, from $133 to $185; for those from public colleges and universities, the average monthly loan payment rose from $100 to $145. These payments are manageable for the majority of college graduates. It

Fig. 6-3. Average Cumulative Undergraduate Student Loan Debt, 1988 and 1996, by Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96.*

[27] *Trends in Student Aid.*
[28] *Ibid.*

therefore appears that increases in loan debt will not affect consumer purchases or other aspects of the economy. Whether students' career selection and college enrollment are affected are not as clear and merit further study.

Student Loan Defaults

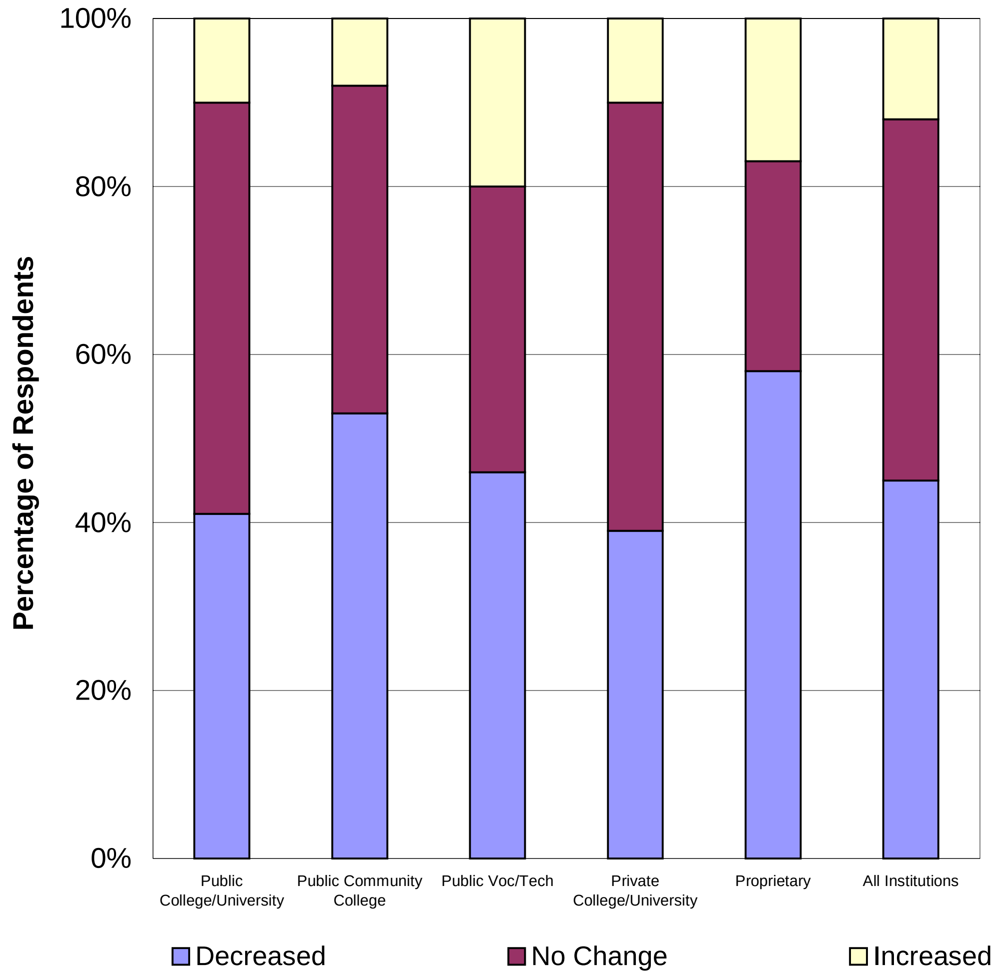
One of the most contentious issues in financial aid over the past several years has been the level of student loan defaults. The media have paid extraordinary attention to default rates and occasionally have featured prominent and wealthy individuals who defaulted on their loans. Federal officials and aid administrators have been concerned about this issue for a number of years and have instituted various programs to help combat rising default rates. These efforts appear to have had some success. Data from the U.S. Department of Education indicate that the national default rate has decreased over the last few years.[29]

One of the methods instituted by the federal government to prevent defaults is mandated entrance and exit loan counseling by institutions for borrowers who get federal student loans (Perkins Loans, Stafford Subsidized Loans, and Stafford Unsubsidized Loans). Prior to 1992, entrance and exit counseling was required only for Perkins Loan borrowers.[30, 31]

SUFAPPP:96 asked aid administrators to judge what effect entrance and exit counseling had on their institutional default rates. The responses are displayed on Figure 6-4.

[29] "Student Loan Default Rate Now Under 10 Percent." U.S. Department of Education Press Release, October 26, 1998.
[30] National Association of Student Financial Aid Administrators, *Electronic Encyclopedia of Student Financial Aid*, Section 6.13, "Counseling Students."
[31] 34 CFR Sec. 685.304.

Figure 6-4. Effect of Loan Counseling on Student Loan Default Rates, by Institutional Type



Source: NASFAA and The College Board, *SUFAPPP:96.*

Overall, 45 percent of respondents believed entrance and exit counseling either moderately or significantly decreased their default rates, 43 percent believed there was no effect, and 12 percent thought counseling actually increased default rates. Fifty-eight percent of proprietary school respondents believed counseling decreased their default rates, while 12 percent believed it increased the rates. About 53 percent of respondents from community colleges felt loan counseling had a positive effect on default rates.

Federal Direct Loan Program Participation

The Higher Education Amendments of 1992 added the William D. Ford Federal Direct Loan

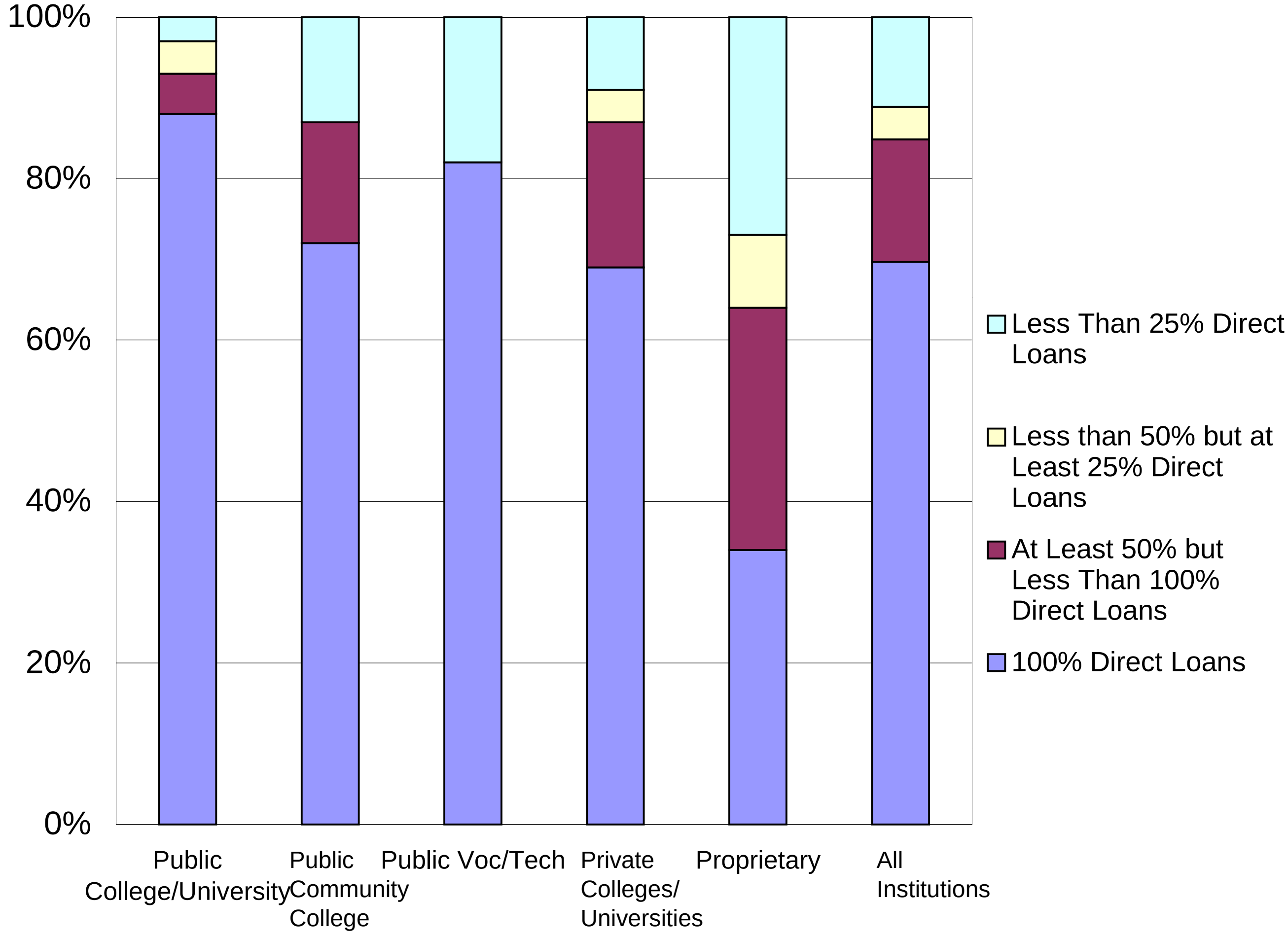
Program (FDLP) to Title IV of the Higher Education Act. This program was originally established as an experimental program for a limited number of institutions. In 1993, under the Student Loan Reform Act, the program was expanded to all institutions that wished to participate. The Direct Loan program is similar to the Federal Family Education Loan Program (FFELP)—borrowers may receive Stafford Subsidized and Unsubsidized Loans and parent loans (PLUS) with virtually identical terms as they would receive under the traditional FFELP. In 1994-95, the first full year of Direct Loans under the expanded program, 104 postsecondary institutions participated in new program. In the next year, 1,147 schools joined the FDLP.[32]

SUFAPPP respondents were asked whether their institutions participated in the Direct Loan program, either in year-one or year-two. About 78 percent (81 out of 104) year-one Direct Loan schools were in the SUFAPPP sample, but only 20 percent (232 out of 1,147) of the year-two schools participated. Since 49 percent of Direct Loan schools are proprietary institutions, and because proprietary schools are underrepresented in SUFAPPP, these numbers are not surprising. Nevertheless, enough Direct Loan school participated in the survey to draw some useful conclusions about these institutions.

Direct Loan schools have the option of participating in both the Direct Loan and the FFEL programs. Institutions that participated in the FDLP were asked to indicate their level of participation (see Figure 6-5). Of the 320 Direct Loan schools in the SUFAPPP sample, 70 percent participate in the FDLP exclusively; that is, all of their guaranteed student loan volume was provided through Direct Loans. Two-year and four-year public institutions were more likely than private colleges and universities to participate in the Direct Loan program exclusively. Only 34 percent of the proprietary schools participated in the FDLP exclusively.

[32]Electronic mail message from Barry Goldstein, U.S. Department of Education, January 29, 1999.

Figure 6-5. Direct Loan Volume of Schools Participating in Both FDLP and FFELP



Source: NASFAA and The College Board, *SUFAPPP:96.*

Institutional Implementation of FDLP

FDLP participants were asked the degree to which this program required changes in their financial aid operations, policies and procedures, and computer systems. They were also asked whether they thought Direct Loans had increased the quality and timeliness of student loan delivery and whether the benefits of FDLP are worth any increased effort. Responses to these questions are shown on Table 6-1.

Three-quarters of institutions reported that the FDLP required changes in their operations (and their computer systems, not shown). About half of all institutions felt the new program required significant institutional policy and procedural changes. Despite these changes, the overwhelming majority of Direct Loan participants felt the program improved the quality and timeliness of loan delivery.

Table 6-1. Percentage of Federal Direct Loan Program Participants Who Believed the Program Affected Financial Aid Office Operations, Financial Aid Policies and Procedures, and Improved the Quality and Timeliness of Loan Delivery

Institutional Type	Affected Financial Aid Operations	Affected Policies and Procedures	Improved Quality and Timeliness
Public College/University	79%	50%	95%
Community College	85%	59%	82%
Public Voc/Tech	78%	37%	100%
Private College/University	78%	57%	95%
Proprietary	67%	43%	83%
All Institutions	77%	51%	91%

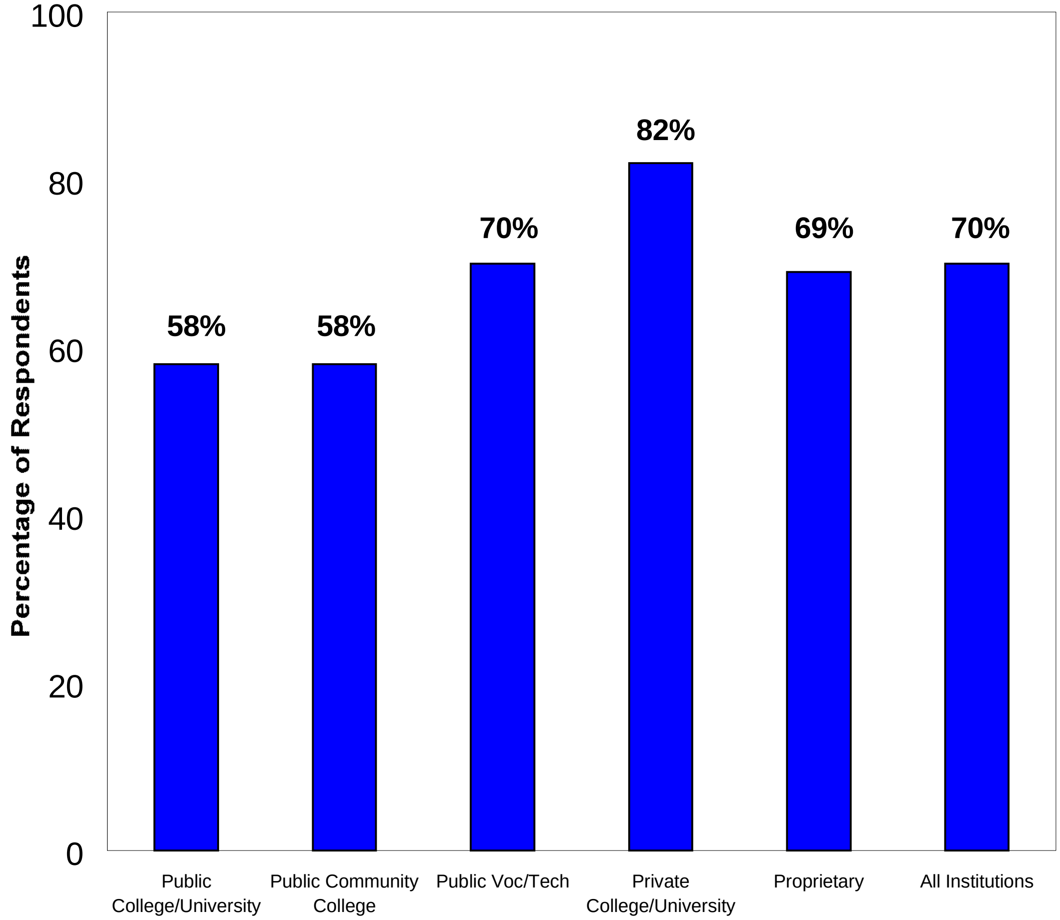
Source: NASFAA and The College Board, *SUFAPPP:96.*

FFELP Participants

Direct Loans appear to have had a positive effect on loan delivery in the FFELP as well. Ninety percent of institutions that participated in the FFEL program agreed that the implementation of FDLP significantly improved the quality and timeliness of student loan delivery through FFELP.

Institutions apparently received this improved service by establishing preferred FFELP lender lists. Overall, 70 percent of FFELP institutions have a preferred lenders list; 80 percent of four-year private institutions and about 60 percent of public colleges and universities use preferred lenders (see Figure 6-6).

Figure 6-6. Percentage of Institutions in the Federal Family Education Loan Program That Have Preferred Lenders



Source: NASFAA and The College Board, *SUFAPPP:96.*

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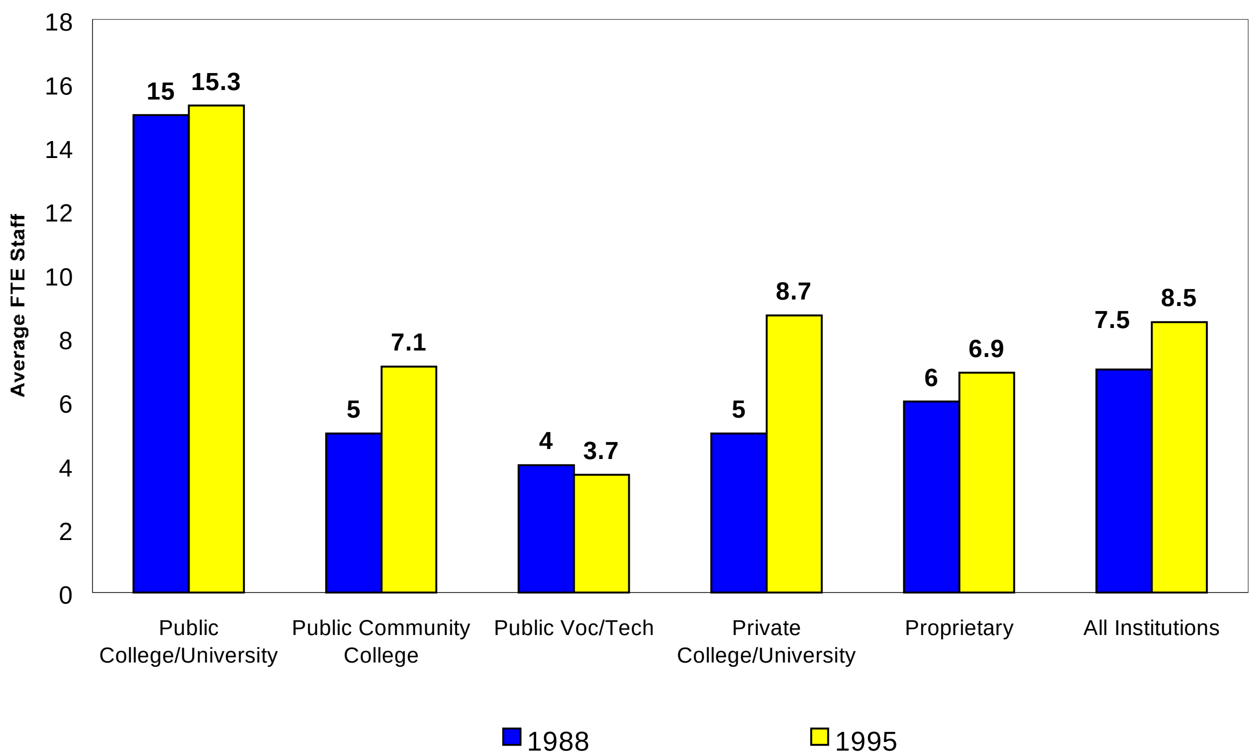
Chapter 7: Financial Aid Office Management, Administration, and Staffing

Many financial aid administrators commented that in the last few years they have been doing more for a greater number of students than they have in the past, without a corresponding increase in staff. To determine whether this was indeed true, the 1988 and 1996 SUFAPPP studies report the number of financial aid staff compared with the number of aid recipients. These statistics can be used to measure changes in workloads for financial aid administrators. Figure 7-1 shows the average number of full-time equivalent (FTE) staff members at financial aid offices in 1988 and 1996, by institutional type.

Figure 7-1. Average Number of Full-Time Equivalent Financial Aid Office Staff Members, 1988 and 1995, by Type of Institution



Source: NASFAA and The College Board, *SUFAPPP:96.*

On average, financial aid offices operated with one more FTE staff member in 1994-95 than in 1987-88. In 1988, a total of seven and one-half full-time equivalent staff worked in financial aid offices: four and one-half professionals and three support staff. In 1994-95, respondents reported about five professional staff and three and one-half full-time equivalent support staff. The number of financial aid office personnel differs by institutional type, but all sectors show a similar, slight increase in staff—except vocational/technical schools, where the average number of workers in financial aid offices declined slightly.

As discussed previously (see Chapter 1) the number of aid applicants being served during the study period increased by 50 percent (from an average of 2,356 to 3,538). While the one or so additional staff members working in the financial aid office probably helped to handle the increased workload, the increase in numbers of students served far outweighs the increase in staff. Furthermore, when the increased complexity of aid administration and the burgeoning regulations with which aid administrators must comply are considered, it appears that financial aid offices increasingly perform more duties with comparatively smaller increases in available resources. How this situation is influenced by increased operational automation is not measured in the current study, but aid administrators often report that automation changes job descriptions but does not reduce workloads.

Policy Decision Making

As the costs to attend college and the number of students being served by the financial aid office increased, one might speculate that the role of financial aid would also become more prominent on many campuses. This should lead to more involvement in financial aid policy decisions by high-level aid administrators, and, perhaps, to changes in organizational structure at the institutions.

The survey asked respondents about who made financial aid policy decisions on their campuses and whether the locus of decision-making had changed from five years previously. Forty percent of institutions reported that the position of the person(s) who made financial aid policy has changed in the last five years. Of those, in almost three out of five cases, higher-level campus administrators were involved (more so in public and four-year private institutions and proprietary schools, less so in community colleges and vocational/technical schools—see Table 7-1). In addition, almost 70 percent of institutions where there was a change reported that financial aid policy decisions involved more administrative units than previously. Over 90 percent of these respondents believed that these changes in financial aid policy decision-making had a positive effect on aid policies at their campuses (not shown). Clearly, financial aid has taken a much more important place in postsecondary education. As a result, not only are financial aid administrators serving more students, but they also are interacting with a larger number of campus colleagues.

Table 7-1. Changes in Financial Aid Policy-Makers and Decision-Making, by Institutional Type

Institutional Type	Decision-Maker Changed in Last Five Year	Is So, Decisions Now Made at a Higher Level	If So, Decisions Now Involve More Departments on Campus
Public College/University	41%	61%	61%
Community College	36%	39%	76%
Public Voc/Tech	39%	46%	69%
Private College/University	47%	65%	69%
Proprietary	45%	66%	58%
All Institutions	42%	57%	67%

Source: NASFAA and The College Board, *SUFAPPP:96.*

Organizational Structure

For many students, decisions on where to attend college are often tied to the amounts of financial aid they are offered. Given the central role played by financial aid in the admission process, particularly at four-year private colleges and universities, it should come as no surprise to find that at private institutions, the plurality of aid offices—43 percent—report directly to the “Admissions/Enrollment Management” area. Another 23 percent report to the “Finance/Business Office,” and about 12 percent to “Student Affairs.” By contrast, the majority of financial aid offices at community colleges, four-year public institutions, and vocational/technical schools report to student affairs and just a small percentage to the remaining areas (see Table 7-2).

Table 7-2. Units on Campus to Which Financial Aid Offices Report, by Institutional Type

Institutional Type	President/ Chancellor	Academic Affairs	Finance/ Business	Student Affairs	Admissions/ Enrollment Mgmt.	Other
Public College/University	1%	11%	11%	58%	15%	4%
Community College	1%	1%	13%	74%	7%	4%
Public Voc/Tech	17%	3%	10%	56%	6%	9%
Private College/University	9%	9%	23%	11%	43%	5%
Proprietary	60%	0%	21%	4%	0%	15%
All Institutions	13%	6%	17%	39%	19%	7%

Source: NASFAA and The College Board, *SUFAPPP:96.*

Research

Finally, the survey asked whether financial aid offices routinely conduct research for various purposes. These results (see Table 7-3) indicated a difference between four-year colleges and other institutional types. The overwhelming majority of financial aid offices at four-year colleges and universities conducted research to respond to surveys, to assess student aid policies and procedures, and to make changes in financial aid operations. By contrast, 50 percent to 60 percent of less-than-four-year institutions conducted research for these purposes. Community colleges, proprietary schools, and vocational/technical institutions were less likely to conduct any research. Four-year colleges and universities are more likely than other institutional types to have access to research assistance, databases, and methods needed to perform research tasks.

Table 7-3. Percentage of Financial Aid Offices That Conduct Research, by Research Function and Institutional Type

Institutional Type	Conduct Research for Surveys	Conduct Research for Financial Aid Policies and Procedures	Conduct Research to Change Financial Aid Operations
Public College/University	66%	58%	70%
Community College	51%	52%	60%
Public Voc/Tech	49%	53%	60%
Private College/University	70%	69%	74%
Proprietary	46%	58%	63%
All Institutions	58%	58%	66%

Source: NASFAA and The College Board, *SUFAPPP:96.*

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Chapter 8: Conclusions

The results of SUFAPPP:96 lead to many conclusions about recent trends in financial aid policies, practices, and procedures used by financial aid offices to award financial assistance to undergraduates at a wide variety of higher education institutions. SUFAPPP looked at trends in three important financial aid issues: increased use of non-need-based grants; the rising reliance of students on loan programs; and changes in financial aid administration. Key results from the survey project in these three areas are noted below.

Use of Non-Need-Based Aid

The first major trend is the use of merit and other non-need-based scholarships by four-year colleges and universities. The landscape of higher education has changed significantly between the SUFAPPP survey periods of 1988 and 1996. Over this time span, institutions have become considerably more proactive in recruiting students. Financial aid is now key to many students' college choice decisions, and strategic use of institutional grants (sometimes referred to as tuition discounting) has become a more common practice.

The analysis of non-need grants (see Chapter 4) shows that grants for academic desirability, artistic and other special talents, and racial/ethnic status have grown significantly more important since 1988 in determining how much gift aid is awarded to students who attend *private colleges and universities*. But these criteria were *not important factors* in how much scholarship aid received by students at *four-year public colleges*. Despite the increase in non-need-based grants, private colleges and universities continue to award more need-based gift aid to the students they most want to attract. Other admitted students who do not have high academic credentials or other desirable characteristics either receive more loans or are left with greater unmet need.

Furthermore, despite media reports to the contrary and even opinions by some "experts" in the field, most institutions *do not* negotiate financial aid awards now any more than they did seven years ago. The percentage of survey respondents who said they were willing to match other colleges' financial aid offices remained unchanged from 1988 to 1996.

On the other hand, four-year public colleges and universities *do* use gift aid to recruit students. But they do so not by awarding higher amounts of grants to needy students. Instead, they have doubled the amount of merit aid they award to students who have *no* demonstrated financial need. These findings strongly suggest that public institutions have begun to use tuition discounts and other institutional grant strategies to compete with private colleges and universities for students.

Reliance on Loans

A second major trend in financial aid is the growing reliance on student loans to meet students' financial need. Certainly this does not come as a surprise to anyone in the higher education community. The media have paid much attention to this trend, and a large number of other studies that have examined trends in students' total indebtedness (see, for example, The College Board's annual *Trends in Student Aid* reports).

What *is* most surprising is that *all* institutions—whether public or private, four-year or shorter, selective or not selective—packaged Stafford Subsidized Loans to virtually every needy student. In 1988, only about two-thirds of needy undergraduates were packaged these loans. In both years, about 50 percent of needy students actually borrowed, indicating that the expanded populations of students offered loans in 1996 were less likely overall to accept loan offers than were the more limited populations in 1988. Still, loans met a much greater proportion of students' demonstrated financial need. From 1988 to 1996, the average percentage of need met with loans at all institutions increased from 37 percent to 44 percent.

The amount of total debt has increased as well. The average cumulative student loan debt for borrowers who attended four-year private colleges was about $15,000 in 1995, about $4,000 more than the average for students who left their institutions in 1988. For borrowers who attended four-year public colleges, total indebtedness rose to nearly $12,000, also $4,000 more than in 1988. However, total debt does not have nearly as harmful effect on students as the media have reported. In fact, the average debt of students exiting postsecondary institutions has gone up only about 44 percent since 1988, less than the increase in college costs, which rose by 60 percent in the same years.

The media's attention to student indebtedness appears to have exaggerated the degree to which students, overall, are borrowing to pay for their expenses. Colleges and universities, especially private institutions, have increased the amounts of grant and scholarship funds they make available to needy students both to counteract rising costs and to avoid major increases in borrowing. As a result, total debt has increased at a much lower rate than total educational costs. Further, for borrowers who left four-year public and private colleges and universities, average student loan payments during this period increased by just $50, and loan debt appears to be manageable for the majority of borrowers.

These findings, however, do not mean that all students are unaffected by the increase in borrowing. Certainly, a number of students—especially those who take low-wage jobs after leaving college and those who do not complete baccalaureate programs—may be greatly burdened by the increasing reliance on loans. But, on average, the typical borrower appears to have been able to manage the rising student loan debt.

The Role of the Financial Aid Administrator

SUFAPPP shows that the roles played by aid administrators have changed dramatically over the years. Today's administrators are managing considerably larger workloads than they were seven years ago. With only one additional staff person per office in 1996 compared to 1988, colleges are processing 50 percent more financial aid applications. Additionally, aid administrators must comply with a far greater number of complex federal regulations than ever before. This has made the environment in which they work more prescriptive and more rules-driven than was the case in the earlier days of financial aid administration.

To manage the increased workloads, aid administrators have had to become much more process-oriented than they were in 1988. Aid administrators have become much more concerned with following the rules and regulations of aid, rather than with making sure students receive aid packages that meet their needs and safeguard limited funds. The SUFAPPP results show this in several areas; the relatively small degree to which they use professional judgment to change student need analysis calculations or awards; and the rapid decline in the proportion of institutions that verify the income information they receive on aid applications. These trends suggest that the current generation of financial aid administrators is less schooled in the theory and practice of need analysis than were previous generations.

To change an award, adjust an EFC, negotiate an award with a parent, and remain in compliance with federal and state regulations requires knowledge not only of what can be done legally, but also what policies and practices lead to good stewardship of federal, state, and institutional dollars. Financial aid administrators today, in addition to being more overworked than they were seven years ago, are less schooled in need analysis and have fewer resources to help families meet the growing costs of college. The combination of these factors focuses the profession of student aid administration more on the process of awarding aid than it did in earlier years.

Indeed, when need-based student aid programs were created, in the heyday of the Great Society programs of the 1960s, access and equity were the goals of the student aid programs. Access remains a clear goal of financial aid programs and administrators. The degree to which equity remains a goal is not as clear for the following reasons:

- More students and larger amounts of money are being awarded to students who have no financial need.
- Institutions continue to use limited grant dollars to attract those students they most want to attend, rather than awarding strictly on the basis of need.
- The Federal Methodology used by institutions to award aid takes into account fewer measures of families' financial strength.

When SUFAPPP is repeated in a few years, these three conclusions—use of non-need-based aid, increased reliance on loans, and the changing role of financial aid administrators—should be closely reexamined. Future studies should also look at whether student aid professionals continue to endorse and meet the original goals of government need-based financial aid in the policies, practices, and procedures they employ at their institutions.

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Survey of Undergraduate Financial Aid Policies, Practices, and Procedures

INSTRUCTIONS

This survey is being conducted jointly by the National Association of Student Financial Aid Administrators (NASFAA) and The College Board.

It should be completed by the person who manages the undergraduate financial aid program at your institution, typically the Director of Financial Aid. The information requested in this questionnaire is of great importance as the debates about the effects of Reauthorization and the Federal Methodology continue. We hope you will take the time **now** to complete the questionnaire and return it in the enclosed, addressed, stamped envelope to NASFAA, 1920 L Street, NW, Suite 200, Washington, DC 20036.

Most of the questions inquire about matters that can easily be answered on the basis of your personal experience or annual reports. Please be as precise as possible, but do not feel you need to be absolutely exact when estimating numbers. Also, references to the Federal Stafford or Federal PLUS programs refer to both the Federal Family Education Loan Program (FFELP) and the Federal Direct Loan Program (FDLP) unless otherwise noted.

You should provide information about your institution's UNDERGRADUATE students only. Unless otherwise indicated, public institutions should describe their policies, practices, and procedures as they relate to <u>in-state</u> or <u>in-district</u> students. We realize this may exclude important segments of your aid population, but we believe these limitations will provide us with data from which we can make consistent observations.

To assure complete confidentiality, this questionnaire contains no identifying data. Only summary responses by institutional type, region, etc., will be produced. **Enclosed with the survey is a postal reply card which does identify your institution by name. We would like you to mail that postcard separately when you have completed the questionnaire. It will let us know which institutions have responded for purposes of follow-up, but will not violate the confidentiality of your responses.**

If you have any questions or would like further information about the survey, please contact Beth Felsen at the NASFAA office in Washington, DC at (202) 785-0453; Fax (202) 785-1487; E-mail: felsenb@smtp.nasfaa.org.

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MARKING INSTRUCTIONS

- Use a No. 2 pencil only.
- Do not use ink, ballpoint, or felt tip pens.
- Make solid marks that fill the oval completely.
- Erase cleanly any marks you wish to change.
- Make no stray marks on this form.
- Do not fold, tear, or mutilate this form.

INCORRECT MARKS ✓ ✗ ⬬ ⊙ CORRECT MARK ⬬ Use a Number 2 Pencil Only

A. INSTITUTIONAL INFORMATION

All of the questions in this section request information for the **1994–95** academic year unless otherwise noted.

1. How is your institution classified? (Mark only one)

- ◯ Public
- ◯ Independent (private)
- ◯ Proprietary

2. Which best describes your institution? (Mark only one)

- ◯ Vocational–technical with a program one year or less
- ◯ Vocational–technical with a program longer than one year
- ◯ Hospital school of nursing
- ◯ Two-year, lower division, not vocational–technical
- ◯ Four-year only
- ◯ Four-year plus graduate or professional

2. (Continued)

- ◯ Two-year, upper division plus graduate or professional
- ◯ Graduate or professional only
- ◯ Other (please specify:______________________)

(Note: If your institution serves ONLY graduate and professional students you need not complete the rest of this questionnaire. Please return both the questionnaire and the postcard so that we will not bother you with follow-up inquiries.)

3. In what state is your institution located? Use the two letter Postal Service abbreviation for your reply.

4. Which of the following statements best describes the GENERAL UNDERGRADUATE ADMISSIONS PRACTICES of your institution (i.e., those which would be true of most of those who apply)? (Mark only one)

- ◯ ANY INDIVIDUAL WISHING TO ATTEND who demonstrates ability to benefit will be admitted.
- ◯ ANY HIGH SCHOOL GRADUATE (or person with equivalent credentials) will be admitted.
- ◯ The MAJORITY OF INDIVIDUALS who meet some specified level of academic achievement above and beyond high school graduation are admitted.
- ◯ A LIMITED NUMBER selected from among those who meet some specified level of academic achievement or other qualifications above and beyond high school graduation are admitted.

5. What was your average **1994–95** full academic year TUITION AND INSTRUCTIONAL FEE charge for full-time, in-state or in-district undergraduate students? Do not include room and board.

$

6. What was the approximate TOTAL UNDERGRADUATE HEADCOUNT enrollment at your institution for the Fall term (or your official reporting date), **1994**?

7. What was the approximate number of undergraduate financial aid APPLICANTS at your institution during the **1994–95** academic year?

8. What was the approximate number of undergraduate financial aid RECIPIENTS handled directly by your office during the **1994–95** aid year? Include all recipients whether or not your office selected them (i.e., include those receiving any need-based or non-need-based aid over which you have any administrative responsibility).

Use the following key for questions 9 through 12.

0 = Less than 10 percent	5 = 50 to 59 percent
1 = 10 to 19 percent	6 = 60 to 69 percent
2 = 20 to 29 percent	7 = 70 to 79 percent
3 = 30 to 39 percent	8 = 80 to 89 percent
4 = 40 to 49 percent	9 = 90 to 100 percent

9. What percent of the total undergraduate enrollment at your institution is classified as: (Mark only one for each item)

- 0 1 2 3 4 5 6 7 8 9 Full-time?
- 0 1 2 3 4 5 6 7 8 9 Less than full-time but at least half-time?
- 0 1 2 3 4 5 6 7 8 9 Less than half-time?

10. What percent of the total undergraduate enrollment at your institution is classified as: (Mark only one for each item)

- 0 1 2 3 4 5 6 7 8 9 On-campus?
- 0 1 2 3 4 5 6 7 8 9 Off-campus (not living with parents)?
- 0 1 2 3 4 5 6 7 8 9 Off-campus (living with parents)?

11. What percent of aid applicants who enrolled and were eligible for need-based funds under Federal Methodology (FM) received campus-based (FSEOG, Federal Perkins, and Federal Work-Study) aid or need-based institutional aid during the **1994–95** academic year? (Mark only one)

0 1 2 3 4 5 6 7 8 9

12. What percent of your **1994–95** aid applicants were: (Mark only one for each item)

- 0 1 2 3 4 5 6 7 8 9 Dependent?
- 0 1 2 3 4 5 6 7 8 9 Independent without dependents?
- 0 1 2 3 4 5 6 7 8 9 Independent with dependents?

13. What was the TOTAL AMOUNT of award funds for UNDERGRADUATE students administered by your office during the **1994–95** fiscal year? Include ALL funds [including tuition remissions or waivers, Stafford (subsidized and unsubsidized) and PLUS loans] received by your undergraduate students regardless of whether you, your office, or some other agency selected the recipient.

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14. Of the amount you reported in question 13, what was the disbursed dollar value (estimate if you need to) of each of the following aid programs at your institution for the **1994–95** aid year:

Federal Pell Grant Program? $

Federal campus-based programs including institutional match (FSEOG, FWS, Federal Perkins)? $

Federal Subsidized Stafford Program? $

Federal Unsubsidized Stafford Program? $

Federal PLUS Program? $

Institutional gift aid? $

14. (Continued)

State programs (SSIG, other grants, scholarships, work programs)? $

Other? $

15. What percent of your institution's **current fund revenue** was used for student aid (do not include institutional matching funds for federal or state programs) during the:

1994–95 academic year? %

1992–93 academic year? %

16. Please indicate the current full-time equivalent (FTE) number of permanent PROFESSIONAL staff in the financial aid office.

17. Please indicate the current full-time equivalent (FTE) number of permanent SUPPORT staff in the financial aid office.

18. Does your institution use integrated financial aid management software to automate office operations?

- Yes
- No

If your answer to question 18 is "No," please skip to Section B.

19. **How often do limitations or constraints in your computer system influence financial aid policy decisions with respect to the following: (Mark only one for each item)**

0 = Never	3 = Frequently
1 = Rarely	4 = Always
2 = Sometimes	5 = Not applicable

0 1 2 3 4 5	
0 1 2 3 4 5	Application procedures?
0 1 2 3 4 5	Student expense budgets?
0 1 2 3 4 5	Federal need analysis?
0 1 2 3 4 5	Institutional need analysis?
0 1 2 3 4 5	Professional judgment adjustments (Federal Methodology)?
0 1 2 3 4 5	Packaging?
0 1 2 3 4 5	Loan counseling?
0 1 2 3 4 5	Verification procedures?
0 1 2 3 4 5	Consideration of student appeals?

B. APPLICATION PROCEDURES

All questions in this section relate to the **1995–96** award year unless otherwise noted.

20. **What percent of your 1995–96 aid applicants submitted a FAFSA electronically using EDExpress at your institution? (Mark only one)**

- 0 Zero (None)
- 1 Less than 10 percent
- 2 10 to 19 percent
- 3 20 to 29 percent
- 4 30 to 39 percent
- 5 40 to 49 percent
- 6 50 to 59 percent
- 7 60 to 69 percent
- 8 70 to 79 percent
- 9 80 to 89 percent
- 10 90 to 100 percent

21. **Do you ask applicants to complete the optional asset information in Section G of the FAFSA? (Mark only one)**

- Yes
- No

22. **Do you require students to complete a separate institutional application for financial aid in addition to the FAFSA? (Mark all that apply)**

	New Students	Renewal Students
None	◯	◯
CSS Financial Aid Form (FAF)	◯	◯
Separate institutional application	◯	◯

If you use a separate institutional ap
(other than the CSS FAF), complete q
all others skip to question 24.

Please Continue

23. **If you require a separate institutional application for financial aid (other than the CSS FAF), do you use it to collect: (Mark only one for each item)**

	Yes	No
Additional income data from student and/or parents?	◯	◯
Home equity data from student and/or parents?	◯	◯
Other asset data from student and/or parents?	◯	◯
Information on special student and/or family circumstances?	◯	◯
More detailed student biographic/academic data?	◯	◯
Data used to establish eligibility for institutional scholarships?	◯	◯
Federal certification statements?	◯	◯

24. **Choose the statement which best describes your federal verification procedures: (Mark only one)**

- We verify 30%.
- We verify 100%.
- We verify all students selected under federal criteria.
- We participate in the Institutional Quality Assurance Program.
- Other (please explain:______________________ ______________________)

25. **For students whose information you verify, what data elements do you review? (Mark only one)**

- Only those specified by ED
- An institutionally defined set of data elements which includes all of those specified by ED as well as others
- An institutionally defined set of data elements developed through our participation in the Institutional Quality Assurance Program

26. **To what extent do you believe the implementation and use of the Renewal Application has reduced the burden on: (Mark only one for each item)**

5 = Extremely	2 = Somewhat
4 = Significantly	1 = Not at all
3 = Moderately	0 = No opinion or cannot evaluate

5 4 3 2 1 0	
5 4 3 2 1 0	Your financial aid applicants?
5 4 3 2 1 0	Your financial aid operations?

27. **To what extent do you believe the implementation and use of the Renewal Application has changed the accuracy and completeness of applicant data? (Mark only one)**

- 5 Increased significantly
- 4 Increased moderately
- 3 No change
- 2 Decreased moderately
- 1 Decreased significantly
- 0 No opinion or cannot evaluate

C. NEED ANALYSIS

28. **What was the primary need analysis methodology your institution used to award institutional funds prior to the implementation of the Federal Methodology enacted in the 1992 HEA? (Mark only one)**

- ...gressional Methodology
- ...nally developed methodology
- ...l of the above
- We did not award institutional aid
- This information is not available

29. **Since the implementation of the Federal Methodology enacted in the 1992 HEA, what is the primary need analysis methodology your institution uses to award institutional funds? (Mark only one)**

- Federal Methodology
- College Scholarship Service Institutional Methodology (IM)
- Institutionally developed methodology
- All of the above
- We do not award institutional aid

D. PROFESSIONAL JUDGMENT ADJUSTMENTS (Federal Methodology)

Questions in this section should be answered based on your institution's policies and procedures relating to **1995–96** applicants.

30. Which statement best describes your professional judgment practices? (Mark only one)

- ◯ We normally review all need analysis data and exercise professional judgment, if warranted.
- ◯ We review the need analysis data at the student's request and exercise professional judgment, if warranted.
- ◯ We do not exercise professional judgment. (If you select this answer, skip to Section E.)

31. Of the need analysis cases (based on FM) you review, what percent result in a: (Mark only one for each item)

0 = Less than 10 percent	5 = 50 to 59 percent
1 = 10 to 19 percent	6 = 60 to 69 percent
2 = 20 to 29 percent	7 = 70 to 79 percent
3 = 30 to 39 percent	8 = 80 to 89 percent
4 = 40 to 49 percent	9 = 90 to 100 percent

- 0 1 2 3 4 5 6 7 8 9 Change in dependency status?
- 0 1 2 3 4 5 6 7 8 9 Higher Expected Family Contribution?
- 0 1 2 3 4 5 6 7 8 9 Lower Expected Family Contribution?
- 0 1 2 3 4 5 6 7 8 9 No change in Expected Family Contribution?
- 0 1 2 3 4 5 6 7 8 9 Higher Cost of Attendance?
- 0 1 2 3 4 5 6 7 8 9 Lower Cost of Attendance?
- 0 1 2 3 4 5 6 7 8 9 No change in Cost of Attendance?

Use the following key for questions 32 and 33.

0 = Never	3 = Frequently
1 = Rarely	4 = Always
2 = Sometimes	

32. How often do the following items trigger your professional judgment decision? (Mark only one for each item)

- 0 1 2 3 4 Review of FAFSA data?
- 0 1 2 3 4 Information collected on an institutional application?
- 0 1 2 3 4 Edit messages on the federal output document?
- 0 1 2 3 4 Additional information from the student or parents?
- 0 1 2 3 4 Tax returns submitted by the student or parents?
- 0 1 2 3 4 Student or parent appeal after the award letter has been issued?

33. How often do you base your professional judgment decisions on: (Mark only one for each item)

- 0 1 2 3 4 Detailed written need analysis policies and procedures?
- 0 1 2 3 4 An individual staff member's decision?
- 0 1 2 3 4 Recommendations from a committee within the financial aid office?

E. PACKAGING

The questions in this section should be answered on the basis of your experience in the **1995–96** academic year.

34. Do you vary the percent of gift aid (grant/scholarship) and self-help (work or loan) in a first-year student's package based on the student's: (Mark only one for each item)

	Yes	No
Academic desirability?	◯	◯
Ethnicity?	◯	◯
State of residence?	◯	◯
Special talents?	◯	◯
Family income level?	◯	◯
Dependency status?	◯	◯
Enrollment status (full-time or part-time)?	◯	◯
Field of study?	◯	◯
Date financial aid application was submitted?	◯	◯

35. Which of the following do you routinely package for first-year and other undergraduates? (Mark all that apply)

	First-year	Other Undergraduates
Subsidized Stafford Loans	◯	◯
Unsubsidized Stafford Loans	◯	◯
PLUS Loans	◯	◯

36. Which of the following do you routinely include in your award letters/award notifications? (Mark all that apply)

- ◯ Total Cost of Attendance
- ◯ Direct institutional charges
- ◯ The Expected Family Contribution (under Federal Methodology)
- ◯ An explanation of the EFC (under Federal Methodology)
- ◯ Institutional need analysis results
- ◯ Need
- ◯ Unmet need

37. On average, what percent of the student's total need do you meet from GRANT/SCHOLARSHIP funds? (Include need met from Federal Pell Grant, FSEOG, institutional funds, state funds and external funds.) (Mark only one)

0 Less than 10 percent	5 50 to 59 percent
1 10 to 19 percent	6 60 to 69 percent
2 20 to 29 percent	7 70 to 79 percent
3 30 to 39 percent	8 80 to 89 percent
4 40 to 49 percent	9 90 to 100 percent

38. On average, what percent of the student's total need do you meet from LOAN funds? (Include need met from Federal Perkins, institutional funds, state funds, external funds and Federal Subsidized Stafford.) (Mark only one)

0 Less than 10 percent	5 50 to 59 percent
1 10 to 19 percent	6 60 to 69 percent
2 20 to 29 percent	7 70 to 79 percent
3 30 to 39 percent	8 80 to 89 percent
4 40 to 49 percent	9 90 to 100 percent

39. On average, what percent of the student's total need do you meet from WORK funds? (Include need met from FWS, institutional work funds and state work funds.) (Mark only one)

0 Less than 10 percent	5 50 to 59 percent
1 10 to 19 percent	6 60 to 69 percent
2 20 to 29 percent	7 70 to 79 percent
3 30 to 39 percent	8 80 to 89 percent
4 40 to 49 percent	9 90 to 100 percent

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40. **On average, what percent of the student's TOTAL NEED do you meet? (Include need met from Federal Pell Grant, campus-based funds, institutional funds, state aid, external aid and Federal Subsidized Stafford.) (Mark only one)**

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

41. **Assuming there is no significant change in the student's financial or academic situation, how does the percentage of GRANTS, LOANS AND WORK normally provided to continuing students compare with what they were offered as entering students? (Mark only one for each item)**

	Normally Lower	Normally About the Same	Normally Higher
Grants	○	○	○
Loans	○	○	○
Work	○	○	○

42. **How often are your packages adjusted to reflect: (Mark only one for each item)**

0 = Never	3 = Frequently
1 = Rarely	4 = Always
2 = Sometimes	

- ⓪ ① ② ③ ④ Offers from other institutions the student may be considering attending?
- ⓪ ① ② ③ ④ New information provided by the family?
- ⓪ ① ② ③ ④ Family's stated inability to pay?

F. INSTITUTIONAL SCHOLARSHIPS

In this section, Institutional Scholarships are defined as **THOSE SCHOLARSHIPS AND GRANTS AWARDED WITHOUT CONSIDERATION OF FINANCIAL NEED INCLUDING ATHLETIC SCHOLARSHIPS**. Please keep this definition in mind when answering questions 43–53. This section asks for information from the **1994–95** award year unless otherwise noted.

43. **Does your institution award institutional scholarships without consideration of financial need? (Mark only one)**

○ Yes ○ No

If you answered "No" to question 43, skip to Section G.

44. **How many prospective or enrolled students were offered institutional scholarships for the 1994–95 academic year?**

0	0	0	0	0
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9

45. **How did the NUMBER of institutional scholarships offered by your institution in 1994–95 compare to the 1992–93 academic year? (Mark only one)**

- ○ It is higher
- ○ It is about the same
- ○ It is lower

46. **What was the aggregate dollar value (estimate if you need to) of the institutional scholarships that your institution offered for the 1994–95 academic year to undergraduate students?**

$

0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9

47. **What percent of the institutional scholarships offered in 1994–95 were accepted?**

%

0	0	0
1	1	1
	2	2
	3	3
	4	4
	5	5
	6	6
	7	7
	8	8
	9	9

48. **What percent of your 1994–95 institutional scholarships were renewable?**

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

49. **What percent of your institutional scholarship recipients are selected by: (Mark only one for each item)**

0 = Less than 10 percent	5 = 50 to 59 percent
1 = 10 to 19 percent	6 = 60 to 69 percent
2 = 20 to 29 percent	7 = 70 to 79 percent
3 = 30 to 39 percent	8 = 80 to 89 percent
4 = 40 to 49 percent	9 = 90 to 100 percent

- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ The financial aid office?
- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ The admissions office?
- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ Representatives of the faculty?
- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ Athletic Department?
- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ A committee composed of representatives of one or more of the above?
- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ Some other individual or group? (please specify who: ____________)

50. **What percent of your institutional scholarships were funded by current fund revenue (do not include institutional matching funds for federal or state programs) in 1994–95? (Mark only one)**

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

51. **What percent of your institutional scholarships awarded without consideration of financial need were in fact received by students with demonstrated need? (Mark only one)**

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

52. What percent of your institutional scholarships awarded without consideration of financial need were received by minority students? (Mark only one)

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

53. What percent of your institutional scholarships for **1994–95** were designated exclusively for minority students? (Mark only one)

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

G. MINORITY SCHOLARSHIPS

In this section, Minority Scholarships are defined as THOSE SCHOLARSHIPS AND GRANTS AWARDED EXCLUSIVELY TO STUDENTS TRADITIONALLY CONSIDERED TO BE MEMBERS OF MINORITY RACIAL AND/OR ETHNIC GROUPS IN THE UNITED STATES. Such scholarships may be awarded *with or without* consideration of academic achievement, financial need, or other criteria. Please keep this definition in mind when answering questions 54 and 55. This section asks for information from the **1994–95** award year.

IF YOUR INSTITUTION DOES NOT AWARD MINORITY SCHOLARSHIPS, PLEASE SKIP TO SECTION H.

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54. What percent of your minority scholarships for the **1994–95** academic year were awarded on the basis of: (If your institution does not award this type of grant you may enter 000.)

Minority status plus need? ___ %
(0 1 | 0 1 2 3 4 5 6 7 8 9 | 0 1 2 3 4 5 6 7 8 9)

Minority status without regard to need? ___ %
(0 1 | 0 1 2 3 4 5 6 7 8 9 | 0 1 2 3 4 5 6 7 8 9)

55. What percent of your minority scholarships for the **1994–95** academic year were awarded to minority students **solely** on their minority status without regard to any other criteria such as academic achievement, leadership, or financial need? ___ %
(0 1 | 0 1 2 3 4 5 6 7 8 9 | 0 1 2 3 4 5 6 7 8 9)

H. STUDENT BORROWING

Questions 56–60 request information from the 1994–95 award year.

56. In **1994–95** what percent of your total aid recipients borrowed from any source? (Mark only one)

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

57. What is your best estimate of the average amount of indebtedness from all sources (except PLUS) for students at your institution who have borrowed at the end of their: (Mark only one for each item)

0 = None	5 = $10,000 to $14,999
1 = $1 to $2,499	6 = $15,000 to $19,999
2 = $2,500 to $4,999	7 = $20,000 to $24,999
3 = $5,000 to $7,499	8 = $25,000 or more
4 = $7,500 to $9,999	9 = Not applicable

- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ First year?
- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ Second year?
- ⓪ ① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ Undergraduate degree?

58. What was the percent of students who ceased enrollment (dropped-out, stopped-out, graduated, or transferred) during the **1994–95** award year with some debt (excluding PLUS load debt)? (Mark only one)

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

59. For what percent of your financial aid applicants did you refuse to certify a FFELP or FDLP loan application for an otherwise eligible student using professional judgment? (Mark only one)

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

60. What percent of your dependent student applicants borrowed under the Federal Unsubsidized Loan Program due to the denial of a PLUS loan? (Mark only one)

- ⓪ Less than 10 percent
- ① 10 to 19 percent
- ② 20 to 29 percent
- ③ 30 to 39 percent
- ④ 40 to 49 percent
- ⑤ 50 to 59 percent
- ⑥ 60 to 69 percent
- ⑦ 70 to 79 percent
- ⑧ 80 to 89 percent
- ⑨ 90 to 100 percent

Questions 61–66 request information from the 1995–96 award year.

61. To what extent do you believe entrance and exit counseling for the Federal Perkins and FFEL Programs has changed recent cohort default rates at your institution? (Mark only one)

- ⑤ Increased significantly
- ④ Increased moderately
- ③ No change
- ② Decreased moderately
- ① Decreased significantly
- ⓪ No opinion or cannot evaluate

62. **Which answer best describes your institution? (Mark only one)**

- ◯ We do not participate in the Federal Direct Loan Program (FDLP).
- ◯ We were a Year 1 participant in the FDLP.
- ◯ We were a Year 2 participant in the FDLP.

If you do not participate in the Federal Direct Loan Program, skip questions 63 and 64 and go to question 65.

63. **What is your institution's level of participation in FDLP? (Mark only one)**

- ◯ 100% of loan volume
- ◯ Less than 100% but at least 50% of loan volume
- ◯ Less than 50% but at least 25% of loan volume
- ◯ Less than 25% of loan volume

64. **To what extent would you agree with the following statements about the implementation and operation of the FDLP? (Mark only one for each item)**

5 = Strongly agree	1 = Strongly disagree
4 = Agree	0 = Not applicable/ No basis for judgment
3 = Somewhat agree	
2 = Somewhat disagree	

- ⑤ ④ ③ ② ① ⓪ The FDLP required significant changes in our financial aid operations.
- ⑤ ④ ③ ② ① ⓪ The FDLP required significant operational changes in offices outside the Financial Aid Office.
- ⑤ ④ ③ ② ① ⓪ The FDLP required major changes in our institutional policies and procedures.
- ⑤ ④ ③ ② ① ⓪ The FDLP required major changes in our computer systems.
- ⑤ ④ ③ ② ① ⓪ The FDLP has significantly increased the quality and timeliness of student loan delivery at our institution.
- ⑤ ④ ③ ② ① ⓪ Overall, the benefits of FDLP are worth the effort required to implement it.

If you do not participate in the FFEL Program, skip questions 65 and 66 and go to Section I.

65. **To what extent would you agree with the following statement?**
Changes in the FFEL Program since the implementation of the FDLP have significantly increased the quality and timeliness of student loan delivery at our institution. (Mark only one)

- ⑤ Strongly agree
- ④ Agree
- ③ Somewhat agree
- ② Somewhat disagree
- ① Strongly disagree
- ⓪ Not applicable/No basis for judgment

66. **Which of the following statements apply to your institution? (Mark all that apply)**

- ◯ Our institution electronically certifies FFELP loans.
- ◯ Our institution participates in electronic funds transfer (EFT).
- ◯ Our institution has established preferred lenders in the FFEL Program.

I. MANAGEMENT AND COMPLIANCE ISSUES

67. **In the past five years, has the position or mix of persons who make financial aid policy decisions for your institution changed? (Mark only one)**

◯ Yes ◯ No

If your answer to question 67 is "No," skip to question 70.

68. **Which of the following statements characterizes the changes in decision making on financial aid policy at your institution? (Mark all that apply)**

- ◯ Policy decisions involve staff at higher administrative levels than they did previously.
- ◯ Policy decisions involve staff in more administrative units than they did previously.

69. **What has been the impact of the changes in decision making about financial aid policy at your institution? (Mark only one)**

- ⑤ Very positive
- ④ Positive
- ③ Somewhat positive
- ② Somewhat negative
- ① Negative
- ⓪ No opinion or cannot evaluate

70. **To which area of the institution does the Financial Aid Office directly report? (Mark only one)**

- ◯ President's/Chancellor's Office
- ◯ Academic Affairs
- ◯ Finance/Business Office
- ◯ Student Affairs/Services
- ◯ Admissions/Enrollment Management
- ◯ Other (specify: ______________________________)

71. **What is the title of the chief financial aid administrator's immediate supervisor? (Mark only one)**

- ◯ President/Chancellor
- ◯ Vice President/Vice Chancellor/Provost
- ◯ Associate or Assistant Vice President/Chancellor/Provost
- ◯ Dean
- ◯ Associate or Assistant Dean
- ◯ Director
- ◯ Other (specify: ______________________________)

72. **To what extent do you rely on information from each of the following sources? (Mark only one for each item)**

4 = To a great extent	2 = To some extent
3 = To a moderate extent	1 = Not at all

- ④ ③ ② ① The US Department of Education
- ④ ③ ② ① Higher Education Professional Associations
- ④ ③ ② ① Lenders, Servicers, Guaranty Agencies
- ④ ③ ② ① Consulting, Accounting and Law Firms
- ④ ③ ② ① Other

73. **Does your institution routinely:**

	Yes	No	Not Sure
Conduct research for the purpose of responding to requests for data on student financial aid (e.g., surveys)?	◯	◯	◯
Conduct research for the purpose of assessment and evaluation of student aid policies and procedures?	◯	◯	◯
Utilize the results of research to make changes in financial aid operations?	◯	◯	◯

THANK YOU FOR YOUR PARTICIPATION!