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Relationships Between Financial Aid
Policies, Practices and Procedures at Texas
Public Colleges and Universities

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Relationships Between Financial Aid
Policies, Practices and Procedures at Texas Public
Colleges and Universities

by

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Dissertation

Presented to the Faculty of the Graduate School of

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Doctor of Philosophy

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Dedication

To Michael, Preston and Victoria

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**Relationships Between Financial Aid
Policies, Practices and Procedures at Texas Public
Colleges and Universities**

Publication No. _____

Desiree Kornrum Byrne, Ph.D.
The University of Texas at Austin, 2006

Supervisor: William F. Lasher

The economic success of the state of Texas is dependent upon future market participants having access to higher education. The ability of Texas citizens to access higher education is dependent upon access to financial aid resources to pay for higher education. Much is known about the impact of particular financial aid outcomes on access and persistence in higher education. However, very little is known about whether institutional financial aid processes (i.e. the policies, practices and procedures used by financial aid administrators) affect financial aid outcomes for students. This is especially true in Texas.

This study that follows was a retrospective study related to financial aid and student access to higher education. Specifically, the research examined the

relationship between financial aid processes (policies, practices and procedures) and outcomes (financial aid awards) at Texas public institutions of higher education.

The study explored (1) whether there were definable patterns in financial aid outcomes for students at Texas public institutions; (2) whether these patterns varied by institutional type; (3) whether there were patterns in the financial processes used by financial aid administrators at these institutions; (4) whether these patterns varied by institutional type; and (5) whether there were definable relationships between the financial aid outcomes and the processes used by financial aid administrators at Texas public institutions.

To investigate these questions, the researcher (1) extracted and analyzed financial aid award data obtained from the statewide Financial Aid Database System (FADS) maintained by the Texas Higher Education Coordinating Board; (2) surveyed financial aid administrators at Texas public colleges and universities regarding institutional financial aid processes (survey derived from the *2001 Survey of Undergraduate Financial Aid Policies, Practices and Procedures (SUFAPP)* developed by the National Association of Student Financial Aid Administrators); and (3) identified financial aid award outcomes and determined from the survey database whether definable patterns of institutional financial aid processes existed.

This research was significant as it examined relationships between processes (institutional policies, practices and procedures) and outcomes (financial aid awards to students) and provided structural models illustrating those

relationships which (1) were state specific and (2) would be useful to financial aid administrators in evaluating the impact of their processes on outcomes for their students.

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CHAPTER ONE

Introduction

The economic success of the state of Texas hinges upon future market participants (i.e. workers) having access to higher education. Participation in higher education was and is contingent upon the state's ability to ensure that citizens have access to the means of paying for higher education. Economists view higher education as an "investment in human capital" (Paulsen and St. John, 1997, p. 472). Thus, providing Texas citizens with greater access to and opportunity for employment and economic success by providing pathways to higher education has proven to be a vital investment in the future for the state.

According to the Handbook of Texas Online, a Texas index maintained by the Texas State Historical Association, public higher education was first made available to Texan citizens in 1876 (Cardozier, 2001). Financial aid, however, came to Texas much later. Texas veterans were the first to receive financial aid

benefits for higher education. In 1944, President Roosevelt signed into law the *Servicemember's Readjustment Act* (more commonly referred to as the G.I. Bill) (U.S. Department of Veteran's Affairs, January/February 2006). This legislation was originally targeted to World War II veterans and provided tuition reimbursement and a stipend for living expenses to all qualified veterans. Though the G.I. Bill program was eventually expanded to cover veterans of other wars, it was not expanded to provide financial aid to other populations.

In 1958, shortly following Russia's launch of the *Sputnik* spacecraft, the U.S. Congress passed the National Defense Education Act. This act provided public and private institutions of higher education with government funding to make low-interest loans to students in targeted fields (i.e. science, mathematics, foreign languages, and technical education). The act, however, made no provisions for gift-aid in any form or for work-study (National Science Foundation, 1994).

In 1965, the federal government passed the first round of legislation establishing a comprehensive, national program of need-based financial aid. The new programs were open to *all* students enrolled in higher education. Eligibility was based not on veteran status or enrollment in a specific major, but on the student's ability to prove his/her need for the award (Higher Education Act of 1965, as amended, P.L. 105-244, U.S. Department of Education 2003).

Since 1965, financial aid—in a variety of forms and from a variety of sources—has provided many socio-economically disadvantaged Texas families and students—those families and students who have experienced enduring family, societal and/or economic hardships that significantly compromised their educational opportunities—with the fundamental economic resources necessary to gain access to higher education. Financial aid has been an essential link in the chains pulling Texas families and college-aspiring children towards higher education; while at the same time providing them with the financial support necessary to continue in college, graduate and become skilled members of the workforce (Perna, 2004).

In more recent years, the affordability of a college education has been recognized by federal and state higher education authorities as a primary barrier to socio-economically disadvantaged students (Cabrera and LaNasa, 2001). The high costs of higher education work to divert students from socio-economically disadvantaged households away from higher education opportunities (Kipp, Price and Wohlford, 2002). Financial aid, therefore, is seen as *the* resource for many students and families, especially Texas students and families. In 2001-2002, forty percent of all students enrolled at Texas institutions of higher education received financial aid to offset their costs of attendance (Texas Higher Education Coordinating Board, 2003a and b).

The awarding and packaging of financial aid for students and families with financial need was and is dependent upon the financial aid policies, practices and procedures in place at the agencies and organizations responsible for awarding financial aid. In Texas, decisions regarding a student's eligibility to apply for and/or receive financial aid awards from Federal, State and/or institutionally-funded financial aid are made by the financial aid offices at the various higher education institutions. Thus, in order to understand how financial aid was awarded and packaged for students for the purposes of this study, it was important to explore the distribution of financial aid awarded to students, the policies, practices and procedures used by financial aid administrators to award and/or package financial aid for students, and the relationships between those financial aid awards and/or packages and those financial aid policies, practices and procedures.¹

¹ Loosely defined, financial aid policies, practices and procedures include: institutional policies related to financial aid (e.g. designation of office/staff responsible for handling financial aid, election to participate or offer specific programs, establishment of deadlines, etc.); office practices related to financial aid (e.g. use of professional judgment, ranking of applicants, etc.); and procedures used by administrators/staff in financial aid offices to award aid or package aid for students (e.g. application forms, software packages/systems, etc.).

Purpose of Research

The purpose of this research was to examine relationships between the financial aid policies, practices and procedures in place in financial aid offices at Texas public institutions of higher education and specific award outcomes for students. A secondary purpose was to define the nature of these relationships and build models illustrating them. This study contains state specific information illustrating how financial aid policies, practices and procedures resulted in specific financial aid award and/or package outcomes for students enrolled at Texas public institutions of higher education.

Hypotheses

This study was designed to explore the following hypotheses related to financial aid policies, practices and procedures used by financial aid administrators at Texas public institutions of higher education in 2001-2002.

1. There is a pattern to the financial aid awarded to or packaged for students at Texas public institutions of higher education,
2. The pattern in financial aid awarded to or packaged for students varies by institutional type,
3. There is a pattern to the financial aid policies, practices and procedures used by financial aid administrators at Texas public institutions of higher

education,

4. The pattern in financial aid policies, practices and procedures varies by institutional type,
5. There is a relationship between the financial aid awarded to or packaged for students and the policies, practices and procedures used by financial aid administrators to make awards to students at Texas public institutions of higher education.

Approach to Evaluating the Hypotheses

The researcher implemented a stepped approach to testing these hypotheses. Much like constructing a building, each step built upon the previous. The approach to evaluation was as follows.

Step 1

The researcher used data from the Statewide Financial Aid Database System (FADS) to determine whether,

- (1) there were patterns in awarding and packaging of financial aid to students at Texas public institutions of higher education, and/or
- (2) these patterns differed amongst the various types of public institutions of higher education in Texas.

Statistical analysis of the financial aid data was based on Pedhazur and Pedhazur-Schmelkin's *Measurement, Design and Analysis: an integrated approach* (hereafter referred to as the *Integrated Approach*) (1991).

Step 2

The researcher developed a survey instrument designed to gather data on institutional policies, practices and procedures related to financial aid. The survey instrument used in this study was based on the *2001 Survey of Undergraduate Financial Aid Policies, Practices, and Procedures (SUFAPPP)*², the redesign and implementation of the survey instrument was based on Dillman's *Mail and Internet Surveys: the Tailored Design (TD) Method* (hereafter referred to as the *TD Method*) (2001).

Step 3

The researcher surveyed financial aid administrators at Texas public institutions of higher education to determine whether,

- (1) there were patterns in the financial aid policies, practices and procedures used by financial aid administrators at Texas public institutions of higher

² Participants in the 2001 survey were limited to institutions which were members of either the National Association of Student Financial Aid Administrators or the CollegeBoard. Issues of confidentiality prevented the agency from releasing data specific to a state or to specific institutions within that state (K. Redd, Director of Research and Policy Analysis, NASFAA, 2003).

education, and/or

(2) these patterns varied by type of Texas public college and university.

Step 4

Using summary results from Steps 1, 2 and 3, the researcher evaluated whether relationships existed between financial aid awarding/packaging patterns and financial aid policy, practice and procedure patterns. The researcher also examined the nature of these relationships and built a structural model to illustrate them.

Significance of the Study

The significance of understanding how financial aid was awarded to students enrolled in Texas public institutions of higher education in 2001-2002 lies in an understanding of the process. Generally, the process of awarding and/or packaging financial aid for Texas students involved matching student applicant data with specific program eligibility requirements. Essentially, student applicants provided data to financial aid administrators at Texas institutions of higher education. The financial aid administrators processed the data, matched the student data to program requirements and awarded and/or packaged financial aid for the students.

The likelihood existed that financial aid outcomes for students were not merely the result of randomness in the programs; but this idea had not been fully explored. It was entirely possible that financial aid outcomes for students were related to institutional policies, practices and procedures used by financial aid administrators to award and/or package financial aid for their students. The value of this study was that it tested the hypothesis that factors other than randomness in the programs were likely to impact financial aid outcomes for students.

How did the study add to knowledge?

In 2001-2002, the U.S. Department of Education, the Texas Legislature and the Texas Higher Education Coordinating Board (THECB) provided guidance to all Texas higher education institutions regarding the administration of financial aid programs. This administrative guidance was provided for in the Higher Education Act of 1965, as amended (2003), in Education Code, Title 3, Texas Codes Annotated, §54 (2003) and Administrative Code, Title 19, Texas, Part 1, Chapters 21 and 22 (2003).

All three administrative documents contained specific provisions for local control of awarding and packaging financial aid for students at the institutional level. The administrative powers delegated to the Texas institutions of higher

education in 2001-2002 included the right to develop internal policies, practices and procedures to:

1. establish application deadlines or priorities,
2. process applications,
3. determine eligibility of applicants, and
4. make and track awards.

Additional administrative authority was provided to Texas institutions of higher education in statutes related to specific financial aid programs. This authority varied, but often included activities such as collection and administration of funds for student financial aid programs. However, this authority was not consistent across all Texas institutions of higher education nor was it consistent for all programs.

The Student Services Division at the THECB (the division responsible for administration of the statewide financial aid database) has collected financial aid award data through the Financial Aid Database System (FADS) for each academic year since 1994-1995 (J.I. Caldwell, Director of Grants and Special Programs, Student Services Division, Texas Higher Education Coordinating Board, personal communication, June 03, 2003). The THECB uses this data to track program activity and assess the level and volume of financial aid awarded to students enrolled in Texas institutions of higher education. Additionally, the

THECB uses data from the FADS to calculate and assess the current and future demand for student financial aid in the state.

Beyond the FADS, THECB data collection efforts regarding financial programs appeared to be limited. At the time of this study, the THECB did not consistently collect data related to the financial aid policies, practices and procedures in place in financial aid offices at Texas institutions. Nor did the THECB attempt to determine the impact financial aid policies, practices and procedures used at higher education institutions in Texas may have on student financial aid awards and/or packages.

The National Association of Student Financial Aid Administrators (NASFAA) periodically assesses financial aid policies, practices and procedures at higher education institutions across the United States. It did so not to determine the impact of financial aid policies, practices and procedures on student awards and/or packages, but rather to establish trend information for the financial aid industry (NASFAA and College Board, 2001). The NASFAA study, however, made no attempt to:

- a. connect financial aid policies, practices and procedures to student award and/or package outcomes,
- b. disaggregate the findings to individual states to see if there were variations financial aid policies, practices and procedures across states, or

- c. disaggregate the industry trends findings by institutional categories (e.g. public vs. private) to see if there were variations in trends that were specific to the category of higher education institution.

This study attempted to bridge this gap in knowledge.

Towards this end, this study was designed to bring together information obtained from institutional surveys and the THECB Statewide FADS in order to provide information specific to Texas regarding:

1. financial aid award outcomes at Texas public institutions of higher education, and
2. the financial aid policies, practices and procedures implemented at these institutions.

Though this separate information was and continues to be of value to the Texas financial aid industry, the true significance of this study was in the linkages between financial aid outcomes and processes. Such information could potentially become a resource for Texas financial aid officers by providing them with an evaluative tool.

Further, this study was purposely designed to be replicable. Future researchers should be able to easily update the FADS data and repeat the survey annually or biennially and keep the models up-to-date. The research could

possibly be extended to include a study of financial aid policies, practices and procedures in place at Texas independent colleges and universities as well.

Abbreviations and Terms

For the purposes of this study, specific meanings were assigned to abbreviations and terms commonly used by Texas members of the financial aid industry. When a definition other than one ascribed here was used, that definition is provided in the text.

AGI (adjusted gross income)

The definition of AGI used here conforms to that promulgated by the U.S. Internal Revenue Service (IRS). Generally, AGI was the student's or family's household income (including wages, interest, capital gains, income from retirement accounts, alimony received) adjusted downward by specific deductions (including contributions to deductible retirement accounts and alimony paid); but *not* including standard and itemized deductions (IRS, 2002).

EFC (Expected Family Contribution)

EFC represented the amount of monetary resources a student and/or a student's family was expected to contribute towards the student's cost of

attending an institution of higher education. This amount was generally calculated based on information the student provided in the Free Application for Federal Student Aid (FAFSA). The EFC calculation was and remains a standard formula established annually by the U.S. Department of Education (2003).

FADS (Financial Aid Database System)

The FADS was the statewide database maintained by the Texas Higher Education Coordinating Board (THECB). This database was legislatively mandated in 1994 and is used by the THECB to collect and maintain data on financial aid awarded to students at Texas higher education institutions. At the time of this study, all Texas institutions of higher education awarding need-based financial aid to students submitted annual reports to the FADS (THECB, 2003c).³

Financial Aid

For the purposes of this study, financial aid was defined as any “financial means [made] available to [a student] to offset or diminish the expenses normally incurred by [that] individual while in college.” (Van Dusen and O’Hearne, p. 12, 1980). More specifically, “financial aid is money used to help pay for college expenses that is available from many sources and in many forms: grants [such as

³ In order for an institution to include student data in FADS, the student must have received at least one financial aid award through a need-based program. Thus, it is assumed that every student included in the database had at least some financial need.

the Pell Grant and TEXAS Grant], scholarships [such as the Fifth Year Accounting Student Scholarship], work-study opportunities [including the Federal Work Study Program and the Texas College Work-Study Program], loans [from federal, state and private lenders], and other programs [like tuition and fee exemptions or institutional aid]. Financial aid can be used to pay for tuition and fees, books and supplies, and the living expenses associated with attending college.” (THECB, 2003c, <http://www.collegefortexans.com/paying/geninfo.cfm>)

Financial Aid Policies, Practices and Procedures

As indicated previously, financial aid policies, practices and procedures included: institutional policies related to financial aid (e.g. designation of office responsible for handling financial aid, election to participate or offer specific programs, establishment of deadlines, etc.); office practices related to financial aid (e.g. use of professional judgment, ranking of applicants, etc.); and procedures used by administrators/staff in financial aid offices to award aid or package aid for students (e.g. application forms, software packages/systems, etc.).

Public institutions

Public institutions are those higher education institutions supported through general appropriations of state tax dollars. Texas higher education

institutions in this category were those senior colleges or universities, medical and dental units, junior colleges, and technical institutes defined in Education Code, Title 3, Texas Codes Annotated. Chapter §61, Section 003, subsections 2 – 5 and 7 (2003) defined such institutions as follows:

(2) "Public junior college" means any junior college certified by the board in accordance with Section 61.063 of this chapter.

(3) "General academic teaching institution" means The University of Texas at Austin; The University of Texas at El Paso; The University of Texas of the Permian Basin; The University of Texas at Dallas; The University of Texas at San Antonio; Texas A&M University, Main University; The University of Texas at Arlington; Tarleton State University; Prairie View A&M University; Texas Maritime Academy; Texas Tech University; University of North Texas; Lamar University; Lamar State College—Orange; Lamar State College—Port Arthur; Texas A&M University—Kingsville; Texas A&M University—Corpus Christi; Texas Woman's University; Texas Southern University; Midwestern State University; University of Houston; University of Texas—Pan American; The University of Texas at Brownsville; Texas A&M University—Commerce; Sam Houston State University; Southwest Texas State University; West Texas A&M University; Stephen F. Austin State University; Sul Ross State University; Angelo State University; The University of Texas at Tyler; and any other college, university, or institution so classified as provided in this chapter or created and so classified, expressly or impliedly, by law.

(4) "Public senior college or university" means a general academic teaching institution as defined above.

(5) "Medical and dental unit" means The University of Texas Medical Branch at Galveston; The University of Texas Southwestern Medical Center at Dallas; The University of Texas Medical School at San Antonio; The University of Texas Dental Branch at Houston; The University of Texas M.D. Anderson Cancer Center; The University of Texas Graduate School of Biomedical Sciences at Houston; The University of Texas Dental School at San Antonio; The University of Texas Medical School at Houston; the nursing institutions of The University of Texas System; and The University of Texas School of

Public Health at Houston; and such other medical or dental schools as may be established by statute or as provided in this chapter.

(7) "Public technical institute" means the Lamar Institute of Technology or the Texas State Technical College System.

See Appendix A for a complete listing of such institutions.

THECB (Texas Higher Education Coordinating Board)

The THECB was and is the state agency responsible for coordinating higher education in the state of Texas. At the time of this study, this agency was authorized to interpret legislation related to financial aid programs, promulgate administrative rules and provide guidance to institutions regarding the administration of financial aid programs (THECB, 2001).

Delimitations

In designing this study, specific boundaries were set. The results were not used in making evaluative judgments or in ranking Texas public institutions based on financial aid award and/or package outcomes for students. Neither were the results of the study used as a basis of evaluating the potential costs or benefits of one set of financial aid policies, practices and procedures versus another. Finally, no attempt was made to predict specific financial aid award outcomes for students electing to attend Texas public institutions having particular financial aid policies, practices and procedures based on the findings from the study.

Summary

The awarding/packaging of financial aid is a complex activity, revolving around institutional policies, practices and processes. The research described here is important because it provides a means of exploring the awarding/packaging of financial aid as a synergistic activity rather than as a series of distinct activities. By testing the hypothesis that factors other than randomness in the programs likely impact financial aid outcomes for students and by exploring the linkage between outcomes and processes, the researcher hoped to develop a model that could be used by Texas financial aid administrators to evaluate the financial aid policies, practices and procedures in place at their institutions.

In the chapters that follow, the researcher lays out the framework for this study. In Chapter Two, the researcher discusses research related to:

- financial aid trends and models,
- affordability and access,
- pricing and financing of higher education,
- access to and opportunities for funding,
- demographic and social issues,
- recruitment, persistence and retention,
- need vs. merit,
- legal and ethical issues, and

- policies, practices and procedures.

The groundwork for the present investigation is also presented.

In Chapter Three, the researcher discusses the methodology used for this study. Methods for collecting, treatment, and analysis of data are discussed. The researcher also presents information related to handling and mitigation of potential errors in all areas of the study.

Details related to the outcomes and findings of this research are presented in Chapter Four. In order to build a set of “model” financial aid policies, practices and procedures, the researcher had to determine which variables differentiated these “model” institutions from the mainstream. Though not easily discernable at first glance, comparisons of survey responses submitted by directors of financial aid at the “model” institutions to those generally reported revealed some key differences. Further discussion of these outcomes and the resulting model is presented in Chapter Five.

CHAPTER TWO

Review of Related Literature

The study of higher education encompasses a very large field of research, a wide array of issues, and a variety of disciplinary approaches. Much of the research related to financial aid is rooted in studies of higher education access and equity, college choice, and enrollment and persistence. The focus of financial aid research shifted with changes in the political environment, the availability of program funding and changes in the popularity of programs. Much of the research cited here was a direct result of federal, state or institutional efforts to track or project demographic or economic data and impacts, or to justify financial aid programs. Current research related to financial aid trends and models, affordability and access, pricing and financing of higher education, access to and opportunities for funding, demographics and social issues, recruitment, persistence and retention, need versus merit, legal and ethical issues, policies, practices and procedures and the present investigation is presented in this chapter.

Financial Aid Trends and Models

Coleman and Barnes (1986) examined award processes related specifically to the Pell Grant. The authors examined the impact that change in parents' adjusted gross income during the financial aid verification stage had on financial aid awards. The authors noted that the financial aid process of verification resulted in changes in student aid. Their study, however, was limited strictly to the impact this single process had on Pell Grant awards.

McMillion, Ramirez and Webster (2004), researchers and analysts with the Texas Guaranteed Student Loan Corporation (TG), examined a variety of demographic and other data to provide a better picture of higher education in Texas. The purpose of their study was to illustrate financial aid trends in Texas. In brief, the authors noted that:

1. state financial aid dollars accounted for a small portion of the total financial aid made available to Texas students;
2. federal financial aid dollars comprised the majority of financial aid to Texas students; and
3. loans (state and federal) accounted for the greatest amount of financial aid to Texas students.

The message here was that the purpose of financial aid was to assist students in lowering barriers and that student success in higher education was dependent upon how much the barriers were lowered.

Affordability and Access

Lee and Carroll of the National Center for Education Statistics examined the relationship between “sticker-price” (i.e. tuition and fees prior to the application of discounts and financial aid) and undergraduate enrollment. In 2001 they looked at the characteristics of students enrolling in colleges with sticker prices equal to or more than \$12,000 per year and compared them to students enrolling in colleges with sticker prices of less than \$12,000 per year. The authors determined that the background characteristics of both groups of students were very similar. Based on their data, the authors concluded that students with similar backgrounds often opted for higher priced colleges when financial aid and job placement assistance were made available. Those opting for lower priced colleges did so out of concern for tuition, proximity to family, and peer influence.

Immerwahr, a researcher with the National Center for Public Policy in Higher Education, surveyed the public for perceptions regarding college affordability. In 2002 he examined perceptions related to the cost of higher education, access, governmental obligations and ways to make college affordable.

Based on survey responses, Immerwahr concluded that the public was concerned with the rising costs of college. But, he noted the perception of the participants was that students were still able to attend college if they really wanted to. He also found that the public believed students with the skills and aptitude for college should be able to attend and that the government had a key role to play in paying for their education.

Singell, Jr., Waddell and Curs (2004) of the University of Oregon compared the enrollment effects of the Georgia Hope Scholarship and the Pell Grant. Based on their data, the authors concluded that neither financial aid program alone significantly increased college enrollments of students with financial need. However, increased availability of Hope funding matched with increased Pell grants resulted in more needy students enrolling in college.

Eckel and King (2004) examined the relationship between diversity and access and tuition prices. The authors explored the impact of shrinking governmental support for higher education and the resulting increases in tuition prices. They concluded that, despite the tremendous increases in tuition costs, students from diverse backgrounds still managed to access U.S. higher education institutions in ever increasing numbers.

Pricing and Financing Higher Education

Cunningham and Carroll (2005) of the National Center for Education Statistics (NCES) undertook a longitudinal study of patterns in sticker prices, financial aid and net prices at non-profit higher education institutions participating in Title IV financial aid programs from 1999 to 2002. The authors examined institutional data, obtained from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS), related to first-time, full-time, degree/certificate seeking undergraduates. Based on an analysis of institutions' median sticker prices, the amount of financial aid awarded and/or packaged for students, and the institutions' net prices, they determined that:

- median sticker price and net price varied in direct proportion to enrollment (i.e. higher enrollments equated to higher sticker and net prices and vice versa),
- sticker price and net price varied inversely with receipt of financial aid (i.e. institutions with low numbers of financial aid recipients had higher sticker and net prices and vice versa), and
- sticker and net price varied directly with selectivity (i.e. highly selective institutions had higher sticker and net prices and vice versa).

The authors concluded that for students who did not receive financial aid, the net price of attending an institution of higher education generally equated to the institution's sticker price.

Fischer analyzed state and federal student financial aid in his study *State financing of higher education: A new look at an old problem* (1990). The focus of his report was to argue that existing financing plans were outmoded. He concluded that new ways of thinking were needed, but change would require federal intervention in state policies.

In 2004, St. John, Chung, Musoba, Simmons, Wooden and Mendez of the Indiana Education Policy Center at Indiana University undertook a study of state fiscal policy as it relates to college access. They examined prior studies related to access in order to develop a new model to be used by policy makers in developing state strategies to increase access. In their study, the authors simulated outcomes for each of their models and concluded that state-funded, need-based grants were a significant determinant of access for low income students, and "each state should maintain funding for need-based grants at least equal to one-quarter of the average tuition charge." (3)

Access to and Opportunities for Funding

Choy (1999) examined the relationship between state and federal subsidies (i.e. financial aid) and the ability of students with financial need to access higher education. Her primary concern was whether financial aid acted as an incentive for financially-needy students. Based on a review of data abstracted from the National Center for Education Statistics (NCES), Choy concluded that though enrollments were increasing and financial aid made the increasing costs of college more affordable, financially-needy students were still less likely to attend college. Finances, unmet financial need, and other barriers work in tandem so that “even among the highest achieving high-school students, low-income students are less likely to enroll” (http://nces.ed.gov/programs/quarterly/vol_1/1_2/4-esq12-b.asp).

Demographic and Social Issues

Murdock, White, Hoque, Pecotte, You and Balkan of the Center for Demographic and Socioeconomic Research and Education studied the impact of demographic shifts on higher education in the state of Texas in 2002. They predicted that Texas was fast becoming a minority-majority state with special education and workforce needs. The authors contended that enrollments at Texas public institutions of higher education would become more diverse, with minorities comprising a larger part of the total. Given the historical income

disparity between Anglos and minorities in Texas, the authors suggested that increased minority enrollments in Texas public higher education institutions were more likely to result in higher levels of financial need and increased student and family demand for financial aid dollars.

Bowen and Bok (1998) examined the relationship between affirmative action policies and enrollment outcomes. Though financial aid was not a predominant factor in their study, the authors did touch on the relationship between financial aid and student ability to overcome barriers. The authors noted specifically that they believed financial aid was an “essential resource for poor students, enabling them to attend the more expensive, selective institutions.” (50)

King (1999) examined the relationships between student background characteristics (race, gender, age, income, dependency, etc.) and the choices they make (i.e. type of institution to attend and how to finance their education). She concluded that “variations in background characteristics significantly impact the choices students make, thus understanding of how students finance their education hinges upon an understanding of who the students are.” (55) She addressed this issue again in a later study.

In a second study, King (2002) continued to examine the relationship between student background characteristics and choice. This time, however, she focused her efforts on the relationship between student background

characteristics, financing decisions, and academic success. She concluded that the financing choices students made, which were influenced by their background characteristics, had a “substantial impact on their academic success.” (23)

Heller (2000) theorized that, all things being equal, the award pattern of institutional funds should closely resemble the enrollment pattern of students (i.e. if more white male students enrolled, more white male students should receive institutional financial aid, etc.). He discovered, however, that when everything else was equal, gender had little impact on the awarding of institutional funds. His conclusion was that ethnicity appeared to impact the awarding pattern of institutional funds significantly. However, whether this was due to student ethnicity or to institutional funding priorities or some other variable was still questionable.

Kipp III, Price and Wohlford produced a study for the Lumina Foundation which examined issues of access and affordability in higher education. In 2005, they argued that,

1. fundamentally, access was a function of both admissibility and affordability,
2. all things being equal in terms of background and preparation, students were limited, in terms of admissibility, by the affordability of an institution,

3. there were vast variations in affordability from state to state,
4. affordability was a tremendous barrier for low-income students, and
5. attempting to make unaffordable institutions more affordable by providing students with loan debt was not viable.

The authors' conclusion that access to higher education was unequal because low-income students had a much smaller percentage of institutions to which they could truly be admitted due to issues of affordability generated a great deal of controversy.

Seftor and Turner (2002) examined changes in Pell Grant eligibility requirements and the impact these changes had upon college enrollment. The authors looked specifically at the differences in enrollment in 1974-1977, 1984-1986 and 1988-1990. They concluded that the procedural change which allowed institutions to award Pell grants to independent/nontraditional students positively impacted the enrollment decisions of these students.

Peter, Horn and Carrol (2005) undertook a descriptive analysis of gender and participation. The authors examined variances in participation rates by gender "focusing on changes over time in college enrollment... and the demographic and enrollment characteristics of undergraduate men and women." (32) Though this study did not specifically examine receipt of financial aid as a factor in persistence, the authors did look at the relationship between income and

persistence. They noted that up to 40 percent of men and 18 percent of women left college prior to completion of a degree “because they needed to work or had other financial reasons” for leaving. (32)

Recruitment, Persistence and Retention

Turner and Pusser (2004) examined the issue of access at the University of Virginia (UVA). The authors undertook a longitudinal study of patterns of enrollment at UVA to determine whether selective admissions practices or other variables impacted enrollment of students from specific racial/ethnic backgrounds. They concluded that selectivity may have played a part, but the greatest impacts upon student enrollment were place (home or residence) and demographics (ethnicity and gender). Secondary predictors of enrollment were: family income, and educational attainment of student and parent. Turner and Pusser (2004) concluded that for a selective institution such as UVA to achieve a diverse, representative student body, the admissions office must pay increased attention to the geographic and demographic characteristics of the students they recruit.

Cabrera and La Nasa (2000 and 2001) reviewed the college-choice process as it pertained to students from low socio-economic backgrounds and the variables associated with specific stages of the process. In both their 2000 and

2001 studies, the authors concluded that student background factors (i.e. low socio-economic status particularly) were not as significant in the choice making process as was academic preparation. However, even for well-prepared students from low socio-economic backgrounds, knowledge of tuition costs and financial aid availability as well as the student's perceptions of his/her own ability to pay tuition costs were significant variables impacting decisions at each stage of the college-choice process.

Turner and Wiedmann (2001) examined the relationship between the availability of financial aid and enrollment of first-year, traditional college students. The authors studied student enrollment data over three years to find out if there were differences in enrollment patterns between those who applied for financial aid and those who did not. The authors' conclusion was that institutions could and should use financial aid as an inducement for enrollment.

Heller (2003) worked with the Western Interstate Commission on Higher Education to conduct a study of the relationship between institutional and state-funded grants and student persistence, and the impact this relationship has on state policy. The author analyzed the distribution of institutional and state grants to students based on student characteristics such as enrollment status, dependency status, age and income. He determined that full-time enrolled, dependent, traditional, students from lower income families were more likely to receive

grants; however, middle- and upper- income students, while receiving fewer grants, received larger grants. He also determined that students who received a grant early in their educational career were more likely to remain enrolled until graduation than were those who did not receive a grant.

Horn and Peter (2003) studied institutional financial aid awarded to undergraduates at four-year colleges. In this study, the authors followed an approach similar to Heller's. Using data from the *National Post-Secondary Aid Study* (NPSAS) from 1992 to 2000, they investigated the relationships between the process of awarding institutional financial aid; specific student characteristics such as financial need, income, and merit; and institutional type (public vs. private). Like Heller, they concluded that financial aid was predominantly awarded to full-time enrolled, undergraduate students (i.e. "traditional" students). The authors found that the number of institutional financial aid awards to students from higher income ranges was increasing. Further, Horn and Peter (2003) determined that the relationship between the awarding of institutional financial aid at public institutions and either financial need or family income was not discernable. The authors also found that receipt of institutional financial aid at an early point in a student's educational career was directly related to higher retention rates.

Need vs. Merit

McPherson and Schapiro (1998) examined issues related to financing of undergraduate education in the United States. Specifically, the authors addressed the relationship of need-based and merit-based aid in meeting the financing needs of students. They argued that there was a distinct relationship between the need to subsidize a financially needy student and the need to reward that student for meritorious performance. However, they stated that these competing needs very likely impacted those students with the greatest need negatively since these are the students “who do not have the strong qualifications needed to qualify” for merit-based awards—especially at selective institutions. (135-36)

Institutions, wrote McPherson and Shapiro, “are becoming more strategic in their behavior.” (135) They argued that financial aid policy is molded and shaped by the dual needs—providing for need while awarding merit. McPherson and Shapiro noted, however, that in insuring colleges allocate resources appropriately to enroll the most qualified and promising students, it was likely that colleges were decreasing opportunities for those students with less talent and increasing the disparities between those with higher need and those with lesser need.

Legal and Ethical Issues

Heller and Schwartz (2002) examined the relationship between financial aid policies and college access and equity for minority students. The authors concluded that gaps in access and equity for minority students persisted despite changes in institutional, state and federal policies. Additionally, diminishing governmental support for four-year institutions, the movement away from affirmative action, and the shift in financial aid policy from need to merit, expanded the access gap for many students. Though the authors admitted their findings were subject to great debate, they contended that shifting resources and focus away from minority students would likely result in decreased minority enrollments.

Moran (1986) conducted a comparative study of financial aid awards and funding by gender. The author investigated whether there were variance, by gender in: the types and amounts of financial aid distributed, need, dependency classification, and participation rates. Moran found that financial aid, overall, was more beneficial to men than to women.

- The amount of college earnings received by women was roughly 20 percent less than that for men; college grants for women were 30 percent less than those for men; and loans for women were 20 percent less.

- Women generally had more barriers to overcome (care for family or child, a greater need to work, lower potential for outside earnings/support, need to participate half-time) than did men.
- Women were more likely to use educational loans while in school, were less likely to find adequate paying work after college to enable them to pay off these loans, and were more likely to default.

Her conclusion was that institutions and governments needed to work together to make changes to equalize the distribution and impact of financial aid for women.

Policies, Practices and Procedures

Van Dusen and Hearne (1980) working with the Bureau of Applied Social Research of Columbia University, the THECB and the CollegeBoard, began studying administrative practices in financial aid offices at four-year, degree granting higher education institutions in the 1960s. The authors conducted a regional survey of 894 four-year, degree granting institutions throughout the southwestern United States and first reported their findings in 1968. The survey was repeated and their findings updated in 1980. Their basic premise was that there was an “ideal” set of financial aid administrative practices and procedures.

Based on their study, the authors developed a financial aid administrative practices and procedures model which financial aid directors at baccalaureate

granting institutions throughout the southwestern United States could implement. This model provided direction on the development of financial aid programs, guiding principles for financial aid administration, the administrative structure of financial aid offices and the management of financial aid activities (Van Dusen and O’Hearne, 1980). The 1980 model was predicated on the administrative policies, practices and procedures in place in financial aid offices at four-year institutions in the late 1970s. The basic philosophy of the authors was captured in their ten “Principles of Student Financial Aid Administration.”

1. the primary focus of funding should be on providing aid to students with need,
2. institutions have an obligation to make students aware that financial aid exists,
3. institutions have an obligation to make students aware of how much an education may cost,
4. parents and students must contribute, in some manner, to the cost of education,
5. aid should only be offered if resources do not exist to cover educational costs,
6. the greatest portion of grant funding should be targeted to those students with the least ability to pay,

7. awards should be reviewed each year,
8. award information should be private,
9. parents and students are entitled to privacy, and
10. all processes must be student-centered.

This study was helpful as it reinforced the idea that processes likely impacted award packages/outcomes for students. The authors made predictions for future administrative needs at four-year institutions. However, they could not predict the overwhelming changes in technology and other areas that states would see in higher education. This study has not been repeated in recent years.

Between 1995 and 2001, NASFAA conducted two studies of industry trends related to the method of awarding/packaging financial aid to undergraduate students (NASFAA and the CollegeBoard, 1996 and 2002). The purpose of both the 1995 and 2001 *Survey of undergraduate financial aid policies, practices and procedures (SUFAPPP)* was to gather sufficient data from financial aid professionals and to examine the internal policies, practices and procedures used at over 2,000 higher education institutions around the United States.

The NASFAA research provided much information on national industry trends. However, these studies did not examine trends particular to individual states. Additionally, these studies provided general information on student

awards. But, this information was neither presented by state nor related back to specific policies, practices and procedures used by higher education institutions.

In 1998, NASFAA conducted the *Survey of Graduate Aid Policies, Practices and Procedures (SOGAPPP)*. The purpose of this study was similar to that of the SUFAPPP, that is, to gather information on internal policies, practices and procedures used in the financial aid offices at higher education institutions. However, NASFAA limited the scope of this study to the methods used by financial aid professionals for awarding and packaging financial aid for graduate students (NASFAA, 1999). The authors reported trends but made no attempt to draw conclusions based on the data they collected.

Spaulding and Olswang (2005) examined financial aid packaging policies as they relate to enrollment. The authors built a model enrollment forecasting system predicated on specific need-based financial aid awarding policies. Their conclusion was that institutions interested in attracting low-income, minority students should move away from the traditional model of awarding financial aid based on a student budget, and instead model aid awarding policies so that those with the highest need received the greater proportion of gift-aid (i.e. grants and scholarships). This study was limited, however, as the authors did not examine the possibility that other financial aid policies, practices and procedures were inter-related with the budgeting issue.

Heller and Laird (1999) focused on differences in programs awarded by institutional type. This study included an analysis of the impact of socio-economic variables. However, this analysis was limited to discussions of disparities in financial aid trends based on student income. There was no discussion of financial aid processes, ethnicity or gender.

Summary

In the previous sections, this literature review touched on the relationship between financial aid and,

- industry trends and models,
- affordability and access,
- pricing and financing higher education,
- access to and opportunities for funding,
- demographic and social issues,
- recruitment, persistence and retention,
- need vs. merit,
- legal and ethical issues, and
- administrative policies, practices and procedures.

Van Dusen and O’Hearne’s (1980) theory that there was an ideal model of administrative policies, practices and procedures for financial aid offices provided

the theoretical framework for this investigation. Data analysis and survey methods were used to build and expand upon Van Dusen and O’Hearne’s theory with respect to current financial aid awarding and/or packaging patterns and the relationship between these patterns and the administrative policies, practices and procedures in place in financial aid offices at Texas public institutions of higher education.

CHAPTER THREE

Methodological Approach

Financing higher education for students, a necessary but costly enterprise, was of grave concern in states, like Texas, which were facing dwindling budgets at the turn of the century. In 2001-2002, roughly \$2.4 billion dollars in federal, state and institutional financial aid were awarded to students to finance higher education at Texas public and independent institutions of higher education (THECB, 2003a and b). This represented financial aid funding to over 400,000 needy⁴ students at some 150 institutions of higher education across the state (THECB, 2003a and b).

Study population

This study was limited to an examination of the financial aid programs at Texas public institutions of higher education and the administrators responsible for them.

⁴ In order for an institution to be able to report student data to FADS, the student had to have received at least one financial aid award through a need-based program. Thus, it is assumed that all 400,000 students reported had at least some financial need.

Data

The data included in this study were derived from two sources: (1) the statewide financial aid database system (FADS) and (2) a survey of financial aid administrators.

Data Collection, Treatment and Analysis

Unless otherwise noted in this section, the term “institutions” is used to refer to the Texas public institutions of higher education included in this study. (See Appendix A for complete listing of eligible institutions.) For the purposes of this study, the following methods were used to collect, process and analyze the data.

Determining patterns of awarding/packaging by institutional type

At the time of this study, the Statewide FADS was a legislatively mandated financial aid data collection system. The Texas Higher Education Coordinating Board (THECB) began collecting data via the FADS in 1994. Beginning in 1995, all institutions were required to review and certify the validity of their data. Though institutions may have reported award data to other sources, the statewide FADS was and is the primary data source for information on

financial aid programs at Texas institutions. The base data year used for this study was 2001-2002.

Data from the 2001-2002 FADS were used to test the hypotheses (1) that there was a pattern in the financial aid awarded to and/or packaged for students by financial aid administrators at Texas public institutions and (2) this pattern varied by institutional type. The THECB FADS provided both the demographic variables and the programmatic variables necessary to analyze financial aid activity at these institutions.

Data for this portion of the study was limited to institution-specific award and/or package data on the following:

- 1 Grants and scholarships: “awards of money.. that require neither repayment nor specific service to be performed by the student.” (Van Dusen and O’Hearne, p. 12, 1980) Programs included in this category were Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (SEOG), Texas Public Education Grants (TPEG), Public Student Incentive Grants (PSIG), Leveraging Educational Assistance Program (LEAP) Grants, Tuition Equalization Grants (TEG), Byrd Scholarships, Texas Nursing Scholarships, Student Deposit Scholarships, TEXAS Grants (I and II), Teach for Texas Conditional Grants, Supplemental Leveraging Educational Assistance Program (SLEAP) Grants and other

scholarships and grants, including fellowships.

- 2 Educational loans: “sums of money offered with the requirement that they be repaid in whole or in part, with or without payment of interest.” (Van Dusen and O’Hearne, p. 13, 1980) Programs in this category included Stafford Loans (subsidized and unsubsidized), Perkins Loans, Federal SLS/PLUS Loans, Texas HEAL/HELP Loans, Texas College Access Loans, Primary Care Student Loans, Income Contingent Loans, Federal Direct Loans (subsidized and unsubsidized) and other long-term educational loans.
- 3 Exemptions and waivers: “tuition discounts or remissions” that subsidize the cost of higher education by decreasing the tuition and/or fees charged to students in specific categories. (Van Dusen and O’Hearne, p. 12, 1980) Such programs included Educational Aide Exemptions, Early High School Graduation Scholarships, TANF Exemptions, Deaf/Blind Exemptions, Hazlewood Exemptions (Texas Veterans Exemptions) and any other state-authorized exemption program which would have permitted a student not to pay tuition and/or fees. Eligibility for these programs may have included a financial need component.
- 4 Work-study: “need-based, student employment.” (Van Dusen and O’Hearne, p. 16, 1980) This category included Federal Work-Study,

Texas College Work-Study, institutional work-study and Americorps.

However, this study excluded information on such programs as:

1. Categorical aid: aid brought to the institution by the student that was not packaged by financial aid administrators (i.e. federal job training funds, Texas Rehabilitation Commission grants and Texas Employment Commission payments, Texas Tomorrow Plan and other outside scholarships and resources).
2. Loan forgiveness: funds borrowed by the student from an outside agency/organization while the student was enrolled in higher education that usually must be repaid, or are forgiven, by performing some type of service to an agency or entity upon graduation.
3. Loan repayment programs: programs awarded after the completion of a student's education that made payments against outstanding student loans in repayment for services provided by the borrower. In Texas, these were generally associated with specific professions such as the Physician Education Loan Repayment Program, the Dental Education Loan Repayment Program, the Professional Nursing Student Loan Repayment Program and others.

Though these programs may have been considered financial aid, none of them were administered by the financial aid administrators at the institutions in this study.

The 2001-2002 FADS files contained over seventy separate program and demographic variables related to the financial aid programs studied. The variables selected for this study appear below.

Independent variables

1. Ethnicity,
2. Gender,
3. Gender by ethnicity and
4. Type of institution.

Dependent variables

1. Number of students receiving tuition/fee exemptions or waivers,
2. Aggregate value of tuition/fee exemptions or waivers awarded,
3. Number of students receiving grants and scholarships,
4. Aggregate value of grants and scholarships awarded,
5. Number of students receiving work-study,
6. Aggregate value of work-study awarded,
7. Number of students receiving educational loans, and
8. Aggregate value of educational loans awarded.

Gathering the data. Institutions reported FADS data by student recipient, but the Family Educational Rights and Privacy Act (FERPA) prohibited the THECB from releasing education records without the permission of each individual student. The THECB did grant permission, however, for this researcher to use aggregate institutional data for all of the 55 institutions included in this study. In order to preserve the privacy of the institutions and individuals participating in this study, the identity of study participants was protected.

Treatment of FADS data. The 2001-2002 FADS data was coded and indexed using Microsoft Excel. For the protection of the institutions, all identifying information was removed from the Excel data sets.

Treatment of independent variables.

Ethnicity was coded as follows: 01-White/Other (including foreign students and students not reporting ethnicity), Non-Hispanic; 02-Black, Non-Hispanic; 03-Hispanic; 04-Asian or Pacific Islander; and 05-American Indian or Alaskan Native.

Gender was coded as 01-Male and 02-Female.

Codes were also assigned to designate types of institutions, thus enabling analysis. For the purposes of this study, the following categories of institutions were used: 01-two-year institutions (public junior colleges/districts, two-year state colleges, and technical institutions); and 02-four-year institutions (public universities and medical and dental units). Three additional numbers (001 – 100) were assigned to the data from each institution in order to later match FADS data with survey data. FADS files without a corresponding survey match were excluded from this data set.

Treatment of Dependent variables.

Number of students receiving tuition/fee exemptions or waivers, grants and scholarships⁵, work-study and educational loans. This study used the total number of unduplicated students in each financial aid program category, disaggregated by race, by gender and by institution as reported in the 2001-2002 FADS.⁶

⁵ This number was adjusted downward to disaggregate data for the Teach for Texas Conditional Grant Program (a loan forgiveness program reported in this category) from this total.

⁶ Data for a specific institution was only included if that institution also submitted a survey for this study.

Aggregate value of tuition/fee exemptions or waivers awarded, grants and scholarships awarded⁷, work-study awarded and educational loans awarded. This study used the total dollar value awarded in each financial aid program category, disaggregated by race, by gender and by institution as reported in the 2001-2002 FADS.

Analysis of 2001-2002 FADS data. Analysis of the FADS data was done retrospectively. The researcher first performed frequency distribution analyses of award activity by financial aid program. The purpose of this was to determine if there was any variation in the way financial aid programs were packaged:

- by institutional type;
- by ethnicity;
- by gender; or
- by ethnicity by gender.

The analysis was extended to include frequency/percentage distributions for:

- awards by institutional type, by ethnicity;
- awards by institutional type, by gender; and
- awards by institutional type, by gender by ethnicity.

Second, analysis was performed to determine if there were variations in the way financial aid dollars were distributed to students enrolled at Texas public

⁷ This number was adjusted downward to disaggregate data for the Teach for Texas Conditional Grant Program (a loan forgiveness program reported in this category) from this total.

institutions of higher education by type of institution, by race and by gender. As with the analysis of awards for all recipients, this analysis was extended to include percentage distributions of:

- funds by institutional type, by ethnicity;
- funds by institutional type, by gender; and
- funds by institutional type, by gender by ethnicity.

In both the analysis of awards to students and funds distributed, likelihood ratios were included, where appropriate, as a convenient test to illustrate the degree to which the data supported one outcome over another. The general likelihood ratio (LR) was calculated as,

$$LR = B/A$$

where B is the percentage distribution value of variable 1 and A is the percentage distribution value of variable 2. The outcome, LR, is an indicator of “the extent to which the evidence supports one parameter value against another” (Edwards, 1992).

Establishing validity and reliability. The following were considerations in evaluating the validity and reliability of the research: construct validity, reliability, internal validity and external validity (Pedhazur and Pedhazur-Schmelkin, 1991).

Construct Validity. Construct validity refers to the likelihood that the metric used is actually a fair measure of what it is supposed to measure (Pedhazur and Pehazur-Schmelkin, 1991). The purpose here was to determine the likelihood that an award through a given financial aid program would be packaged by a financial aid administrator at a Texas public institution of higher education. Demographic and programmatic variables related to (1) type of program, (2) type of institution, (3) student ethnicity and (4) student gender were deliberately selected to increase the likelihood that measurement would be successful.

Reliability. Reliability refers to the likelihood that the data used in this study was free from error, or as free from error as possible. (Pedhazur and Pedhazur-Schmelkin, 1991). It was established that the THECB standardized the data collected for the 2001-2002 Statewide FADS. The THECB also carefully defined all variables to be included and set parameters for values to be entered. Further, the THECB required all institutions submitting financial aid data to the system to review and certify the reliability of that data (THECB, 2003c). Thus, it was assumed that the financial aid data in the 2001-2002 FADS accurately reflected demographic and program related data for that period. Further, as the

THECB predefined the variables to be reported to the 2001-2002 FADS, it was assumed that the financial aid data reported by institutions was consistent.

Internal validity. Internal validity refers to the effects of the independent variable(s) on the dependent variable(s) (Pedhazur and Pedhazur-Schmelkin, 1991). The research design was structured to permit an examination of the likelihood that a given set of variables resulted in specific award outcomes for students. Many variables were not considered, such as financial need, cost of attendance and basic eligibility requirements. These and other variables have already been studied extensively and the influence these variables have on award outcomes is known.

External validity. External validity refers to the ability to generalize findings to or across populations (Pedhazur and Pedhazur-Schmelkin, 1991). By limiting the study to Texas institutions, the results of this study were likely generalizable by type of institution and potentially across types. However, the generalizability of this study would not likely extend beyond Texas institutions.

Determining patterns in financial aid policies, practices and procedures.

Testing the hypothesis. In order to test the hypothesis that there was a pattern to the financial aid policies, practices and procedures used to award and/or package financial aid for students enrolled at Texas institutions and that this pattern varied by institutional type, it was necessary to survey financial aid administrators at these institutions.

The survey instrument used for this study was a web survey based on NASFAA's *Survey of undergraduate financial aid policies, practices and procedures – 2001* or *SUFAPPP 2001* (NASFAA and the CollegeBoard, 2002). NASFAA developed and began using the self-administered *SUFAPPP* in 1995. The survey was designed to gather industry trend data related to financial aid policies, practices and procedures and undergraduate financial aid.

NASFAA's *SUFAPPP* was selected as the basis for this survey as it:

- gathered information related to a sub-topic in this study,
- had been field tested repeatedly between 1995 and 2001, and
- was assumed to be reliable as the basic questionnaire had not been changed since it was introduced in 1995.

In addition, Texas financial aid administrators were familiar with the format of the instrument. Thus, building the survey for this study based on NASFAA's

SUFAPPP model was expected to contribute to a better response rate and greater reliability.

The survey used in this study was not a complete replication of NASFAA's *SUFAPPP*, however. That particular survey was developed to gather national information related to financial aid policies, practices and procedures, whereas the survey developed for this study was structured to gather data from Texas institutions only. Further, NASFAA's *SUFAPPP* was designed to capture information solely on policies, practices and procedures related to *undergraduate* financial aid. The survey in this study was designed to capture information related to financial aid policies, practices and procedures *in general*. Finally, NASFAA's *SUFAPPP* was built to facilitate analysis of trends throughout the industry. The survey developed for this study was built to facilitate analysis of trends or patterns by institutional type.

Survey Design. The approach to the development and implementation of the survey used in this study was based on Dillman's *TD Method* (2001). As mentioned previously, NASFAA's *SUFAPPP* had been used in the field in its present format since 1995. The majority of the changes necessary to transition NASFAA's survey instrument into one more appropriate for Texas institutions, the population targeted in this study, involved re-categorizing questions.

The NASFAA *SUFAPP* contained a variety of questions related to financial aid office demographics, financial aid awards, dollars awarded, financial aid policies, financial aid practices, and financial aid procedures. Questions related specifically to financial aid policies, practices and procedures fell into eight broad categories:

1. Student financial aid applicants and recipients,
2. Student aid application procedures and need analysis,
3. Professional judgment,
4. Demonstrated financial need and financial aid packages,
5. Institutional grants,
6. Student borrowing,
7. Financial aid office management issues, and
8. Institutional and financial aid administrator information.

For the purposes of this study, all questions from section 1 of NASFAA's *SUFAPP*, related to number of students awarded aid, value of aid awarded, and percentage distribution of aid by program were omitted. Questions from section 6 of NASFAA's *SUFAPP* related to educational loan awarding and packaging were also omitted. This information was available from the 2001-2002 FADS and was analyzed separately from the survey data. Questions from section 4, related to the percentage of students with need receiving financial aid or the amount of need

met by financial aid, and questions from section 6 related to exit counseling for educational loans, were omitted as this study was not designed to examine these particular variables.

The broad categories were then collapsed into sections more representative of the purpose of this study. The revised survey was structured as follows:

1. Participant information,
2. Introduction,
3. Financial aid policies, practices and procedures and
4. Feedback form.

To view the survey, see Appendix C.

Using Dillman's *TD Method* (2001), very slight adjustments were made to the remaining questions to make the survey more relevant to Texas financial aid administrators. However these changes in wording were not substantive. Where questions were added, the format used replicated the questions from NASFAA's *SUFAPPP* but extended the parameters of the original questions beyond the undergraduate level. The section that follows describes how the survey used for this study was laid out.

Participant information. The questions in this section were designed to gather information needed to assess the reliability of the respondent (i.e. was he/she in a position to be knowledgeable about the topic), categorize the institution the respondent was representing, set up a coded record for the respondent and gain the consent of the respondent to participate in the survey.

Introduction. The purpose of the introduction was to provide general information to the survey participants, including an estimate of the time it would take a potential respondent to complete the survey.

Financial Aid Policies, Practices and Procedures. Questions 1 through 36 in this section were categorized by topic (i.e. how the office worked, how aid was packaged, etc.). The matrix appearing on the following pages was developed to illustrate the relationship between each question and policy, practice and/or procedure. (See Table 1, beginning page 59.)

Feedback. Questions 37 and 38 were used to gather information regarding the participant's desire to obtain a copy of the results of the survey.

Pre-Testing. One of the primary tenets of Dillman’s *TD Method* (2001) is pre-testing. However, pre-testing in this method does not always involve pilot studies. Dillman’s pre-testing method involved gathering “feedback that is not likely to come from other methods in a timely way” (Dillman, p. 140, 2001). Thus, rather than piloting this study, present and past representatives from the Texas Association of Student Financial Aid Administrators (TASFAA) were asked to review and edit the survey. Feedback from these industry leaders regarding the appropriateness of both the survey questions and the responses was incorporated into the survey prior to its release.

Gathering the Data. The survey used in this study was designed as a web-based instrument. Pre-survey notices were sent via e-mail to all 100 potential participants (i.e. financial aid administrators at Texas public institutions) to encourage them to participate. This notice provided,

- general information regarding the survey,
- an estimated arrival/opening date for the survey and
- encouragement /appreciation for anticipated participation.

See Appendix B for an example.

Table 1. Survey Matrix

Relationship of Survey Questions to Financial Aid

Policies, Practices and Procedures at Texas Public Institutions

Financial Aid Policies, Practices and Procedures	Policy	Practice	Procedure
1. In 2001-2002, the financial aid office at your institution operated as...?	X		
2. In 2001-2002, how many full-time equivalent professional staff members worked in the financial aid office at your institution?	X		
3. In 2001-2002, how many full-time equivalent support staff members worked in the financial aid office at your institution (NOT including student interns or work-study students)?	X		
4. In 2001-2002, how many full-time equivalent student workers (work-study and non-work-study) were employed in your institution's financial aid office?	X		
5. Which financial aid software product(s) did your institution use in 2001-2002?			X
6. In 2001-2002, for which of the following purposes did your institution use this software?			X
7. If your institution used this software product to award and/or package financial aid for students in 2001-2002, how automated was this process?			X
8. Was the software product your institution used integrated with other systems at your institution?			X
9. In 2001-2002, did your institution require aid applicants to complete a separate application for financial aid or provide other supplemental documentation in addition to the FAFSA?			X

Table 1. Survey Matrix (Continued)

Financial Aid Policies, Practices and Procedures	Policy	Practice	Procedure
10. Which separate application/supplemental documentation did your institution require for NEW students?			X
11. Which separate application/supplemental documentation did your institution require for RETURNING students?			X
12. In 2001-2002, was this additional application/supplemental documentation used to collect...?			X
13. In 2001-2002, did your institution have a financial aid application deadline?	X		
14. In 2001-2002, did your institution award and/or package financial aid for students...?	X		
15. In 2001-2002, did your institution use preferential packaging (i.e. specific packaging processes base on a student's major, degree, academic standing, etc.)?	X		
16. In 2001-2002, was this preferential processing based on...?			X
17. In 2001-2002, did your institution also prioritize/rank financial aid applications?		X	
18. If preferential packaging was not used in 2001-2002, how were financial aid applications processed?			X
19. Which of the following statements best describes the federal verification procedures (i.e. verification based on federal requirements and criteria) your institution used in 2001-2002?			X
20. For students whose information your institution verified in 2001-2002, which data elements did you review?			X
21. Which primary need analysis methodologies did your institution use in 2001-2002 to determine a student's financial need?			X

Table 1. Survey Matrix (Continued)

Financial Aid Policies, Practices and Procedures	Policy	Practice	Procedure
22. In 2001-2002, did your institution award institutionally funded aid?	X		
23. In 2001-2002, was eligibility for institutional aid based on...?	X		
24. If financial need was part of the eligibility criteria for institutional aid, how did your institution determine financial need for these programs in 2001-2002?			X
25. In 2001-2002, when you determined eligibility for institutional aid, how did you account for the proceeds from state sponsored prepaid tuition plans?			X
26. In 2001-2002, when you determined a student's eligibility for institutional aid, how did you treat the proceeds from Roth/Education IRAs?			X
27. Which statement best describes your institution's use of professional judgment in 2001-2002...?		X	
28. How often did the following items trigger a professional judgment review during the 2001-2002 award year?		X	
29. Of the triggers listed in the prior question, which ONE was the most likely at your institution to trigger a professional judgment review?		X	
30. Of the professional judgment cases your office reviewed in 2001-2002, what was the least/most likely outcome?		X	
31. In 2001-2002, when a student at your institution received a scholarship or other aid from an external source you...?			X
32. Assuming there were no significant changes in aid recipients' financial circumstances or academic situation, how did the percentage of grants, loans and work-study normally provided to continuing students compare with what they were offered as entering students?		X	

Table 1. Survey Matrix (Continued)

Financial Aid Policies, Practices and Procedures	Policy	Practice	Procedure
33. In 2001-2002, did your institution participate in ANY educational loan programs?	X		
34. In 2001-2002, which of the following student loans did you routinely package for undergraduate students with 30 or fewer semester credit hours?		X	
35. In 2001-2002, which of the following loans did you routinely package for undergraduate students with 31 or more semester credit hours?		X	
36. In 2001-2002, which of the following student loans did you routinely package for graduate or professional students?		X	

Roughly one week after the pre-survey notice, potential participants received a second e-mail notification. This notice provided financial aid administrators with,

- a second invitation to participate,
- a brief explanation of the purpose of the survey,
- a direct internet address to access the survey,
- their institutional type code and survey code,
- information on the dates the survey was open, and
- contact information for the researcher.

This e-mail also included a “CLICK HERE TO COMPLETE SURVEY” option to facilitate responses and maximize the response rate (Dillman, 2000).

Two weeks later, respondents received a “Thank you!” notice via e-mail, expressing appreciation to those who had submitted completed surveys (Dillman, 2000).

Four weeks after the survey was opened for responses, a final notice was sent to the financial aid administrators who had not yet responded online. (See Appendix B.) This notice served as a reminder to submit the survey. It also provided an additional opportunity to encourage participation (Dillman, 2000).

Timeline. The data collection timeline was as follows:

Week 1: Sent pre-survey notice to financial aid administrators at the institutions.

Week 2/3: Sent second notification to financial aid administrators at the institutions.

Week 4/5: Sent “Thank you!” notices to respondents.

Week 6/7: Sent a reminder to the financial aid administrators which had not yet submitted responses.

Week 8: Concluded survey and began analysis.

Total time for this activity was eight weeks.

Treatment of survey data. In order to protect the anonymity of the financial aid administrators and the institutions they represented, all 100 potential survey participants were issued an identifying code by the researcher. The first two digits of this code indicated the type of institution. The next three digits identified the institution the financial aid administrator represented. Once survey responses were received and the survey was closed, all other identifiers were removed from the data files.

The 55 completed surveys (31 from two-year institutions and 24 from four-year institutions) were screened upon receipt. Numeric values were assigned to each response by the survey system. In instances where a financial aid administrator elected to not respond to a question, the system assigned a value of 6, representing “no response” to that question. Though assigning an item a value could indicate the presence of an extraneous variable, this “no response” assignment was done intentionally so that the effects of the non-response variable could be controlled for. Inclusion of apparently extraneous variables in the data permitted estimation of the potential effects of this variable (Pedhazur and Pedhazur-Schmelkin, 1991). All data was exported from the survey system to Microsoft Excel for statistical processing purposes.

Analysis of survey data. Analysis of the survey data was done retrospectively. The researcher performed frequency distribution analyses, by question, and then examined the percentage distribution of responses across institutions and by institutional type.

As in the prior section, likelihood ratios were included, where appropriate, as a convenient test of the hypothesis to illustrate the degree to which the data supported one outcome over another (Edwards, 1992).

Evaluating validity. The validity of survey data was related to sample size, sampling error, coverage error and nonresponse error (Dillman, 2000).

Sample size. In order to achieve a sample size representative of each institutional type, the survey was sent to financial aid administrators at all 100 eligible institutions. Methods to encourage participation were included in the survey implementation plan. The expected response rate for this survey was 50 percent or greater (Dillman, 2000). (See Table 2, next page.)

Table 2. Survey Sample and Expected Response Rate

Directors of Financial Aid	Number Surveyed	Expected Response Rate
Texas Public 2-Year	61 61.00 %	30 60.00 %
Texas Public 4-Year	39 39.00 %	20 40.00 %
All Texas Public	100 100.00 %	50 50.00 %

Sampling error. Sampling errors are errors that occur because only part of the eligible population is directly contacted (Pedhazur and Pedhazur-Schmelkin, 1991). This study targeted financial aid administrators at all of the 100 institutions (1) which met the definition of public institutions of higher education provided for in Education Code, Title 3, Texas Codes Annotated §61.003 (2003), and (2) matched the listing of institutions that successfully submitted a data file for the 2001-2002 FADS. No eligible public institution was excluded; however, all independent institutions and for-profit institutions were excluded.

Coverage error. Coverage error refers to errors resulting from a failure to include all units in the defined population (under coverage) or inclusion of units, or duplicative units, that should not have been included in the population (Pedhazur and Pedhazur-Schmelkin, 1991). Coverage error was reduced through

development of and implementation of a survey plan. The survey implementation plan included an indication that survey information would be forwarded to all of the 100 eligible institutions (61 two-year and 39 four-year). Further, codes were assigned to participants to enable tracking of responses. Additionally, the survey implementation plan included a process for follow-up when surveys were not received. This plan increased the likelihood that all participants eligible for inclusion in the survey were provided participation information at least once; and, only one survey per institution was entered into the system. Thus, the likelihood of coverage error (either over coverage or under coverage) was reduced.

Nonresponse error. Nonresponse error refers to the likelihood that the responses received are somehow different from those who were sampled but did not respond. (Dillman, 2000). Nonresponse may be an issue when the expected response rate for a survey (or the actual response) is low. However, the expected response rate for web-based surveys is generally 50 percent or greater (Dillman, 2000). Thus, the impact of nonresponse is likely to be minimal. Further, as surveys were received, all questions with no response were coded as 6. This permitted estimation of the potential impact of a nonresponse on a particular variable and further reduced the likelihood of error.

Discussion of relationships between institutional policies, practices and procedures and the resulting financial aid awards/packages. Examination of patterns of awarding and patterns of financial aid policies, practices and procedures was valuable. The greater value, however, was in examining the relationships between the two. In other words, was it possible to select pre-defined policies, practices and procedures that would result in specific award outcomes for students?

Testing the hypothesis. The researcher tested whether a relationship existed between pre-defined financial aid award outcomes and the financial aid policies, practices and procedures reported at Texas public institutions.

Treatment of the data. Awarding/packaging and survey data were pulled from the Excel data tables constructed for this study. For the protection of the institutions, the codes assigned in the Excel datasets to identify participants and institutions were maintained and all other identifying information (i.e. FICE code, institution name, etc.) was removed.

Analysis of the data. Analysis of the data was done retrospectively. The researcher first defined a set of model financial aid award and/or package

outcomes. Queries were then run against the Excel data tables for FADS to abstract a list of institutions that had outcomes similar to those defined by the model. The resulting list was then bounced against the survey response data. Using this final query, the researcher was able to abstract the survey responses specific to the “model” institutions. The researcher then aggregated these responses and looked for patterns in the survey responses for the “model” institutions.

Again, likelihood ratios were included, where appropriate, as a convenient test of the hypothesis to illustrate the degree to which the data supported one outcome over another (Edwards, 1992).

Summary.

In Chapter Three, the researcher presented information on the methodology used for this study. Methods for collecting, treatment, and analysis of data were discussed; and, information related to handling and mitigation of potential errors in all areas of the study was offered. Details related to the outcomes and findings of this research are presented in Chapter Four.

CHAPTER FOUR

FINDINGS

In this chapter, the results of the analysis of the 2001-2002 FADS data; the financial aid policies, practices and procedures survey data; and the data abstracted from them is presented. The data presented was limited to the 31 two-year and 24 four-year Texas institutions from which completed surveys were received. (See Table 3.) Thus, the scope of these findings reflected the status of award distributions and financial aid policies, practices and procedures of those particular institutions for the 2001-2002 academic year.

Findings are presented in three parts:

- Part I: Discussion of patterns of awarding/packaging financial aid by institutional type.
- Part II: Discussion of policies, practices and procedures used in the financial aid offices at Texas public higher education institutions, by institutional type; and
- Part III: Discussion of relationships between institutional policies, practices and procedures and the resulting financial aid awards/packages.

Relevant explanatory data are provided throughout these discussions to illustrate patterns and relationships, when applicable.

Part I: Determining patterns of awarding/packaging by institutional type

Directors of Financial Aid for each of the 100 Texas public institutions were invited to participate in this study. Of the Directors eligible to participate, 55 submitted the data necessary to match financial aid awarding/packaging data to institutional financial aid policies, practices and procedures. (See Table 3.)

Table 3. Study Participation
by institutional type

Directors of Financial Aid	Number Surveyed	Number Responded	Response Rate
Texas Public 2-Year	61	31	50.8 %
Texas Public 4-Year	39	24	61.5 %
All Texas Public	100	55	55.0 %

In each group, public 2-year and public 4-year, more than half of the Directors eligible to participate elected to take part in this study. The proportion of Directors at Texas public 2-year institutions (56.4 percent) and 4-year institutions (43.6 percent) was fairly representative of the total population of Texas public institutions.⁸ As a majority of Directors in each institutional type elected to participate, the resulting data sets were thought to be fairly representative of data from all public institutions in the state.

⁸ Directors at Texas public 2-year institutions comprise 61 percent of the total eligible participants. Directors at Texas public 4-year institutions comprise 39 percent of the total population.

Summary data for the 55 Texas public institutions included in this study was abstracted from the 2001-2002 Financial Aid Database System (FADS). This data was used to test the hypotheses that (1) there was a pattern in the financial aid awarded or packaged for students by financial aid administrators at Texas public institutions of higher education, and (2) this pattern varied by institutional type. FADS data was selected as it provided both the demographic variables and the programmatic variables necessary to analyze financial aid activity at Texas public institutions of higher education.

In order to test this hypothesis, data related to the following were abstracted from the FADS dataset:

1. Grants and scholarships
2. Educational Loans
3. Exemptions and Waivers and
4. Work-Study.

As mentioned in Chapter Three, categorical aid, loan forgiveness programs and loan repayment programs were excluded from the data set used for this study as these programs were not administered by financial aid administrators at Texas institutions.

The variables selected for this study were as follows:

Independent variables

1. Ethnicity,
2. Gender
3. Gender by ethnicity and
4. Type of Institution.

Dependent Variables

1. Number of students receiving tuition/fee exemptions or waivers,
2. Aggregate value of tuition/fee exemptions or waivers awarded,
3. Number of students receiving grants and scholarships,
4. Aggregate value of grants and scholarships awarded,
5. Number of students receiving work-study,
6. Aggregate value of work-study awarded,
7. Number of students receiving educational loans, and
8. Aggregate value of educational loans awarded.

The results of this analysis are summarized in the following section.

Distribution of financial aid awards at Texas public institutions of higher education.

In 2001-2002, financial aid administrators at the 24 Texas public four-year institutions included in this study made 26.4 percent more of the financial aid awards to students statewide than did administrators at the 31 Texas public two-year institutions. The 213,529 students at the four-year institutions were almost twice as likely (1.72 times as likely) to receive financial aid awards as the 124,421 students at the two-year institutions. The difference in the proportion of awards to these students through exemption and waiver programs was very small (0.8 percent). However, students at the two-year institutions were much more likely to receive financial aid awards through grants and scholarships; and students at the four-year institutions were more likely to receive awards through educational loan programs. (See Table 4, next page.)

Table 4. Distribution of Financial Aid Awards by Institutional Type, 2001-2002

All Recipients by Program

	DEPENDENT	INDEPENDENT		Row Total
		2 Year Public	4 Year Public	
Exemptions & Waivers		1,447 1.16 %	4,234 1.98 %	5,681 1.68 %
Grants & Scholarships		98,000 78.76 %	96,016 44.97 %	194,016 57.41 %
Work-Study		5,679 4.56 %	7,902 3.70 %	13,581 4.02 %
Educational Loans		19,295 15.51 %	105,377 49.35 %	124,672 36.89 %
Column Total		124,421 36.82 %	213,529 63.18 %	337,950 100.00 %

Note: Students may have received an award in more than one category.

Distribution of financial aid awards by ethnicity. In 2001-2002, financial aid awards to Whites (non-Hispanics) (44.22 percent) and Hispanics (33.79 percent) accounted for 78.01 percent of the awards made to the 337,950 students at the two and four-year institutions included in this study. Blacks (non-Hispanics) received just over 15 percent of the financial aid awards; and Asians/Pacific Islanders and American Indians/Alaskan Natives, combined, received just over six percent.

Notably, Hispanics received proportionately more awards through gift-aid programs than did any other ethnic group. Further, Hispanics received proportionately fewer awards through self-help programs (loans and work-study).

Proportionately, Whites and American Indians/Alaskan Natives received the largest share of educational loan awards (such awards comprising more than 40 percent of the programs packaged for both groups). (See Table 5, next page.)

Distribution of financial aid awards by gender. At the institutions included in this study, the distribution of awards by gender was similar to the enrollment distribution for all Texas public institutions during this same period.⁹ 61.8 percent of all awards were made to females (208,859); 38.2 percent to males (129,091). It appeared that females were slightly more likely to receive a financial aid award than males. But, little variation actually occurred in the distribution of awards based upon gender.

The greatest differential in the proportion of awards by gender occurred in grants and scholarships. Though, in actuality, females were only slightly more likely (1.08 times as likely) to receive a grant or scholarship award than males. Interestingly, males were 1.27 times as likely as females to receive an exemption or waiver; and 1.14 times as likely as females to receive an educational loan. Females, however, were 1.26 times as likely as males to receive a work-study award. (See Table 6, p. 78.)

⁹ In 2001-2002, females comprised 56 percent of the total enrollment at public institutions, males comprised 44 percent.

Table 5. Distribution of Financial Aid Awards by Ethnicity, 2001-2002

All Recipients by Program

DEPENDENT		INDEPENDENT					Row Total
		White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
Exemptions & Waivers		2,498	710	2,106	332	35	5,681
		1.67%	1.34%	1.84%	1.70%	1.96%	1.68%
Grants & Scholarships		76,120	29,690	76,778	10,485	943	194,016
		50.94%	56.08%	67.23%	53.53%	52.74%	57.41%
Work-Study		4,161	3,255	5,133	970	62	13,581
		2.78%	6.15%	4.49%	4.95%	3.47%	4.02%
Educational Loans		66,649	19,284	30,191	7,800	748	124,672
		44.60%	36.43%	26.44%	39.82%	41.83%	36.89%
Column Total		149,428	52,939	114,208	19,587	1,788	337,950
		44.22%	15.66%	33.79%	5.80%	0.53%	100.00%

Note: Students may have received an award in more than one category.

Table 6. Distribution of Financial Aid Awards by Gender, 2001-2002

All Recipients by Program

		INDEPENDENT		
		Male	Female	Row Total
DEPENDENT	Exemptions & Waivers	2,506	3,175	5,681
		1.94%	1.52%	1.68%
	Grants & Scholarships	70,522	123,494	194,016
		54.63%	59.13%	57.41%
	Work-Study	4,474	9,107	13,581
		3.47%	4.36%	4.02%
	Educational Loans	51,589	73,083	124,672
	39.96%	34.99%	36.89%	
	Column Total	129,091	208,859	337,950
		38.20%	61.80%	100.00%

Note: Students may have received an award in more than one category

Distribution of financial aid awards by gender by ethnicity. Of the 208,859 awards to female students at the 55 Texas public institutions included in this study, the majority were made to Whites (non-Hispanics) (43.10 percent) and Hispanics (34.32 percent). Hispanics received a proportionately higher number of gift-aid awards (70.42 percent) than did any other ethnic group. Additionally, Hispanics received the lowest proportion of self-help awards (29.58 percent).

As evidenced in Table 7, in 2001-2002 Black (non-Hispanic) female students received proportionately fewer exemptions or waivers from tuition and/or fees than women in other ethnic groups(80). White (non-Hispanic) females, however, received proportionately fewer grant/scholarship or work-study

awards. White (non-Hispanic) (42.58 percent), American Indian/Alaskan Native (39.65 percent) and Asians/Pacific Islander (38.21 percent) females received proportionately more loans.

In 2001-2002, the institutions included in this study made 129,091 financial aid awards to male students. The distribution of these awards among male students was slightly different than that of the females. (See Table 8, p. 81.) For males, American Indian or Alaskan Native students received the lowest proportion of exemptions or waivers of tuition and/or fees. White (non-Hispanic) male students received proportionately fewer grant/scholarship and work-study awards. Much like the female students, Hispanic males received proportionately fewer educational loans.

Table 7. Distribution of Financial Aid Awards by Gender and Ethnicity, 2001-2002

All Female Recipients by Program

DEPENDENT		INDEPENDENT					Row Total
		White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
		Exemptions & Waivers	1,256 1.40%	431 1.21%	1,286 1.79%	178 1.69%	
Grants & Scholarships	47,631 52.91%	20,342 57.20%	49,199 68.63%	5,740 54.60%	582 54.29%	123,494 59.13%	
Work-Study	2,801 3.11%	2,221 6.25%	3,467 4.84%	577 5.49%	41 3.82%	9,107 4.36%	
Educational Loans	38,336 42.58%	12,570 35.34%	17,735 24.74%	4,017 38.21%	425 39.65%	73,083 34.99%	
Column Total	90,024 43.10%	35,564 17.03%	71,687 34.32%	10,512 5.03%	1,072 0.51%	208,859 100.00%	

Note: Students may have received an award in more than one category

Table 8. Distribution of Financial Aid Awards by Gender and Ethnicity, 2001-2002

All Male Recipients by Program

DEPENDENT	INDEPENDENT					Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
Exemptions & Waivers	1,242 2.09%	279 1.61%	820 1.93%	154 1.70%	11 1.54%	2,506 1.94%
Grants & Scholarships	28,489 47.96%	9,348 53.80%	27,579 64.86%	4,745 52.29%	361 50.42%	70,522 54.63%
Work-Study	1,360 2.29%	1,034 5.95%	1,666 3.92%	393 4.33%	21 2.93%	4,474 3.47%
Educational Loans	28,313 47.66%	6,714 38.64%	12,456 29.29%	3,783 41.69%	323 45.11%	51,589 39.96%
Column Total	59,404 46.02%	17,375 13.46%	42,521 32.94%	9,075 7.03%	716 0.55%	129,091 100.00%

Note: Students may have received an award in more than one category

Distribution of Financial Aid Awards at Texas Public Two-Year Institutions of Higher Education

In 2001-2002, financial aid administrators at the 31 Texas public two-year institutions of higher education included in this study made 124,421 financial aid awards--fewer awards than their counterparts at the 24 four-year institutions. The number of grants and scholarships awarded and/or packaged to students at these institutions approximated that of the four-year public institutions; but students at two-year institutions were more likely to receive an award through these programs than their counterparts at four-year institutions. Students at two-year institutions were also 1.23 times as likely to receive a work-study award. Students at four-year institutions, however, were roughly three times as likely to receive an educational loan as their two-year counterparts. (See Table 4, p. 75.)

The question remains whether there were any differences in awards made at the two-year institutions versus the four-year institutions when student race and gender are taken into account. Those results are presented in the following section.

Distribution of financial aid awards by ethnicity. The distribution of financial aid awards by ethnicity at the two-year institutions included in this study was noteworthy. In 2001-2002, awards to Hispanic (45.68 percent) and White (non-Hispanic) students (34.78) accounted for just over 80 percent of all of the

financial aid awards made to students. Asian/Pacific Islander students received proportionately fewer exemptions or waivers for tuition and/or fees. White (non-Hispanic), Black (non-Hispanic) and American Indian/Alaskan Native students were awarded proportionately fewer grants and scholarships. There was little variation in the percentage distribution of work-study awards. However, the distribution of educational loan awards varied tremendously. Whites, American Indian/Alaskan Natives and Blacks (non-Hispanics) received proportionately more loans, with loans accounting for 22.06, 20.07 and 17.70 percent of the awards made to these students, respectively. (See Table 9, p. 84.)

Distribution of financial aid awards by gender. The distribution of awards by gender at the two-year institutions in 2001-2002 was similar to that found for all of the institutions. The primary differential appeared in the total number of awards made, with females receiving the greatest portion of the awards (85,087 of the 124,421 total) made.¹⁰ In this analysis, the percentage distribution of awards between males and females by program was very similar. Males, however, were 1.11 times as likely to receive an educational loan as females. (See Table 10, p. 85.)

¹⁰ Enrollments at public two-year institutions during this period reflected a similar pattern, with females accounting for the greatest portion (56.9 percent) of the students enrolled.

Table 9. Distribution of Financial Aid Awards by Ethnicity, 2001-2002

All Recipients at Two-Year Public Institutions by Program

DEPENDENT	INDEPENDENT					Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
Exemptions & Waivers	564	235	626	13	9	1,447
Grants & Scholarships	1.30%	1.12%	1.10%	0.47%	1.60%	1.16%
Work-Study	31,340	15,938	48,060	2,247	415	98,000
Educational Loans	72.42%	75.87%	84.56%	82.07%	73.71%	78.76%
	1,826	1,116	2,556	155	26	5,679
	4.22%	5.31%	4.50%	5.66%	4.62%	4.56%
Column Total	9,546	3,719	5,594	323	113	19,295
	22.06%	17.70%	9.84%	11.80%	20.07%	15.51%
	43,276	21,008	56,836	2,738	563	124,421
	34.78%	16.88%	45.68%	2.20%	0.45%	100.00%

Note: Students may have received an award in more than one category.

Table 10. Distribution of Financial Aid Awards by Gender, 2001-2002

All Recipients at Two-Year Public Institutions by Program

	DEPENDENT	INDEPENDENT		
		Male	Female	Row Total
Exemptions & Waivers		436 1.11%	1,011 1.19%	1,447 1.16%
Grants & Scholarships		30,749 78.17%	67,251 79.04%	98,000 78.76%
Work-Study		1,605 4.08%	4,074 4.79%	5,679 4.56%
Educational Loans		6,544 16.64%	12,751 14.99%	19,295 15.51%
Column Total		39,334 31.61%	85,087 68.39%	124,421 100.00%

Note: Students may have received an award in more than one category.

Distribution of financial aid awards by gender and ethnicity. The examination of award distributions at two-year institutions by gender and ethnicity yielded results worth noting. In 2001-2002, awards to Hispanics (45.68 percent) and Whites (non-Hispanics) (34.78 percent) accounted for just over 80 percent of the 124,421 awards made to students. Asian/Pacific Islanders received a much smaller proportion of exemptions or waivers of tuition and/or fees than did other ethnic groups. (Refer to Table 9, p. 84.)

Among female students, Whites (non-Hispanics), Blacks (non-Hispanics) and American Indians/Alaskan Natives received a smaller proportion of grants

and scholarships. The proportion of work-study awards was fairly consistent across ethnic groups; however, Hispanics received proportionately fewer educational loans. Whites (non-Hispanics) (21.1 percent), American Indians/Alaskan Natives (18.4 percent) and Blacks (non-Hispanics) (16.95 percent) received proportionately more loans. (See Table 11, p. 87.)

In 2001-2002, Directors at the two-year institutions included in this study made 39,334 financial aid awards to male students. The distribution was similar to that of the female students. (See Table 12, p. 88.) Hispanics (47.95 percent) and Whites (non-Hispanic) (33.51) received 81.46 percent of the awards.

Asian/Pacific Islanders and American Indian/Alaskan Natives received proportionately fewer exemptions or waivers for tuition and/or fees. Whites (non-Hispanic), Blacks (non-Hispanic) and American Indians/Alaskan Natives received proportionately fewer grants and scholarships. Whites (non-Hispanic), Hispanics and American Indians/Alaskan Natives received proportionately fewer work-study awards. Finally, Hispanics and Asians/Pacific Islanders received proportionately fewer educational loans. Whites (non-Hispanic) (24.25 percent), American Indians/Alaskan Natives (23.40 percent) and Blacks (non-Hispanic) (19.58 percent) received proportionately more loans.

Table 11. Distribution of Financial Aid Awards
by Gender and Ethnicity, 2001-2002
Female Recipients at Two-Year Public Institutions
by Program

	INDEPENDENT					Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
Exemptions & Waivers	385	163	448	7	8	1,011
	1.28%	1.08%	1.18%	0.44%	2.13%	1.19%
Grants & Scholarships	22,034	11,537	32,081	1,321	278	67,251
	73.22%	76.74%	84.48%	82.10%	74.13%	79.04%
Work-Study	1,325	785	1,845	99	20	4,074
	4.40%	5.22%	4.86%	6.15%	5.33%	4.79%
Educational Loans	6,350	2,549	3,601	182	69	12,751
	21.10%	16.95%	9.48%	11.31%	18.40%	14.99%
Column Total	30,094	15,034	37,975	1,609	375	85,087
	35.37%	17.67%	44.63%	1.89%	0.44%	100.00%

Note: Students may have received an award in more than one category.

Table 12. Distribution of Financial Aid Awards
by Gender and Ethnicity, 2001-2002
Male Recipients at Two-Year Public Institutions
by Program

DEPENDENT	INDEPENDENT						Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native		
Exemptions & Waivers	179	72	178	6	1	436	
	1.36%	1.21%	0.94%	0.53%	0.53%	1.11%	
Grants & Scholarships	9,306	4,401	15,979	926	137	30,749	
Work-Study	70.60%	73.67%	84.72%	82.02%	72.87%	78.17%	
	501	331	711	56	6	1,605	
	3.80%	5.54%	3.77%	4.96%	3.19%	4.08%	
Educational Loans	3,196	1,170	1,993	141	44	6,544	
	24.25%	19.58%	10.57%	12.49%	23.40%	16.64%	
Column Total	13,182	5,974	18,861	1,129	188	39,334	
	33.51%	15.19%	47.95%	2.87%	0.48%	100.00%	

Note: Students may have received an award in more than one category.

Distribution of Financial Aid Awards at Texas Public Four-Year Institutions

Examination of the 2001-2002 financial aid award distribution data evidenced a variation in the number of awards made to students attending Texas public four-year institutions of higher education. During this time period, financial aid administrators at the four-year institutions included in this study made almost 72 percent more financial aid awards to students than did their counterparts at the two-year institutions. Administrators at the four-year institutions awarded almost three times the number of exemptions and waivers and almost 5.5 times the number of educational loans as did administrators at two-year institutions. The overall number of grants and scholarships awarded at both two- and four-year public institutions was very similar. (See Table 4, p. 75.)

Distribution of financial aid awards by ethnicity. Examination of the 2001-2002 financial aid award distribution data by ethnicity among the 213,529 students at the 24 Texas public four-year institutions included in this study was notable. (See Table 13, next page.)

Table 13. Distribution of Financial Aid Awards by Ethnicity, 2001-2002

All Recipients at Four-Year Public Institutions by Program

DEPENDENT		INDEPENDENT					Row Total
		White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
Exemptions & Waivers		1,934	475	1,480	319	26	4,234
		1.82%	1.49%	2.58%	1.89%	2.12%	1.98%
Grants & Scholarships		44,780	13,752	28,718	8,238	528	96,016
		42.18%	43.07%	50.06%	48.89%	43.10%	44.97%
Work-Study		2,335	2,139	2,577	815	36	7,902
		2.20%	6.70%	4.49%	4.84%	2.94%	3.70%
Educational Loans		57,103	15,565	24,597	7,477	635	105,377
		53.79%	48.75%	42.87%	44.38%	51.84%	49.35%
Column Total		106,152	31,931	57,372	16,849	1,225	213,529
		49.71%	14.95%	26.87%	7.89%	0.57%	100.00%

Note: Students may have received an award in more than one category.

Whites (non-Hispanic) (49.71 percent) and Hispanics (26.87 percent) accounted for 76.58 percent of the awards made to students. Interestingly, Hispanics were awarded the largest proportion of gift-aid (52.64 percent) and the least amount of self-help, i.e. loans and work-study awards (47.36 percent).

In regards to specific programs, Whites (non-Hispanic), Blacks (non-Hispanic) and Asians/Pacific Islanders received proportionately fewer exemptions or waivers for tuition and/or fees. Whites (non-Hispanic), Blacks (non-Hispanic) and American Indians/Alaskan Natives received proportionately fewer grants and scholarships. Whites (non-Hispanic) and American Indians/Alaskan Natives received proportionately fewer work-study awards. Finally, Hispanics received proportionately fewer educational loan awards. At the four-year institutions, much like at the two-year institutions, Whites (non-Hispanic) (53.79 percent), American Indians/Alaskan Natives (51.84 percent) and Blacks (non-Hispanic) (48.75 percent) received proportionately more loans.

Distribution of financial aid awards by gender. The analysis of the financial aid award distribution by gender evidenced a slight variation in award patterns. In 2001-2002, the majority of the 213,529 financial aid awards (57.96 percent) made to students at the four-year institutions included in this study went to females. This pattern mimicked the pattern of enrollment, by gender, for this

period.¹¹ Proportionately fewer females received exemptions and waivers and educational loans. However, the percentages of grants/scholarships and work-study awarded were lower for males. Overall, females were 1.38 times as likely to receive a financial aid award at these institutions as males. (See Table 14.)

Table 14. Distribution of Financial Aid Awards by Gender, 2001-2002
All Recipients at Four-Year Public Institutions by Program

		INDEPENDENT		
		Male	Female	Row Total
DEPENDENT	Exemptions & Waivers	2,070 2.31%	2,164 1.75%	4,234 1.98%
	Grants & Scholarships	39,773 44.31%	56,243 45.44%	96,016 44.97%
	Work-Study	2,869 3.20%	5,033 4.07%	7,902 3.70%
	Educational Loans	45,045 50.19%	60,332 48.74%	105,377 49.35%
	Column Total	89,757 42.04%	123,772 57.96%	213,529 100.00%

Note: Students may have received an award in more than one category.

Distribution of financial aid awards by gender and ethnicity. In 2001-2002, the majority of 123,772 financial aid awards made to female students at the four-year institutions included in this study went to Whites (non-Hispanic) (48.42 percent) and Hispanics (27.24 percent). (See Table 15, p. 94.) Overall, female

¹¹ In 2001-02, males represented 31.13 percent of the total enrollment at four-year institutions and females 68.87 percent.

Hispanics received proportionately more awards through gift-aid programs than did females of other ethnic groups. Female Hispanics also received proportionately fewer awards through self-help programs.

In terms of the distribution of financial aid awards by program, Whites (non-Hispanic), Blacks (non-Hispanic) and Asians/Pacific Islanders received proportionately fewer exemptions or waivers for tuition and/or fees. Whites (non-Hispanic), Blacks (non-Hispanic) and American Indians/Alaskan Natives received proportionately fewer grants and scholarships. Whites (non-Hispanic) and American Indians/Alaskan Natives received proportionately fewer work-study awards. Finally, female Hispanics received proportionately fewer educational loan awards. Whites (non-Hispanic) (53.37 percent), American Indians/Alaskan Natives (51.08 percent) and Blacks (non-Hispanic) (48.81 percent) received proportionately more loans.

In 2001-2002, the distribution of financial aid awards among male students enrolled at the four-year institutions included in this study showed some variation. (See Table 16, p. 95.)

Table 15. Distribution of Financial Aid Awards by
Gender and by Ethnicity, 2001-2002
Female Recipients at Four-Year Public
Institutions by Program

DEPENDENT		INDEPENDENT					Row Total
		White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
Exemptions & Waivers		871	268	838	171	16	2,164
		1.45%	1.31%	2.49%	1.92%	2.30%	1.75%
Grants & Scholarships		25,597	8,805	17,118	4,419	304	56,243
		42.71%	42.89%	50.78%	49.63%	43.62%	45.44%
Work-Study		1,476	1,436	1,622	478	21	5,033
		2.46%	6.99%	4.81%	5.37%	3.01%	4.07%
Educational Loans		31,986	10,021	14,134	3,835	356	60,332
		53.37%	48.81%	41.93%	43.08%	51.08%	48.74%
Column Total		59,930	20,530	33,712	8,903	697	123,772
		48.42%	16.59%	27.24%	7.19%	0.56%	100.00%

Note: Students may have received an award in more than one category.

Table 16. Distribution of Financial Aid Awards by
Gender and by Ethnicity, 2001-2002
Male Recipients at Four-Year Public
Institutions by Program

DEPENDENT	INDEPENDENT						Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native		
Exemptions & Waivers	1,063 2.30%	207 1.82%	642 2.71%	148 1.86%	10 1.89%	2,070 2.31%	
Grants & Scholarships	19,183 41.50%	4,947 43.39%	11,600 49.03%	3,819 48.06%	224 42.42%	39,773 44.31%	
Work-Study	859 1.86%	703 6.17%	955 4.04%	337 4.24%	15 2.84%	2,869 3.20%	
Educational Loans	25,117 54.34%	5,544 48.63%	10,463 44.22%	3,642 45.83%	279 52.84%	45,045 50.19%	
Column Total	46,222 51.50%	11,401 12.70%	23,660 26.36%	7,946 8.85%	528 0.59%	89,757 100.00%	

Note: Students may have received an award in more than one category.

Hispanics received proportionately higher percentages of gift-aid than other ethnic groups. Additionally, Hispanics had proportionately lower percentages of self-help (work-study and loans).

Blacks (non-Hispanic), Asians/Pacific Islanders and American Indians/Alaskan Natives received proportionately fewer exemptions or waivers from tuition and/or fees. Very little variation occurred across ethnic groups for grants and scholarships, though Whites (non-Hispanic) received a slightly lower percentage than other groups. Whites (non-Hispanic) and American Indians/Alaskan Natives received proportionately fewer work-study awards, with Blacks receiving the highest percentage. Hispanics had the smallest percentage of educational loan awards. Whites (non-Hispanic) (54.34 percent), American Indians/Alaskan Natives (52.84 percent) and Blacks (non-Hispanic) had proportionately higher numbers of loans.

Distribution of financial aid funds at Texas public institutions of higher education

In an examination of the distribution of financial aid funds awarded at Texas public two- and four-year institutions of higher education included in this study, it was clear that the majority of financial aid funds awarded in 2001-2002

were awarded to the 213,529 students enrolled at the 24 Texas public four-year institutions. (See Table 17.)

Table 17. Distribution of Financial Aid Funds by Institutional Type,
2001-2002

All Recipients by Program

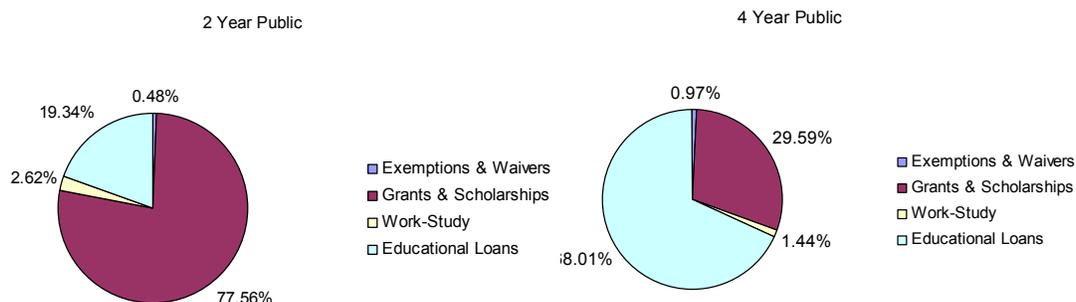
DEPENDENT	INDEPENDENT		
	2 Year Public	4 Year Public	Row Total
Exemptions & Waivers	\$1,452,939 0.48%	\$10,337,090 0.97%	\$11,790,029 0.86%
Grants & Scholarships	\$232,406,206 77.56%	\$316,865,313 29.59%	\$549,271,519 40.08%
Work-Study	\$7,840,515 2.62%	\$15,369,707 1.44%	\$23,210,222 1.69%
Educational Loans	\$57,952,698 19.34%	\$728,181,508 68.01%	\$786,134,206 57.37%
Column Total	\$299,652,358 21.87%	\$1,070,753,618 78.13%	\$1,370,405,976 100.00%

Note: Educational loans includes all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Financial aid administrators at the four-year institutions awarded exemptions or waivers to students in amounts approximately seven times that of their counterparts at the two-year institutions. Grants and scholarships (roughly 40 percent of the overall financial aid awarded to students) accounted for a lower proportion of the funding (29.59 percent) awarded to students at the four-year institutions included in this study than at the two-year institutions (77.56 percent),

even though the actual dollar value awarded at four-year institutions was substantially higher. Work-study (roughly two percent of the total financial aid awarded to all students) accounted for a higher percentage of funds awarded at the two-year institutions (2.62 percent vs. 1.44 percent at the four-year institutions). Interestingly enough, educational loans at the two-year institutions comprised a much smaller portion of the total financial aid funds distributed (roughly 19 percent) than at four-year institutions (about 68 percent). (See Figure 1.)

Figure 1. Percentage Distribution of Financial Aid Funds
by Institutional Type, 2001-2002
All Recipients by Program



Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Distribution of financial aid funds by ethnicity. The distribution of financial aid funds by institutional type showed considerable variations. The question remained, however, were there any differences across ethnic groups?

An examination of the 2001-2002 data related to the distribution of financial aid funds by ethnic group did evidence some variation. American Indians/Alaskan Natives, Asians/Pacific Islanders and Blacks received much smaller percentages of the total financial aid dollars than did other ethnic groups. (See Figure 2, p. 101 and Table 18, p. 102.) The percentage of aid funds distributed to these three groups together (21.91 percent) was less than that provided to Hispanics (28.57 percent) and less than half the amount provided to Whites (49.52 percent). This distribution in part reflected enrollment patterns for this period.¹²

In 2001-2002, Whites were

- 86.88 times more likely to receive funding than American Indians/Alaskan Natives,
- 7.39 times more likely to receive funding than Asians,
- 3.38 times more likely to receive funding than Blacks (non-Hispanic), and
- 1.73 times more likely to receive funding than Hispanics.

¹² In 2001-2002, Whites (non-Hispanics) represented 59.48 percent of the total enrollment at Texas public institutions; Blacks (non-Hispanics), 10.51 percent; Hispanics, 24.58 percent; Asians/Pacific Islanders, 4.94 percent; and American Indians/Alaskan Natives, 0.49 percent.

In terms of the balance of funding between gift-aid and self-help, Hispanics received a greater percentage of gift-aid funding, compared to other ethnic groups; and also received the smallest percentage of self-help funds. The groups most likely to receive funding through self-help programs were Whites, American Indians/Alaskan Natives and Asians/Pacific Islanders. Nevertheless, Blacks were more likely to receive funding through work-study than Whites.

The proportion of financial aid awarded as educational loans was less for Hispanic students than for any other ethnic group. Whites (non-Hispanic), American Indians/Alaskan Natives, and Asians/Pacific Islanders received more than 56 percent of their financial aid funding through educational loan programs.

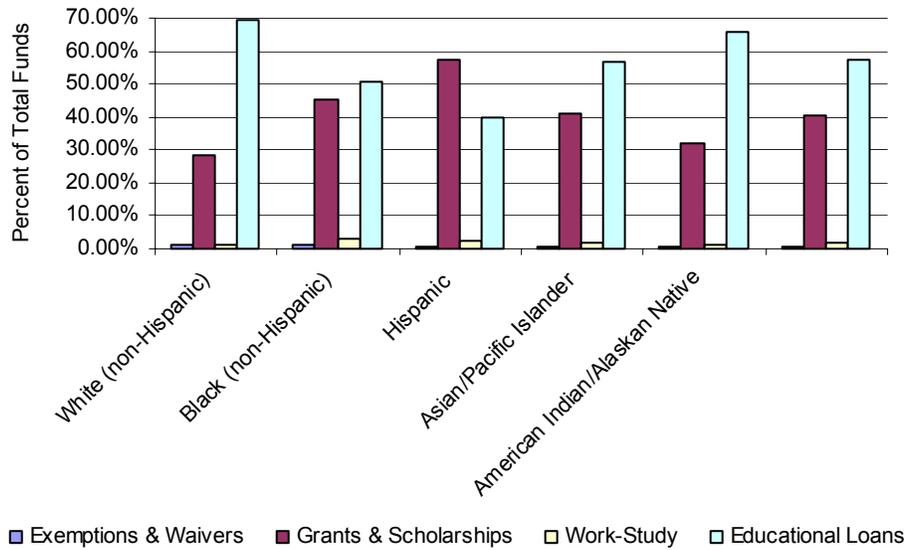
Distribution of financial aid funds by gender. The variations in financial aid funds awarded by ethnicity were interesting. But, were there variations in financial aid funds provided by gender? The 208,859 female students at the 55 Texas public institutions of higher education included in this study received a larger percentage of the financial aid funding than did males in 2001-2002 (59.88 percent and 40.12 percent, respectively). The percentages of financial aid funds awarded by gender as exemptions and waivers and educational loans were lower for females than males. Males were 1.61 times as likely as females to receive funding through an exemption or waiver program. Further, the proportion of

funding from grants, scholarships, and work-study was lower for males than for females. Females were 1.17 times more likely to receive funding through grant

Figure 2. Percentage Distribution of Financial Aid Funds

By Ethnicity, 2001-2002

All Recipients by Program



Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Table 18. Distribution of Financial Aid Funds by Ethnicity, 2001-2002

All Recipients by Program

DEPENDENT	INDEPENDENT						Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native		
Exemptions & Waivers	\$7,266,105 1.07%	\$2,016,453 1.00%	\$1,931,999 0.49%	\$526,954 0.57%	\$48,518 0.62%	\$11,790,029 0.86%	
Grants & Scholarships	\$193,938,794 28.58%	\$91,011,993 45.35%	\$224,198,711 57.27%	\$37,627,751 40.96%	\$2,494,270 32.09%	\$549,271,519 40.08%	
Work-Study	\$7,126,497 1.05%	\$5,560,780 2.77%	\$8,689,300 2.22%	\$1,738,361 1.89%	\$95,284 1.23%	\$23,210,222 1.69%	
Educational Loans	\$470,282,648 69.30%	\$102,094,027 50.88%	\$156,642,920 40.02%	\$51,980,216 56.58%	\$5,134,395 66.06%	\$786,134,206 57.37%	
Column Total	\$678,614,044 49.52%	\$200,683,253 14.64%	\$391,462,930 28.57%	\$91,873,282 6.70%	\$7,772,467 0.57%	\$1,370,405,976 100.00%	

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

and scholarship programs; and 1.36 times more likely to receive funding through work-study. (See Table 19.)

Table 19. Distribution of Financial Aid Funds by Gender, 2001-2002

All Recipients by Program

	DEPENDENT	INDEPENDENT		Row Total
		Male	Female	
Exemptions & Waivers		\$6,115,002 1.11%	\$5,675,027 0.69%	\$11,790,029 0.86%
Grants & Scholarships		\$199,996,848 36.38%	\$349,274,671 42.56%	\$549,271,519 40.08%
Work-Study		\$7,660,329 1.39%	\$15,549,893 1.89%	\$23,210,222 1.69%
Educational Loans		\$336,026,937 61.12%	\$450,107,269 54.85%	\$786,134,206 57.37%
Column Total		\$549,799,116 40.12%	\$820,606,860 59.88%	\$1,370,405,976 100.00%

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Distribution of financial aid funds by gender and ethnicity. In 2001-2002, a major portion of financial aid funds (77.09 percent) awarded to female students at the 55 Texas public institutions included in this study was awarded to White (non-Hispanic) and Hispanic students. Black (non-Hispanic) females received 16.35 percent of the funds; and Asian/Pacific Islander and American Indian/Alaskan Native female students combined, received only 6.55 percent.

The majority of funding provided to these students was provided through self-help programs (work-study, 1.89 percent; educational loans, 54.85 percent).

Whites (non-Hispanic) received the largest percentage of self-help, with funding from these programs accounting for some 68.2 percent of the total funds provided to these students. Hispanics, at the other end of the funding spectrum, received the majority of their financial aid funds through gift-aid programs (60.14 percent).

Exemptions and waivers comprised less than one percent (0.52 percent to 0.84 percent) of financial aid funds awarded across all ethnic groups. Grants and scholarships comprised smaller portions of financial aid funds awarded to Whites (non-Hispanic) and American Indian/Alaskan Natives. Work-study was awarded at a fairly consistent proportion of two to three percent for all groups except Whites (non-Hispanic) and American Indians/Alaskan Natives. In these two groups, work-study represented less than two percent of the total financial aid funds awarded. Educational loans comprised the lion's share of financial aid funding awarded to students other than Hispanics, but only slightly more than 37 percent of the total aid for them. (See Table 20, p. 105.)

Table 20. Distribution of Financial Aid Funds by
Gender and by Ethnicity, 2001-2002
All Female Recipients by Program

DEPENDENT	INDEPENDENT						Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native		
Exemptions & Waivers	\$3,179,562 0.81%	\$1,132,478 0.84%	\$1,073,271 0.45%	\$257,749 0.52%	\$31,967 0.70%	\$5,675,027 0.69%	
Grants & Scholarships	\$121,547,732 30.99%	\$61,678,935 45.96%	\$143,522,637 59.69%	\$20,951,459 42.60%	\$1,573,908 34.53%	\$349,274,671 42.56%	
Work-Study	\$4,736,273 1.21%	\$3,805,882 2.84%	\$5,886,299 2.45%	\$1,060,162 2.16%	\$61,277 1.34%	\$15,549,893 1.89%	
Educational Loans	\$262,739,289 66.99%	\$67,587,872 50.36%	\$89,980,073 37.42%	\$26,908,491 54.72%	\$2,891,544 63.43%	\$450,107,269 54.85%	
Column Total	\$392,202,856 47.79%	\$134,205,167 16.35%	\$240,462,280 29.30%	\$49,177,861 5.99%	\$4,558,696 0.56%	\$820,606,860 100.00%	

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

In 2001-2002, the distribution of financial aid funds by ethnicity among male students at the 55 Texas public institutions included in this study was similar to that for females. (See Table 21, p. 107.) The largest share of financial aid funds awarded to male students during this time period went to Whites (non-Hispanics) (52.09 percent) and Hispanics (27.46 percent). Blacks (non-Hispanics) received 12.09 percent of the financial aid funding awarded. Asians/Pacific Islanders and American Indians/Alaskan Natives combined received about eight percent of the funds.

The majority of funding provided to these students was provided through self-help programs (62.51 percent). The percentage of self-help provided to males was more than that for females (56.74 percent). Females had a higher proportion of work-study (1.89 percent vs. 1.39 percent). But, males had the higher proportion of educational loans (61.12 percent vs. 54.85 percent).

Exemptions and waivers for tuition and/or fees accounted for about one percent of the financial aid funds awarded to males across all ethnic groups. Grants and scholarships and work-study equaled a smaller portion of the financial aid funds awarded to Whites (non-Hispanics) and American Indians/Alaskan Natives. Conversely, educational loans comprised a larger percentage of funds awarded to Whites (non-Hispanic) and American Indians/Alaskan Natives.

Table 21. Distribution of Financial Aid Funds by
Gender and by Ethnicity, 2001-2002
All Male Recipients by Program

DEPENDENT	INDEPENDENT						Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native		
Exemptions & Waivers	\$4,086,543 1.43%	\$883,975 1.33%	\$858,728 0.57%	\$269,205 0.63%	\$16,551 0.52%	\$6,115,002 1.11%	
Grants & Scholarships	\$72,391,062 25.28%	\$29,333,058 44.12%	\$80,676,074 53.43%	\$16,676,292 39.06%	\$920,362 28.64%	\$199,996,848 36.38%	
Work-Study	\$2,390,224 0.83%	\$1,754,898 2.64%	\$2,803,001 1.86%	\$678,199 1.59%	\$34,007 1.06%	\$7,660,329 1.39%	
Educational Loans	\$207,543,359 72.46%	\$34,506,155 51.91%	\$66,662,847 44.15%	\$25,071,725 58.72%	\$2,242,851 69.79%	\$336,026,937 61.12%	
Column Total	\$286,411,188 52.09%	\$66,478,086 12.09%	\$151,000,650 27.46%	\$42,695,421 7.77%	\$3,213,771 0.58%	\$549,799,116 100.00%	

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Distribution of financial aid funds at Texas public two-year institutions

As was noted earlier in this chapter, financial aid administrators at the 31 Texas public two-year institutions of higher education in this study awarded fewer total financial aid funds than did their counterparts at the 24 Texas public four-year institutions. (See Table 17, p. 97.) Financial aid administrators at the four-year institutions in this study awarded financial aid funding through programs other than grants and scholarships in amounts at least twice that of their counterparts at two-year institutions. However, the proportion of funds provided through gift-aid was greater at two-year institutions.

The proportion of financial aid funds awarded through grant and scholarship programs at four-year institutions was less than half that of the two-year institutions. Funding provided through work-study programs accounted for a larger proportion at two-year institutions, although the actual dollars were far less than those awarded at four-year institutions. Educational loans at the two-year institutions accounted for almost 20 percent of the funds awarded to students. This was much less than the corresponding 68 percent at four-year institutions.

Distribution of financial aid funds by gender. In 2001-2002, the distribution of financial aid funds at the two-year institutions by gender was

extremely interesting. Female students received twice the financial aid funds as male students. (See Table 22.) This was true in each aid category.

Table 22. Distribution of Financial Aid Funds by Gender, 2001-2002

All Recipients at Two-Year Public Institutions

	DEPENDENT	INDEPENDENT		
		Male	Female	Row Total
Exemptions & Waivers		\$390,976 0.43%	\$1,061,963 0.51%	\$1,452,939 0.48%
Grants & Scholarships		\$71,053,248 77.31%	\$161,352,958 77.67%	\$232,406,206 77.56%
Work-Study		\$2,088,178 2.27%	\$5,752,337 2.77%	\$7,840,515 2.62%
Educational Loans		\$18,371,762 19.99%	\$39,580,936 19.05%	\$57,952,698 19.34%
Column Total		\$91,904,164 30.67%	\$207,748,194 69.33%	\$299,652,358 100.00%

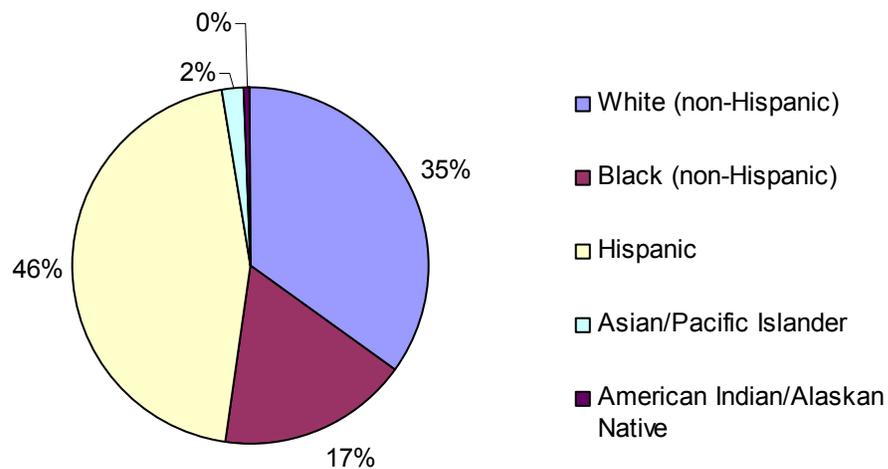
Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

However, the proportion of financial aid funded through each type of program was roughly the same for both groups.

Distribution of financial aid funds by gender and ethnicity. White (non-Hispanic) and Hispanic female students at two-year institutions received substantially larger percentages of the total financial aid funds awarded to females in 2001-2002 than did other ethnic groups. (See Figure 3, next page.)

Figure 3. Distribution of Financial Aid Funds by Ethnicity, 2001-2002

Female Recipients at Texas Public Two-Year Institutions



Source: 2001-02 Financial Aid Database.

In terms of financial aid funding provided to female students through specific aid programs,

- grants & scholarships accounted for the largest portion of financial aid awarded to female students across all ethnic groups (roughly 68.21 to 85.6 percent), followed by educational loans, work-study and then exemptions and waivers; (See Table 23, next page)
- educational loans represented more than 20 percent of the funds awarded to Whites (non-Hispanic), Blacks (non-Hispanic) and American Indians/Alaskan Native; and

Table 23. Distribution of Financial Aid Funds by Ethnicity, 2001-2002

Female Recipients at Two-Year Public Institutions

DEPENDENT		INDEPENDENT					Row Total
		White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	
Exemptions & Waivers		\$528,298	\$253,500	\$272,762	\$2,983	\$4,420	\$1,061,963
		0.73%	0.70%	0.29%	0.07%	0.51%	0.51%
Grants & Scholarships		\$49,591,925	\$27,191,123	\$80,502,081	\$3,438,961	\$628,868	\$161,352,958
		68.21%	75.55%	85.60%	83.02%	71.90%	77.67%
Work-Study		\$1,812,970	\$1,030,533	\$2,702,219	\$181,166	\$25,449	\$5,752,337
		2.49%	2.86%	2.87%	4.37%	2.91%	2.77%
Educational Loans		\$20,767,229	\$7,515,521	\$10,563,265	\$518,983	\$215,938	\$39,580,936
		28.57%	20.88%	11.23%	12.53%	24.69%	19.05%
Column Total		\$72,700,422	\$35,990,677	\$94,040,327	\$4,142,093	\$874,675	\$207,748,194
		34.99%	17.32%	45.27%	1.99%	0.43%	100.00%

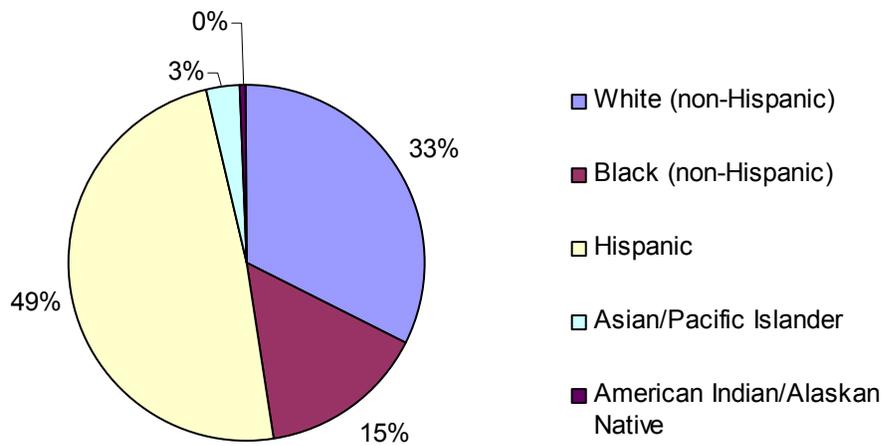
Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

- Asians/Pacific Islanders received proportionately more work-study funding than did other groups.

In terms of overall aid, Hispanic males received the largest portion of financial aid funds (49.03 percent) followed closely by Whites (32.59 percent). American Indians/Alaskan Natives, Asians/Pacific Islanders, and Blacks (non-Hispanic) combined received 18.38 percent of the funds awarded. (See Figure 4 and Table 24, p. 115.)

Figure 4. Distribution of Financial Aid Funds by Ethnicity, 2001-2002

Male Recipients at Texas Public Two-Year Institutions



Source: 2001-02 Financial Aid Database.

The distribution of financial aid funds to male students enrolled at two-year institutions was very similar to that of females.

- Grants and scholarships accounted for 65.96 to 85.51 percent of the funding provided across ethnic groups, with Hispanics (85.51 percent), Asians/Pacific Islanders (82.52 percent) and Blacks (non-Hispanic) (74.36 percent) receiving higher proportionate amounts. (See Table 24, p. 115)
- Educational loans accounted for 12.12 to 31.61 percent of the aid across ethnic groups, with Hispanics and Asians/Pacific Islanders receiving the lowest proportionate amounts.
- Work-study accounted for two to three percent of the financial aid funding provided, regardless of ethnic group.
- Exemptions and waiver programs accounted for less than one percent. (See Table 24, p. 115.)

Table 24. Distribution of Financial Aid Funds by Ethnicity, 2001-2002
Male Recipients at Two-Year Public Institutions

DEPENDENT	INDEPENDENT					
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	Row Total
Exemptions & Waivers	\$164,458 0.55%	\$100,879 0.74%	\$122,076 0.27%	\$2,763 0.10%	\$800 0.18%	\$390,976 0.43%
Grants & Scholarships	\$19,768,396 66.01%	\$10,161,025 74.36%	\$38,532,626 85.51%	\$2,299,530 82.52%	\$291,671 65.96%	\$71,053,248 77.31%
Work-Study	\$658,005 2.20%	\$390,775 2.86%	\$948,329 2.10%	\$81,105 2.91%	\$9,964 2.25%	\$2,088,178 2.27%
Educational Loans	\$9,357,404 31.25%	\$3,011,202 22.04%	\$5,460,186 12.12%	\$403,184 14.47%	\$139,786 31.61%	\$18,371,762 19.99%
Column Total	\$29,948,263 32.59%	\$13,663,881 14.87%	\$45,063,217 49.03%	\$2,786,582 3.03%	\$442,221 0.48%	\$91,904,164 100.00%

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Distribution of financial aid funds at Texas public four-year institutions.

In the beginning of this chapter, it was mentioned that financial aid funding provided to students enrolled at the 24 four-year institutions in this study was substantially greater than that provided to students enrolled at the 31 two-year institutions. Of the \$1.4 billion dollars in financial aid awarded through these institutions in 2001-2002, more than three-fourths (almost \$1.1 billion) was awarded to students at the four-year institutions. Roughly:

- \$728 million were awarded through educational loan programs;
- \$317 million were awarded through grant and scholarship programs;
- \$15 million were awarded through work-study programs; and
- \$10 million in funds were awarded through exemption and waiver programs. (See Table 17, p. 97.)

The distribution of financial aid funding by program at the four-year institutions in this study was very different from that of the two-year institutions. At the four-year institutions, grants and scholarships accounted for roughly 30 percent of all financial aid funds awarded. These same programs accounted for almost 78 percent of the funds awarded at the two-year institutions. Work-study accounted for over 1.4 percent of the financial aid awarded at the four-year institutions; but, 2.6 percent at the two-year institutions. However, the primary difference in distribution was in educational loan funds. At the four-year institutions, loans

accounted for a much larger percentage of the financial aid pie than at their two-year counterparts (68.01 percent vs. 19.34 percent). (See Figure 2, p. 101 and Table 17, p. 97.)

Distribution of financial aid funds at Texas public four-year institutions of higher education by gender. In 2001-2002, the distribution of financial aid funds by gender at the four-year institutions in this study was similar to that found at two-year institutions. The majority of financial aid (\$612.9 million or 57.24 percent) was awarded to female students. Financial aid provided through educational loan programs accounted for the over two-thirds of the funds provided to students of either gender, followed by grants and scholarships, work-study and then exemptions and waivers. (See Table 25, p. 118.)

TABLE 25. Distribution of Financial Aid Funds by Gender, 2001-2002

All Recipients at Texas Public Four-Year Institutions

		INDEPENDENT		Row Total
		Male	Female	
DEPENDENT	Exemptions & Waivers	\$5,724,026 1.25%	\$4,613,064 0.75%	\$10,337,090 0.97%
	Grants & Scholarships	\$128,943,600 28.16%	\$187,921,713 30.66%	\$316,865,313 29.59%
	Work-Study	\$5,572,151 1.22%	\$9,797,556 1.60%	\$15,369,707 1.44%
	Educational Loans	\$317,655,175 69.37%	\$410,526,333 66.99%	\$728,181,508 68.01%
	Column Total	\$457,894,952 42.76%	\$612,858,666 57.24%	\$1,070,753,618 100.00%

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Distribution of financial aid funds at Texas public four-year institutions of higher education by gender and ethnicity. As noted above, the majority of financial aid funding distributed (57.24 percent or \$613 million) at the four-year institutions in this study was distributed to female students. (See Table 25, p.

118.) For females the distribution across ethnic groups was as follows:

- 52.13 percent was distributed to Whites (non-Hispanic),
- 23.89 percent was distributed to Hispanics,
- 16.03 percent was distributed to Blacks (non-Hispanics),
- 7.35 percent was distributed to Asians/Pacific Islanders, and

- 0.6 percent was distributed to American Indians/Alaskan Native. (See Table 26, p. 120.)

Differences across financial aid program did exist.

1. Educational loans comprised the largest portion of the financial aid funding provided to female students across ethnic groups, with Whites (non-Hispanic) (75.73 percent) and American Indians/Alaskan Natives (72.63 percent) receiving the largest proportionate shares.
2. The portion of financial aid funding provided through grant and scholarship programs varied from 22.52 to 43.04 percent, with Hispanics (43.04 percent), Asians/Pacific Islanders (38.89 percent) and Blacks (non-Hispanic) (35.11 percent) receiving the largest proportionate benefits.
3. The portion of financial aid funding derived from work-study varied from one to three percent, with Blacks (non-Hispanic) (just under three percent) receiving the largest proportionate share.
4. Funding from exemption and waiver programs accounted for less than one percent of financial aid funds distributed to female students, regardless of ethnic group.

Table 26. Distribution of Financial Aid Funds by Ethnicity, 2001-2002

Female Recipients at Texas Public Four-Year Institutions

DEPENDENT	INDEPENDENT						Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native		
Exemptions & Waivers	\$2,651,264 0.83%	\$878,978 0.89%	\$800,509 0.55%	\$254,766 0.57%	\$27,547 0.75%	\$4,613,064 0.75%	
Grants & Scholarships	\$71,955,807 22.52%	\$34,487,812 35.11%	\$63,020,556 43.04%	\$17,512,498 38.89%	\$945,040 25.65%	\$187,921,713 30.66%	
Work-Study	\$2,923,303 0.91%	\$2,775,349 2.83%	\$3,184,080 2.17%	\$878,996 1.95%	\$35,828 0.97%	\$9,797,556 1.60%	
Educational Loans	\$241,972,060 75.73%	\$60,072,351 61.16%	\$79,416,808 54.24%	\$26,389,508 58.60%	\$2,675,606 72.63%	\$410,526,333 66.99%	
Column Total	\$319,502,434 52.13%	\$98,214,490 16.03%	\$146,421,953 23.89%	\$45,035,768 7.35%	\$3,684,021 0.60%	\$612,858,666 100.00%	

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

Male students received less than half (42.76 percent) of the financial aid funds at the four-year institutions included in this study. (See Table 25, p. 118.)

As with females, White male students received the majority of the funds awarded. Of the funds distributed to male students,

- 56.01 percent went to Whites (non-Hispanic),
- 23.14 percent went to Hispanics,
- 11.53 percent went to Blacks (non-Hispanic), and
- 9.33 percent went to Asians/Pacific Islanders and American Indians/Alaskan Natives combined. (See Table 27, p. 122.)

In 2001-2002, financial aid funds were distributed to male students enrolled at the four-year institutions included in this study in the following manner.

1. Educational Loans comprised at least 57.77 percent regardless of ethnic group, with Whites (non-Hispanic) (77.28 percent) and American Indians/Alaskan Natives (75.88 percent) receiving the largest proportionate shares.
2. Grants and scholarships comprised at least 20.52 percent of the awards, with Hispanics (39.78 percent), Blacks (non-Hispanic) (36.3 percent) and Asians/Pacific Islanders (36.02 percent) receiving the greatest financial proportional benefits from these programs.

Table 27. Distribution of Financial Aid Funds by Ethnicity, 2001-2002

Male Recipients at Texas Public Four-Year Institutions

DEPENDENT	INDEPENDENT						Row Total
	White (non- Hispanic)	Black (non- Hispanic)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native		
	Exemptions & Waivers	\$3,922,085 1.53%	\$783,096 1.48%	\$736,652 0.70%	\$266,442 0.67%	\$15,751 0.57%	
Grants & Scholarships	\$52,622,666 20.52%	\$19,172,033 36.30%	\$42,143,448 39.78%	\$14,376,762 36.02%	\$628,691 22.68%	\$128,943,600 28.16%	
Work-Study	\$1,732,219 0.68%	\$1,364,123 2.58%	\$1,854,672 1.75%	\$597,094 1.50%	\$24,043 0.87%	\$5,572,151 1.22%	
Educational Loans	\$198,185,955 77.28%	\$31,494,953 59.63%	\$61,202,661 57.77%	\$24,668,541 61.81%	\$2,103,065 75.88%	\$317,655,175 69.37%	
Column Total	\$256,462,925 56.01%	\$52,814,205 11.53%	\$105,937,433 23.14%	\$39,908,839 8.72%	\$2,771,550 0.61%	\$457,894,952 100.00%	

Note: Educational loans include all loan funds disbursed to students through institutional, state, federal, alternative or other loan programs.

3. The portion of financial aid funds attributable to work-study varied from one to three percent, with Blacks (non-Hispanic) receiving the highest proportionate share.
4. The portion of financial aid funds attributable to exemptions and waivers varied from one to two percent, with Whites (non-Hispanic) reaping the greater benefit from these programs.

***Part II: Determining patterns in financial aid
policies, practices and procedures***

In February of 2004, Directors of financial aid for each of the 100 Texas public institutions of higher education were invited via letter and e-mail to participate in a web-based research study related to financial aid awarding and packaging. The objective of the survey was two-fold:

1. To gather data specific to Texas public institutions, and
2. To gather data specific to financial aid policies, practices and procedures used by financial aid offices at such institutions.

The purpose of the survey was to collect data of a type that would allow the researcher to test the hypothesis that there was a pattern to the financial aid policies, practices and procedures used to award and/or package financial aid for students and that this pattern varied by institutional type.

Between February 1 and April 30, 2004, directors at 57 Texas public institutions of higher education indicated an interest in participating in the survey. When the survey was closed, however, only 55 of the directors had completed it. No respondent received remuneration of any kind for participation in this research study.

Survey Response Rate

As mentioned in Chapter Three, the expected response rate for this survey was 50 percent or greater. The actual response rate exceeded expectations. The survey sample and response information appears in Table 28 (126).

Sample Demographics

The population consisted of a roughly 3 to 2 split (61 percent and 39 percent, respectively) between financial aid directors at Texas public two-year institutions and directors at four-year institutions. The survey response rate for four-year institutions (61.54 percent) was higher than that for two-year institutions (50.82). However, the distribution of respondents by institutional type was not substantially different from the population distribution (56.4 percent and 43.6 percent, respectively)

TABLE 28. Survey Response Rates
by Institutional Type

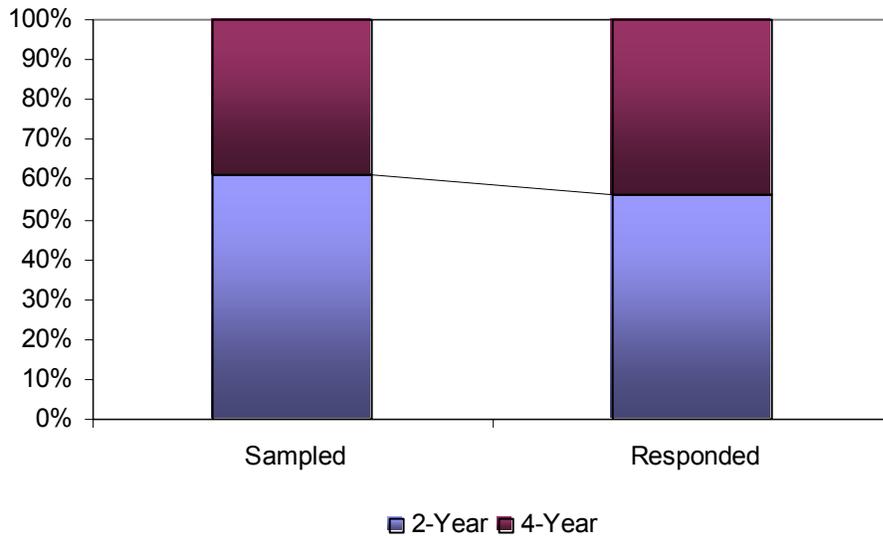
	Number Directors Surveyed	Number Directors Responded	Survey Response Rate
Texas Public 2-Year ¹³	61 61.00%	31 56.36%	50.82%
Texas Public 4-Year ¹⁴	39 39.00%	24 43.64%	61.54%
All Texas Public Institutions	100 100.00%	55 100.00%	55.00%

Therefore the sample was determined to be representative of the population. Thus it was expected that the responses from each sector would be at least generalizable to that sector, if not generalizable across sectors. (See Figure 5, p. 127.) As suggested in Chapter Three, it was not expected that the results of this study

¹³ Two-year institutions included public community colleges technical institutes. Of the 61 eligible Directors at these institutions, the 31 responding represented four technical institutes and 27 community colleges.

¹⁴ Four-year institutions included public seniors colleges and universities (general academic teaching institutions) and public health science centers (health-related institutions and medical and dental units). Of the 39 eligible Directors at these institutions, the 24 responding represented 20 universities (general academic teaching institutions) and four health-related institutions (health science centers and medical and dental units).

**Figure 5. Comparison of Sample Population
To Response Population**



would be generalizable to other types of Texas institutions (i.e. independent or private, for-profit) or to institutions outside the state.

Of the 55 Directors that responded to the survey, 98.2 percent indicated that they held the position of “Director of Financial Aid” or the equivalent (e.g. “Dean of Enrollment Services”) at their institution. One respondent, representing a four-year institution, indicated he/she was the “Assistant Director.” (See Table 29, p. 128.) However, it was presumed that this respondent was participating in the survey at the behest of his/her Director (or equivalent) since the survey information (web site address, survey code and password) was mailed and e-mailed only to the “Director of Financial Aid.”

Table 29. Demographics for Survey Participants
by institutional type

		INDEPENDENT		
DEPENDENT		2-Year Public	4-Year Public	Row Total
	Employed as “Director of Financial Aid” or Equivalent	31 100.00 %	23 95.83 %	54 98.18 %
	Employed in Other Capacity	0 0.00 %	1 4.17 %	1 1.82 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses per item by the number of institutions.

Findings

The findings for this part of the study are presented in this section. Findings related to the organization of the financial aid office are presented first, followed by information on access to and use of technology, automation and integration of processes, applying for financial aid at the institution, processing of applications, and awarding and packaging of financial aid. This method of presentation was chosen in an attempt to give the reader a better understanding of the interaction between financial aid policies, practices and procedures in place at the 55 Texas public institutions included in this study.

The Organization of the Financial Aid Office, 2001-2002. Typically in 2001-02, financial aid offices at institutions of higher education were organized into either "stand-alone" units (i.e. individual, self-contained offices, providing only financial aid services) or "one-stop shops" (i.e. offices or areas where a combination of related student services--admissions, registrars, financial aid, bursars, etc.--could be obtained) (NASFAA, 2001). Of the 55 Directors participating in this study, 67.3 percent indicated their financial aid office operated as a "stand-alone" operation in 2001-2002. 9.7 percent of Directors at the two-year institutions also reported other models, such as an "enrollment services" model (i.e. an office combining all services related to enrollment and retention--admissions, registrar, financial aid--but no business services). 8.3 percent of Directors at the four-year institutions reported having a "financial services" model (i.e. an office combining all financial related services--financial aid, bursar, business office). (See Table 30, next page.)

Among the Texas public institutions of higher education participating in this study, the average financial aid office in 2001-2002 employed 18 full-time equivalent (FTE) staff members (7 professional staff members, 7 support staff members, and 4 student employees).¹⁵ Differences between types of institutions existed. Financial aid offices at the two-year institutions generally operated with

¹⁵ The survey did not specify a definition of "professional staff," "support staff," or "student employee." These designations were left to the interpretation of the respondent.

smaller staffs, averaging 15 FTE staff members, and more support staff than professional staff. Financial aid offices at the four-year institutions employed, on average, an FTE staff of 23, with a fairly even split between professional and support staff. (See Table 31, p. 131.)

Table 30. Organization of the Financial Aid Office, 2001-2002
by Institutional Type and Type of Office

		INDEPENDENT		
DEPENDENT		2-Year Public	4-Year Public	Row Total
	Stand-Alone	21 67.74 %	16 66.67 %	37 67.27 %
Financial Services	-	2 8.33 %	2 3.64 %	
One-Stop Shop	7 22.58 %	6 25.00 %	13 23.64 %	
Other	3 9.68 %	-	3 5.45 %	
Number of Institutions	31	24	55	

Note: Percentages were calculated by dividing the number of responses per item by the number of institutions. Survey items with no responses are marked with “-”.

Table 31. Average Number of Full-Time (FTE) Staff in 2001-2002
by institutional type and employment category

DEPENDENT	INDEPENDENT		
	2-Year Public	4-Year Public	Average – All Public Institutions
Professional Staff	5	9	7
Support Staff	6	9	7
Student Employee	4	4	4
Average Total Staff	15	23	18

Access to and Use of Technology in the Office, 2001-2002. Regarding access to and use of technology in the financial aid office in 2001-2002, all of the respondents indicated their office used one or more financial aid software packages at some point in the financial aid awarding and packaging process. Most Directors at the 55 institutions included in this study reported using a commercially developed software product to support financial aid activities. The software product(s) reported most frequently included EdExpress, SCT and Datatel; with Directors at the two-year institutions reporting a higher usage rate for EdExpress and Directors at four-year institutions reporting a higher usage rate for SCT. (See Table 32(a), p. 132.) The survey did not ask respondents to comment on their institution's choice of software or which characteristics led their institution to choose one software system over another.

Table 32(a). Access to Technology
in the Financial Aid Office at Texas Public Institutions
by Activity and Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	EdExpress	15 48.39 %	10 41.67 %	25 45.45 %
	EMAS	1 3.23 %	-	1 1.82 %
	EMPOWER	-	-	-
	SCT	6 19.35 %	12 50.00 %	18 32.73 %
	People Soft	-	-	-
	PowerFAIDS	3 9.68 %	3 12.50 %	6 10.91 %
	SAFERS	-	-	-
	Institutionally Developed Product	1 3.23 %	4 16.67 %	5 9.09 %
	Datatel	9 29.03 %	3 12.50 %	12 21.82 %
	POISE	7 22.58 %	1 4.17 %	8 14.55 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the total number of responses for each item by the number of institutions in the study. Survey items with no responses are marked with “-”. Institutions may have used more than one software product.

Survey respondents were asked to indicate how the financial aid system in their office was used. In other words, respondents were asked to indicate which financial aid related tasks staff in their office accomplished with the software system. The software usage patterns reported at both two- and four-year public institutions were very similar (see Table 32(b), p. 134). At least 90 percent of Directors at the two-year and four-year institutions included in this study reported using this technology to support financial aid related tasks such as:

- financial aid award processing/packaging,
- managing student records,
- award processing/packaging,
- information sharing between offices on campus, and
- Institution Student Information Record (ISIR)¹⁶ download support.

Most Directors also reported using this technology to facilitate financial aid funds management, entering/editing financial aid applications and financial need analysis processing. Less than two percent of the respondents reported using technology to process educational loans), even though educational loans accounted for more than 36.89 percent of the awards made (see Table 4) and 57.37 percent of the funds awarded (see Table 17, p. 97) to students at these institutions.

¹⁶ The ISIR is the actual printed or electronic report generated by the FAFSA processors. The item contains all of the necessary financial and demographic information necessary for financial aid officers to determine a student's eligibility for federal student aid.

Table 32(b). How Institutions Used Technology to Facilitate Financial Aid Tasks at Texas Public Institutions
by Task and Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Entering/auditing applications	27 87.10 %	18 75.0 %	45 81.82 %
	ISIR support	28 90.32 %	22 91.67 %	50 90.91 %
	Managing student records	29 93.55 %	23 95.83 %	52 94.55 %
	Need analysis processing	23 74.19 %	19 79.16 %	42 76.36 %
	Award processing/packaging	30 96.77 %	22 91.67 %	52 94.55 %
	Funds management	29 93.55 %	21 87.50 %	50 90.91 %
	Loan processing	-	1 4.16 %	1 1.82 %
	Information sharing	29 93.55 %	22 91.67 %	51 92.73 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses for each task by the number of institutions in this study. Survey items with no responses are marked with “-”. Institutions may have used their software products to facilitate more than one financial aid related task.

Office Automation and Integration of Processes. Regarding the automation of financial aid office activities and integration of financial aid processes with other areas and/or departments of the institution, slightly more

than half of respondents indicated they considered their office to be “automated” (23.64 percent) or “fully automated” (29.09 percent) meaning their financial aid software or system had, at a minimum, predefined codes for eligibility criteria in student files and program requirements. Variations did occur by institutional type. 45.16 percent of Directors at two-year institutions considered their financial aid office to be either “automated” or “fully automated,” whereas 62.5 percent of Directors at four-year institutions described their offices this way. (See Table 33(a).)

Table 33(a). Financial Aid Office Automation, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Not automated	7 22.58 %	6 25.00 %	13 23.64 %
	Somewhat automated	10 32.26 %	3 12.50 %	13 23.64 %
	Automated	7 22.58 %	6 25.00 %	13 23.64 %
	Fully automated	7 22.58 %	9 37.50 %	16 29.09 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses for each item by the number of institutions in this study.

In terms of integration of information, however, most Directors reported their office/software was integrated with Student Billing/Accounts Receivable (80 percent) or Admissions (70.91 percent). Slightly more than half of the Directors indicated their office/software was integrated with Enrollment Services. (See Table 33(b), p. 137.)

Variations did occur by institutional type. Directors at two-year institutions reported higher integration rates with areas such as Enrollment Services (54.84 percent vs. 50 percent) and Retention Services (29.03 percent vs. 25). However, four-year institutions had higher integration rates in Admissions (75 percent vs. 67.74 percent) and Student Billing/Accounts Receivable (83.33 percent vs. 77.42 percent).

Table 33(b). Financial Aid Office Integration with Other
Areas of the Institution, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Admissions Office	21 67.74 %	18 75.00 %	39 70.91 %
	Enrollment Services	17 54.84 %	12 50.00 %	29 52.73 %
	Retention Services	9 29.03 %	6 25.00 %	15 27.27 %
	Student Billing/Accounts Receivable	24 77.42 %	20 83.33 %	44 80.00 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses per item by the number of institutions in this study. Institutions may have integrated the financial aid office/software with more than one area.

Applying for Financial Aid. In regards to the process of applying for financial aid, 98.2 percent of the 55 Directors participating in this study indicated their offices used the “federal methodology” to determine a student’s eligibility for need-based financial aid. The foundation of the federal methodology calculation is the Free Application for Federal Student Aid (FAFSA). Thus, it was assumed that the majority of institutions required financial aid applicants to complete, at a minimum, the FAFSA.

Further, though all of the institutions included in this survey required supplemental applications and/or documentation beyond the FAFSA, variation occurred in the number of respondents indicating their institution required this additional information from new students and those requiring this additional information from returning students. 83.64 percent of the respondents indicated they required new students to submit supplemental applications and/or documentation beyond the FAFSA. 85.45 percent required returning students to submit supplemental applications and/or documents. Slightly more than half (50.91 percent) of the respondents indicated financial aid applications must be received in their office by a pre-determined deadline in order for the application to be processed. (See Table 34, p. 139.)

Table 34. Institutional Procedures for
Applying for Financial Aid, 2001-2002
by Institutional Type

		INDEPENDENT		
DEPENDENT		2-Year Public	4-Year Public	Row Total
	Used “Federal Methodology” (FAFSA) to determine eligibility for need-based financial aid	31 100.00 %	23 95.80 % ¹⁷	54 98.18 %
	Required supplemental application and/or documents for new students	28 90.32 %	18 75.00 %	46 83.64 %
	Required supplemental application and/or documents for returning students	28 90.32 %	19 79.17 %	47 85.45 %
	Required applicants to submit FAFSA or other applications and/or documents by a predetermined deadline	17 54.84 %	11 45.83 %	28 50.91 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses per item by the number of institutions in this study. An institution may have implemented more than one of these procedures in the financial aid office (i.e. an institution may have required both a supplemental application and/or documents for new students *and* for returning students).

Variations did occur by sector. Two-year institutions were 1.2 times as likely as four-year institutions to require supplemental applications and/or documents from new students. These institutions were also 1.14 times as likely to require other applications and/or documents from returning students.

¹⁷ One Director at a Texas four-year public institution of higher education indicated using a method other than the “federal methodology” as the “primary need analysis methodology” used at their institution to determine a student’s financial need.

Furthermore, two-year institutions were 1.2 times as likely as four-year institutions to require students to submit their financial aid applications by a predetermined deadline.

Of the 28 Directors at two-year institutions and the 18 Directors at four-year institutions that reported their offices required new students to submit supplemental applications and/or documents in order to apply for financial aid (See Table 35, p. 141):

- 80.43 percent required an additional, general application,
- 13.04 percent required dependent applicants with divorced or separated parents to submit a parents' statement,
- 8.7 percent required foreign/international students to submit a special application, and
- One four-year institution required applicants or parents (if the applicant was a dependent) to submit supplemental documentation if they owned a business or farm.

Table 35. Institutions Requiring Supplemental Applications/Documents for New Students, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	CSS/Profile	-	-	-
	Separate institutional general application	23 82.14 %	14 77.78 %	37 80.43 %
	Special application for foreign students	-	4 22.22 %	4 8.70 %
	Special application for graduate students	-	-	-
	Divorced/separated parents statement	4 14.29 %	2 11.11 %	6 13.04 %
	Business/farm supplement	-	1 5.56 %	1 2.17 %
	Number of Institutions	28	18	46

Note: Percentages were calculated by dividing the number of responses by the number of institutions. Survey items with no responses are marked with “-”. An institution may have indicated requiring one or more of the above applications/documents from new students.

Variations in institutional procedures were apparent by institutional type. As shown in Table 35 (141), of the 46 Directors reporting their financial aid offices required new students to submit additional documents/applications beyond the FAFSA, Directors at the 28 two-year institutions were 1.06 times more likely

to require a separate institutional general application and 1.29 times more likely to require an additional statement from divorced/separated parents.

As shown in Table 34, 47 of the 55 respondents reported that they required returning students to submit supplemental applications and/or documentation beyond the FAFSA (see p. 139). Of these:

- 80.85 percent required an additional, general application,
- 12.77 percent required dependent applicants with divorced or separated parents to submit a parents' statement,
- 8.51 percent required foreign/international students to submit a special application, and
- One four-year institution required applicants or parents (if the applicant was a dependent) to submit supplemental documentation if they owned a business or farm. (See Table 36, p. 143.)

Table 36. Institutions Requiring Supplemental
Applications/Documents for Returning Students, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	CSS/Profile	-	-	-
	Separate institutional general application	23 82.14 %	15 78.95 %	38 80.85 %
	Special application for foreign students	-	4 21.05 %	4 8.51 %
	Special application for graduate students	-	-	-
	Divorced/separated parents statement	4 14.29 %	2 10.58 %	6 12.77 %
	Business/farm supplement	-	1 5.26 %	1 2.13 %
	Number of Institutions	28	19	47

Note: Percentages were calculated by dividing the number of responses per survey item by the number of institutions. Survey items with no responses are marked with “-”. A single institution may have indicated requiring one or more of the above applications/documents from returning students.

Again, variations occurred by sector. As Table 36 shows, Directors at two-year institutions were 1.04 times as likely as those at four-year institutions to require returning students to submit a separate institutional general application and 1.35 times as likely to require an additional statement from divorced/separated parents (p. 143). Directors at four-year institutions, however,

were the only ones reporting the use of a special application for foreign students or a business/farm supplement.

All Directors reported requiring either/both new and/or returning students to provide supplemental applications and/or documents, but the reasons these items were required varied. 50.91 percent of Directors that indicated requiring supplemental applications and/or documents from new and/or returning students indicated they required this additional information in order to gather more detailed, biographical information that could not otherwise be obtained from the FAFSA. 41.81 percent indicated they used these materials to obtain information on an applicant's special circumstances (e.g. child-care expenses, medical expenses, dependency status, etc.). (See Table 37, p. 145.)

Table 37. Purpose of Requiring Supplemental Applications/Documents for New or Returning Students, 2001-2002
All institutions, by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Additional income data	8 25.81 %	5 20.83 %	13 23.64 %
	Home equity data	-	-	-
	Data on other assets	2 6.45 %	2 8.33 %	4 7.27 %
	Information on applicant's special circumstances	11 35.48 %	12 50.00 %	23 41.81 %
	Biographical characteristics	16 51.61 %	12 50.00 %	28 50.91 %
	Academic information (GPA)	6 19.35 %	6 25.00 %	12 21.82 %
	Information on non-custodial parents	1 3.23 %	6 25.00 %	7 12.73 %
	Information about a family business or farm	-	1 4.17 %	1 1.82 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the total number of institutions. Survey items with no responses are marked with “-”. An institution may have implemented a requirement for supplemental applications/documentation for more than one purpose (i.e. an institution may have required additional income data as well as information on non-custodial parents).

As shown in Table 37 (p. 145), of the 55 Directors reporting, Directors at two-year institutions were 1.24 times as likely as Directors at the four-year institutions to require documentation of additional income and 1.03 times as likely

to require additional documentation of biographical characteristics. Directors at four-year institutions, however, were more likely to require documentation of other assets (1.29 times more likely) or additional documentation on non-custodial parents (7.7 times as likely). Directors at four-year institutions were also the only ones that required additional documentation about a family business or farm.

Processing of Applications. Twenty percent of respondents indicated their office did not prioritize or rank incoming financial aid applications. Of the Directors that indicated their office did prioritize applications, 80 percent did so based on the date the financial aid application was received. Some also prioritized based on financial need, Expected Family Contribution (EFC), degree or major. (See Table 38, p. 147.)

Interestingly, as Table 38 (p. 147) demonstrates, Directors at four-year institutions were 2.58 times more likely than their counterparts at two-year institutions to prioritize based on major, 1.72 times more likely to prioritize based on need and 1.08 times more likely to prioritize based on the date the application was received. Directors at two-year institutions, however, were 1.74 times more likely to prioritize based on the applicant's EFC. Directors at four-year

institutions were the only ones reporting prioritizing based on the applicant’s high school and/or college grade-point average (G.P.A.).

Table 38. Institution Practice – Prioritizing/Ranking

Financial Aid Applications, 2001-2002

by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Did not prioritize	7 22.58 %	4 16.67 %	11 20.00 %
	Prioritized by major	1 3.23 %	2 8.33 %	3 5.45 %
	Prioritized by anticipated degree	-	-	-
	Prioritized by high school/college G.P.A.	-	4 16.67 %	4 7.27 %
	Prioritized by athletic participation	-	-	-
	Prioritized by other institutional preference	-	-	-
	Prioritized by date received	24 77.42 %	20 83.33 %	44 80.00 %
	Prioritized by EFC	9 29.03 %	4 16.67 %	13 23.64 %
	Prioritized by financial need	6 19.35 %	8 33.33 %	14 25.45 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the total number of institutions in this study. Survey items with no responses are marked with “-”. An institution may have prioritized/ranked applications based on more than one criterion.

In 2001-2002, the U.S. Department of Education, in their *Student financial aid handbook*, required that only a portion of FAFSA filers (i.e. financial aid applicants) at each participating institution of higher education be verified, meaning staff would need to collect supporting documentation (i.e. tax forms, wage and earning statements, etc.) and actually check to see that the data reported by the student to the FAFSA processor matched the data on the documentation. Under this method, applicants to be verified were selected by the Federal Government's Central Processing System. Institutions, however, had the authority to select additional aid applicants for verification under the federal student financial aid program rules. (U.S. Department of Education, 2001-2002).

In 2001-2002, 36.36 percent of the respondents in this study verified only applications selected under federal criteria. 7.27 percent verified the federal minimum of 30 percent.¹⁸ 47.27 percent of the Directors indicated their office verified all applications selected under either federal or institutional criteria, though two-year institutions were 1.24 times more likely than four-year institutions to do this. Directors at four-year institutions were the only ones to

¹⁸ In 2001-2002, federal guidelines indicated that institutions were not required to review all applications flagged for review by the FAFSA processor. Institutions must, however, have reviewed at least 30 percent of all applications flagged (U.S. Department of Education).

report that applications were selected for review based on criteria established through an institutional Quality Assurance Program.¹⁹ (See Table 39(a).)

Table 39(a). Institution Practice – Review of
Financial Aid Applications, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Reviewed 30 percent of applications	2 6.45 %	2 8.33 %	4 7.27 %
	Reviewed 100 percent of applications	-	1 4.17 %	1 1.82 %
	Reviewed only applications selected under federal criteria	12 38.71 %	8 33.33 %	20 36.36 %
	Reviewed all applications selected under either federal or institutional criteria	16 51.61 %	10 41.67 %	26 47.27 %
	Reviewed applications selected based on requirements established under the institution's Quality Assurance Program	-	3 12.50 %	3 5.45 %
	Other	1 3.23 %	-	1 1.82 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in the study. Survey items with no responses are marked with “-”.

¹⁹ The 2001-2002 federal financial aid guidelines defined a “Quality Assurance Program” (QAP) as “a quality-control program with an oversight strategy that focuses on results.” Under a QAP, institutions were permitted to develop their own procedures for measuring efficiency and effectiveness, auditing, correcting errors/problems, and continued improvement of financial aid activities (U.S. Department of Education, 2001, <http://www.ifap.ed.gov/fregisters/FR04062005.html>).

The items most commonly audited during these reviews were those data elements specified by the U.S. Department of Education (50.91 percent). Another large group (47.27 percent) audited a set of institutionally-defined elements. It was rare that institutions audited data elements specified under an institutional Quality Assurance Program. (See Table 39(b).)

Table 39(b). Institution Practice –Audit of
Financial Aid Applications, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Audited only those data elements specified by the U.S. Department of Education	16 51.61 %	12 50.00 %	28 50.91 %
	Audited an institutionally defined set of data elements	15 48.38 %	11 45.83 %	26 47.27 %
	Audited data elements specified under the institution’s Quality Assurance Program	-	1 4.17 %	1 1.82 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-”.

As demonstrated in Table 39(b), some variation did occur by sector.

Directors at two-year institutions were 1.05 times as likely as those at four-year institutions to review only those data elements specified by the U.S. Department

of Education. However, Directors at four-year institutions were 0.95 times as likely to review an institutionally-defined set of data elements. (See p. 150.)

Awarding and Packaging Financial Aid. Regarding the awarding and/or packaging of financial aid, it is important to note that the institutional decision to participate in financial aid programs in 2001-2002 was strictly voluntary. No Texas higher education institutions were required to participate. However, all of the institutions in this study offered funds through one or more financial aid programs during that year. Of the financial aid directors responding to the survey,

- 100 percent reported awarding and/or packaging need-based financial aid (although this was because of the structure of the study)²⁰,
- 89.1 percent reported awarding and/or packaging merit-related/institutional financial aid, and
- 89.1 percent reported awarding and/or packaging educational loans.

Interestingly, Directors at four-year institutions were 1.05 times more likely to participate in merit-based/institutional aid programs than those at two-year institutions; and 1.4 times more likely to participate in educational loan programs. (See Table 40, p. 152.)

²⁰ Only Directors at Texas public institutions of higher education which submitted a financial aid database (FADB) file to the THECB in 2001-2002 were included in this survey. Institutions only submitted an FADB file to the THECB if they awarded need-based financial aid to one or more students.

Table 40. Institution Participation in Financial
Aid Programs, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Need-Based Aid	31 100.00 %	24 100.00 %	55 100.00 %
	Merit-Based/Institutional Aid	27 87.10 %	22 91.67 %	49 89.10 %
	Educational Loans	26 83.87 %	23 95.83 %	49 89.10 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. An institution may have participated in more than one type of financial aid program.

In 2001-2002 it was possible to award and/or package financial aid for part or all of the academic year. 74.55 percent of the respondents in this study indicated that their office's method of awarding/packaging financial aid was based on a nine-month/three-month cycle (i.e. one financial aid package was awarded to cover fall/spring and a separate package was awarded to cover the summer). Some respondents (14.55 percent) indicated packaging financial aid for a 12-month academic year, but this was more prevalent at four-year institutions. Aid was packaged for the nine-month academic year (fall and spring) only at a

few two-year institutions-- 10.91 percent) of those participating in this study. (See Table 41.)

Table 41. The Financial Aid Awarding Cycle, 2001-2002
by Institutional Type

DEPENDENT	INDEPENDENT		
	2-Year Public	4-Year Public	Row Total
9-months (fall and spring)	6 19.35 %	-	6 10.91 %
9 + 3 (fall/spring and separate summer)	22 70.97 %	19 79.17 %	41 74.55 %
12-months (fall, spring and summer)	3 9.68 %	5 20.83 %	8 14.55 %
Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-”.

In general terms, the decision to award need-based financial aid was predicated on the applicant’s ability to establish financial need. Almost all of the Directors indicated that the primary method used by their office for determining financial need was the federal methodology (See Table 42(a), p. 154). Eligibility for a financial aid award using this methodology is determined by comparing the estimated cost of attending the particular institution (COA) to the applicant’s Expected Family Contribution (EFC).

$$\text{COA} - \text{EFC} = \text{FINANCIAL NEED}$$

As demonstrated by the equation above, the difference between the applicant’s COA and EFC represents the applicant’s financial need.

Table 42(a). Primary Methods of Determining Financial Need
for Need-Based Aid, 2001-2002
by Institutional Type

DEPENDENT	INDEPENDENT		
	2-Year Public	4-Year Public	Row Total
“Federal methodology” (based on FAFSA)	31 100.0 %	23 95.83 %	54 98.18 %
College Board methodology	-	-	-
Institutionally developed methodology	-	-	-
Other	-	1 4.17 %	1 1.82 %
Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-”.

As shown in Table 40 (p. 152), 89.1 percent of the institutions in this study awarded merit-based financial aid. At these institutions, 85.71 percent used the federal methodology; 8.16 percent used an institutionally developed method;

and 18.37 percent used some other method. (See Table 42 (b).) Directors at two-year institutions were 2.44 times more likely to use an institutionally-developed methodology to determine financial need for merit-based and/or institutional programs; and 1.62 times more likely to use some other methodology.

Table 42(b). Methods of Determining Financial Need
for Merit-Based and/or Institutional Aid, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	“Federal methodology” (based on FAFSA)	22 81.48 %	20 90.91 %	42 85.71 %
	College Board methodology	-	-	-
	Institutionally developed methodology	3 11.11 %	1 4.55 %	4 8.16 %
	Other	6 22.22 %	3 13.64 %	9 18.37 %
	Number of Institutions	27	22	49

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-”. An institution may have used more than one method of determining financial need for merit-based and/or institutional programs.

When asked how proceeds from external resources impacted a student’s financial aid eligibility and/or award, most respondents indicated their offices made adjustments to either the student’s eligibility for aid or the financial aid

awarded. Financial aid directors in this study were asked specifically how their offices treated proceeds from external resources, such as pre-paid tuition plans, Roth/Education IRAs and/or external scholarships. In regards to pre-paid tuition plans,

- 40 percent indicated that proceeds from such plans reduced the student's estimated cost of attendance (COA);
- 18.18 percent indicated that proceeds from such plans offset the Expected Family Contribution (EFC);
- 14.55 percent noted that such proceeds were considered off-sets for self-help (educational loans and work-study); and
- 27.27 percent indicated that the proceeds of pre-paid tuition plans impacted financial aid awards and packages in some other, undefined way.

(See Table 43(a), p. 157.)

Variations in the treatment of these proceeds did occur by institutional type. Directors at two-year institutions reported their offices were more likely to treat proceeds from pre-paid tuition plans as either an offset to the student's EFC (1.16 times as likely as four-year institutions), the student's self-help award (2.32 times as likely), or in some other manner (1.16 times as likely). Directors at four-year institutions, however, were 1.55 times more likely than their two-year counterparts to treat these proceeds as a reduction to the student's COA.

Table 43(a). Impact of Prepaid Tuition Plan Proceeds
on Financial Aid Awards and Packages, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Offset the EFC	6 19.35 %	4 16.67 %	10 18.18 %
	Offsets self-help (educational loans and work-study)	6 19.35 %	2 8.33 %	8 14.55 %
	Considered an additional asset	-	-	-
	Reduces the cost of attendance	10 32.26 %	12 50.00 %	22 40.00 %
	Other	9 29.04 %	6 25.00 %	15 27.27 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-”.

In regards to the impact of Roth/Education IRA proceeds on financial aid awards and packages in 2001-2002,

- 34.55 percent reported such programs reduced the student’s COA;
- 18.18 percent noted proceeds from these programs offset the student’s EFC;
- 12.73 percent indicated these funds offset self-help (educational loans and work-study);

- 7.27 percent stated their office treated these proceeds as an additional asset; and
- 27.27 percent of Directors reported that proceeds impacted financial aid awards and packages in some other, undefined way. (See Table 43(b), p. 159.)

Variations in how these proceeds were treated did occur by institutional type. Directors at four-year institutions were 1.29 times more likely to treat these funds as either an offset to the student's EFC. The same was true for considering them as an additional asset. Directors at two-year institutions were 1.06 times more likely to treat these funds as a reduction to the student's cost of attendance, 1.03 times as likely to treat these funds as an off-set to self-help, and 1.16 times as likely to treat them in some other manner.

Table 43(b). Impact of Roth/Education IRA Proceeds
on Financial Aid Awards and Packages, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Offset the EFC	5 16.13 %	5 20.83 %	10 18.18 %
	Offsets self-help (educational loans and work-study)	4 12.90 %	3 12.50 %	7 12.73 %
	Considered an additional asset	2 6.45 %	2 8.33 %	4 7.27 %
	Reduces the cost of attendance	11 35.48 %	8 33.33 %	19 34.55 %
	Other/unknown	9 29.03 %	6 25.00 %	15 27.27 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study.

In regards to the treatment of scholarship funds received from an external source, only 3.64 percent of Directors indicated they made no adjustments to financial aid packages based on the receipt of such funds. Of the Directors that did note adjustments, over 92% indicated that funds were considered a reduction in the student's unmet financial need. Unmet financial need is the portion of a student's financial need that remains after all other financial aid has been applied.

It is generally calculated in the following manner:

$$\text{FINANCIAL NEED} - \text{FINANCIAL AID} = \text{UNMET FINANCIAL NEED}$$

If financial need is met fully by institutional, state, federal or other financial aid, unmet financial need does not exist.

Most of the Directors reported using these funds to replace educational loans (65.45 percent), work-study (52.73 percent) or to reduce the amount of state aid awarded (45.45 percent). Directors at the four-year institutions in this study were more likely than their counterparts at two-year institutions to make changes in the student's financial aid package. (See Table 44, p. 161.)

Table 44. Impact of External Scholarships and Other Resources
on Financial Aid Awards and Packages, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	No adjustment made	-	2 8.33 %	2 3.64 %
	Reduced student's EFC	-	1 4.17 %	1 1.82 %
	Reduced student's unmet financial need	31 100 %	20 83.33 %	51 92.73 %
	Replaced student loans	15 48.39 %	21 87.50 %	36 65.45 %
	Replaced work-study funds	14 45.16 %	15 62.50 %	29 52.73 %
	Replaced institutional gift aid	7 22.58 %	8 33.33 %	15 27.27 %
	Reduced state aid	14 45.16 %	11 45.83 %	25 45.45 %
	Reduced FSEOG or other federal awards	11 35.48 %	10 41.67 %	21 38.18 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-“. An institution may have implemented one or more of the above options.

Federal law authorizes financial aid Directors to use “professional judgment,” meaning judgment based on the financial aid professional’s experience and knowledge of the student’s individual circumstances, in

determining a student’s eligibility for financial aid. Only one director reported not using professional judgment in awarding financial aid. Roughly 93% of the respondents reported reviewing a student’s need-analysis at the applicant’s request and exercising professional judgment when warranted. Two-year institutions were 1.02 times as likely as the four-year institutions to do this. (See Table 45.)

Table 45. Use of Professional Judgment, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Did not exercise professional judgment	-	1 4.17 %	1 1.82 %
	Normally reviewed the need analysis data for all financial aid applicants and exercised professional judgment when warranted	2 6.45 %	-	2 3.64 %
	Reviewed the need analysis data at the aid applicant’s request and exercised professional judgment when warranted	29 93.55 %	22 91.67 %	51 92.73 %
	Other	-	1 4.17 %	1 1.82 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-”.

As shown in Table 45, the use of professional judgment was common. But, when Directors were asked to indicate which *one* situation was the most likely to cause a professional judgment review to be initiated, most responded that it was the receipt of additional information from the aid applicant (refer to p. 162). This was closely followed by the appeal of the financial aid award letter by the applicant or parent. (See Table 46, next page.)

Comparatively speaking, four-year institutions were 4.5 times more likely to conduct a professional judgment review based on FAFSA data. Two-year institutions, however, were 2.71 times more likely to conduct a professional judgment review based on a review of the applicant's or parent's tax return. Further, two-year institutions were 4.26 times more likely to conduct a review based on the receipt of other information from the aid applicant.

Table 46. Situations Most Likely to Trigger
a Professional Judgment Review at the Institution, 2001-2002
by Institutional Type

		INDEPENDENT		
		2-Year Public	4-Year Public	Row Total
DEPENDENT	Review of FAFSA data	2 6.45 %	7 29.17 %	9 16.37 %
	Edit message on ISIR	-	6 25.00 %	6 10.90 %
	Information received in institutional financial aid application	-	7 29.17 %	7 12.73 %
	Review of tax returns (applicant's or parent's)	7 22.59 %	2 8.34 %	9 16.37 %
	Review of other information received from the aid applicant	11 35.49 %	2 8.34 %	13 23.64 %
	Appeals of financial aid award letter by applicant or parent	11 35.49 %	-	11 20.00 %
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses are marked with “-”.

When Directors were asked how frequently each of the situations outlined in Table 46 (above) triggered a professional judgment review during 2001-2002, they reported they:

- sometimes (but not often) conducted a review based on information received on the FAFSA;

- rarely conducted a review based on edit messages on the Institution Student Information Record (ISIR)²¹;
- hardly ever conducted a review based on information received on the institutional financial aid application;
- often conducted a review based on a review of tax returns (either the applicant's or the parent's);
- very often conducted a review based on the receipt of other information from the aid applicant; and
- quite often conducted a review based on appeals of the financial aid award letter by the applicant or parent. (See Table 47(a), next page.)

²¹ The electronic or printed report generated by the FAFSA processor.

Table 47(a). Frequency Situations Triggered a
Professional Judgment Review, 2001-2002
All Public Institutions
by Frequency of Occurrence

	INDEPENDENT						Row Total
	Never	Rarely	Sometimes	Frequently	Always	Unknown	
Review of FAFSA data	12 21.82 %	11 20.00 %	18 32.73 %	8 14.55 %	-	6 10.90 %	55 100.00 %
Edit message on ISIR	10 18.18 %	16 29.09 %	15 27.27 %	7 12.73 %	1 1.83 %	6 10.90 %	55 100.00 %
Information received in institutional financial aid application	16 29.09 %	12 21.82 %	14 25.45 %	1 1.83 %	2 3.63 %	10 18.18 %	55 100.00 %
Review of tax returns (applicant's or parent's)	7 12.73 %	13 23.64 %	16 29.09 %	9 16.36 %	5 9.09 %	5 9.09 %	55 100.00 %
Review of other information received from the aid applicant	3 5.44 %	7 12.73 %	19 34.55 %	19 34.55 %	6 10.90 %	1 1.83 %	55 100.00 %
Appeals of financial aid award letter by applicant or parent	4 7.27 %	11 20.00 %	12 21.82 %	15 27.27 %	13 23.64 %	-	55 100.00 %

Note: Percentages were calculated by dividing the number of responses for each frequency option by the total number of responses per survey item. Survey items with no responses for a specific option are marked with “-”.

When responses were disaggregated by sector, variations occurred. Most Directors at the 31 two-year institutions included in this study reported their offices

- sometimes conducted a professional judgment review based on data received in the FAFSA,
- sometimes conducted a review based on an edit message received on the ISIR,
- sometimes conducted a review based on information received on the institutional financial aid application,
- sometimes conducted a review based on the applicant's or parents' tax returns (although the distribution of responses here was very broad),
- frequently conducted a review based on other information received from the aid applicant, and
- often conducted a review based on an appeal of the financial aid award by the applicant or parent (although an equal number of Directors responded that they "Rarely" did this). (See Table 47(b), next page.)

Table 47(b). Frequency Situations Triggered a
Professional Judgment Review, 2001-2002
Two-Year Public Institutions
by Frequency of Occurrence

		INDEPENDENT						Row Total
		Never	Rarely	Sometimes	Frequently	Always	Unknown	
DEPENDENT	Review of FAFSA data	6 19.35 %	5 16.13 %	11 35.48 %	5 16.13 %	-	4 12.91 %	31 100.00 %
	Edit message on ISIR	6 19.35 %	9 29.03 %	9 29.03 %	3 9.68 %	1 3.23 %	3 9.68 %	31 100.00 %
	Information received in institutional financial aid application	8 25.80 %	5 16.13 %	11 35.48 %	1 3.23 %	1 3.23 %	5 16.13 %	31 100.00 %
	Review of tax returns (applicant's or parent's)	5 16.13 %	7 22.58 %	7 22.58 %	6 19.35 %	3 9.68 %	3 9.68 %	31 100.00 %
	Review of other information received from the aid applicant	3 9.68 %	3 9.68 %	11 35.48 %	12 38.70 %	1 3.23 %	1 3.23 %	31 100.00 %
	Appeals of financial aid award letter by applicant or parent	2 6.47 %	8 25.80 %	5 16.13 %	8 25.80 %	8 25.80 %	-	31 100.00 %

Note: Percentages were calculated by dividing the number of responses for each frequency option by the total number of responses per survey item. Survey items with no responses for a specific option are marked with “-”.

Directors at the four-year institutions in this study reported that they:

- sometimes, but not often, conducted a professional judgment review based on a review of the FAFSA,
- rarely conducted a review based on an edit message on the ISIR,
- rarely conducted a review based on information received on the institutional financial aid application,
- sometimes conducted a review based on data from the applicant's or parent's tax returns,
- quite often conducted a review based on receipt of other information from the aid applicant, and
- often conducted a review based on an appeal of the financial aid award by the applicant or parent. (See Table 47(c), p. 170.)

Table 47(c). Triggers for Professional Judgment Reviews, 2001-2002

Four-Year Public Institutions

by Frequency of Occurrence

		INDEPENDENT						Row Total
		Never	Rarely	Sometimes	Frequently	Always	Unknown	
DEPENDENT	Review of FAFSA data	6 25.00 %	6 25.00 %	7 29.17 %	3 12.50 %	-	2 8.33 %	24 100.00 %
	Edit message on ISIR	4 16.67 %	7 29.17 %	6 25.00 %	4 16.67 %	-	3 12.50 %	24 100.00 %
	Information received in institutional financial aid application	8 33.33 %	7 29.17 %	3 12.50 %	-	1 4.17 %	5 20.83 %	24 100.00 %
	Review of tax returns (applicant's or parent's)	2 8.33 %	6 25.00 %	9 37.51 %	3 12.50 %	2 8.33 %	2 8.33 %	24 100.00 %
	Review of other information received from the aid applicant	-	4 16.67 %	8 33.33 %	7 29.17 %	5 20.83 %	-	24 100.00 %
	Appeals of financial aid award letter by applicant or parent	2 8.33 %	3 12.50 %	7 29.17 %	7 29.17 %	5 20.83 %	-	24 100.00 %

Note: Percentages were calculated by dividing the number of responses for each frequency option by the total number of responses per survey item. Survey items with no responses for a specific option are marked with “-”.

When asked about the outcomes of professional judgment reviews, respondents indicated that these reviews did result in changes in financial aid packages. The most likely outcomes of a professional judgment review were changes in EFC or in the total financial aid awarded. (See Table 48(a), p. 172.)

As shown in Table 48(a), most Directors at the institutions included in this study indicated that

- changes in dependency status rarely occurred,
- changes in EFC frequently occurred,
- changes in total cost of attendance rarely occurred,
- changes in total financial aid awarded frequently occurred,
- changes in the determination of satisfactory academic progress sometimes occurred, and
- a denial or reduction in eligibility for federal student loans rarely occurred.

Table 48(a). Most Likely Outcomes of Professional Judgment Reviews, 2001-2002

All Public Institutions

by Frequency of Occurrence

		INDEPENDENT						Row Total
		Never	Rarely	Sometimes	Frequently	Always	Unknown	
DEPENDENT	Change in dependency	12 21.82 %	16 29.09 %	9 16.36 %	11 20.00 %	7 12.73 %	-	55 100.00 %
	Change in EFC	1 1.83 %	4 7.27 %	14 25.45 %	21 38.18 %	15 27.27 %	-	55 100.00 %
	Change in total cost of attendance	22 40.00 %	14 25.45 %	10 18.18 %	6 10.90 %	2 3.63 %	1 1.83 %	55 100.00 %
	Change in total financial aid awarded	3 5.44 %	8 14.55 %	12 21.82 %	19 34.55 %	10 18.18 %	3 5.44 %	55 100.00 %
	Change in satisfactory academic progress	7 12.73 %	13 23.64 %	12 21.82 %	13 23.64 %	5 9.09 %	5 9.09 %	55 100.00 %
	Denial or reduction in eligibility for federal student loans	28 50.91 %	15 27.27 %	8 14.55 %	2 12.73 %	1 1.83 %	1 1.83 %	55 100.00 %

Note: Percentages were calculated by dividing the number of responses for each frequency option by the total number of responses per survey items. Survey items with no responses for a specific option are marked with “-”.

When the data were disaggregated by sector, most respondents from two-year institutions indicated the following about possible outcomes of a professional judgment review:

- changes in dependency status rarely occurred,
- changes in EFC frequently occurred,
- changes in the total cost of attendance rarely occurred,
- changes in the total financial aid awarded frequently occurred,
- changes in the determination of satisfactory academic progress frequently occurred, and
- a denial or reduction in eligibility for federal student loans rarely occurred.

(See Table 48(b), p. 174.)

Table 48(b). Most Likely Outcomes of Professional Judgment Reviews, 2001-2002

Two-Year Public Institutions

By Frequency of Occurrence

		INDEPENDENT						Row Total
		Never	Rarely	Sometimes	Frequently	Always	Unknown	
DEPENDENT	Change in dependency	4 12.90 %	11 35.48 %	6 19.35 %	6 19.35 %	4 12.91 %	-	31 100.00 %
	Change in EFC	1 3.23 %	2 6.47 %	7 22.58 %	12 38.70 %	9 29.03 %	-	31 100.00 %
	Change in total cost of attendance	14 45.14 %	11 35.48 %	3 9.68 %	2 6.47 %	-	1 3.23 %	31 100.00 %
	Change in total financial aid awarded	1 3.23 %	4 12.90 %	4 12.90 %	12 38.70 %	7 22.58 %	3 9.68 %	31 100.00 %
	Change in satisfactory academic progress	-	7 22.58 %	5 16.13 %	11 35.48 %	3 9.68 %	5 16.13 %	31 100.00 %
	Denial or reduction in eligibility for federal student loans	12 38.70 %	10 32.26 %	6 19.35 %	2 6.47 %	-	1 3.23 %	31 100.00 %

Note: Percentages were calculated by dividing the number of responses for each frequency option by the total number of responses per survey items. Survey items with no responses for a specific option are marked with “-”.

Respondents from four-year institutions reported the following concerning the possible outcomes of a professional judgment review:

- changes in dependency status rarely occurred,
- changes in EFC frequently occurred,
- changes in the total cost of attendance occurred infrequently, if at all,
- changes in the total financial aid awarded sometimes occurred,
- changes in the determination of satisfactory academic progress occurred infrequently, but they did happen, and
- a denial or reduction in eligibility for federal student loans almost never occurred. (See Table 48(c), p. 176.)

Table 48(c). Most Likely Outcomes of Professional Judgment Reviews, 2001-2002

Four-Year Public Institutions

By Frequency of Occurrence

		INDEPENDENT						Row Total
		Never	Rarely	Sometimes	Frequently	Always	Unknown	
DEPENDENT	Change in dependency	8 33.33 %	5 20.83 %	3 12.50 %	5 20.83 %	3 12.50 %	-	24 100.00 %
	Change in EFC	-	2 8.33 %	7 29.17 %	9 37.51 %	6 25.00 %	-	24 100.00 %
	Change in total cost of attendance	8 33.33 %	3 12.50 %	7 29.17 %	4 16.67 %	2 8.33 %	-	24 100.00 %
	Change in total financial aid awarded	2 8.33 %	4 16.67 %	8 33.33 %	7 29.17 %	3 12.50 %	-	24 100.00 %
	Change in satisfactory academic progress	7 29.17 %	6 25.00 %	7 29.17 %	2 8.33 %	2 8.33 %	-	24 100.00 %
	Denial or reduction in eligibility for federal student loans	16 66.67 %	5 20.83 %	2 8.33 %	-	1 4.17 %	-	24 100.00 %

Note: Percentages were calculated by dividing the number of responses for each frequency option by the total number of responses per survey items. Survey items with no responses for a specific option are marked with “-”.

In regards to the aid packaging policies used at their institutions, the respondents were asked to comment on expected changes between a student's initial award and the package in subsequent years. The instructions for this question indicated that the respondent should assume there were no significant changes in the student's financial circumstances or academic situation.

At least 80 percent of the respondents indicated continuing students were offered levels of grants and scholarships, institutional aid, and work-study comparable to that offered when they were entering students. 18.18 percent noted their institutions increased educational loans for continuing students. 7.27 percent indicated their institutions increased work-study. 3.64 percent indicated that grants and scholarships were increased for continuing students, but 5.45% indicated that they were lowered. (See Table 49(a), p. 178.)

Table 49(a). Comparison of Aid Provided to Continuing
Versus Entering Students, 2001-2002
All Public Institutions
by Aid Type

		INDEPENDENT				Row Total
		Lower	Same	Higher	Not Applicable	
DEPENDENT	Grants and scholarships	3 5.45%	48 87.27%	2 3.64%	2 3.64%	55 100.00%
	Institutional aid	1 1.82%	47 85.45%	-	7 12.73%	55 100.00%
	Educational loans	1 1.82%	30 54.55%	10 18.18%	14 25.45%	55 100.00%
	Work-study	-	44 80.00%	4 7.27%	7 12.73%	55 100.00%

Note: Percentages were calculated by dividing the number of responses for each option by the total number of responses per survey item. Survey items with no responses for a specific option are marked with “-”. An institution may have participated in more than one financial aid program.

Most of the respondents from two-year institutions indicated that the financial aid packages provided to continuing students were similar to those for entering students. The only component of aid where much change was reported was educational loans which were more likely to be increased than scholarships or work-study. Two-year institutions, however, were 1.18 times more likely to hold grants and scholarships steady, 1.05 times more likely to maintain institutional aid at similar levels, 1.5 times more likely to keep work-study level, and 1.16 times

more likely to maintain loans at the same rates as compared with four-year institutions. (See Tables 49(b) and 49(c).)

Table 49(b). Comparison of Aid Provided to Continuing Students
Versus Entering Students, 2001-2002
Two-Year Institutions
by Aid Type

		INDEPENDENT				Row Total
		Lower	Same	Higher	N/A	
DEPENDENT	Grants and scholarships	-	29	1	1	31
			93.55%	3.23%	3.23%	100.00%
	Institutional aid	1	27	-	3	31
		3.23%	87.10%		9.68%	100.00%
	Educational loans	1	18	2	10	31
		3.23%	58.06%	6.45%	32.26%	100.00%
	Work-study	-	29	1	1	31
			93.55%	3.23%	3.23%	100.00%

Note: Percentages were calculated by dividing the number of responses for each option by the total number of responses per survey item. Survey items with no responses for a specific option are marked with “-”. An institution may have participated in more than one financial aid program.

Respondents from four-year institutions reported that packages for continuing students were comparatively less likely to remain the same. 12.5 percent of the respondents reported that grants and scholarships were reduced; a like percentage reported that work-study awards were increased; and fully one-

third reported that educational loan amounts were increased. In fact, four-year institutions were 5.17 times more likely to increase educational loans, and 3.87 times more likely to increase work-study awards than were two-year institutions.. Further, whereas none of the two-year institutions indicated that they decreased grants and scholarships to continuing students, this was done at 12.5 percent of the four-year. (See Table 49 (c).)

Table 49(c). Comparison of Aid Provided to Continuing Students
Versus Entering Students, 2001-2002
Four-Year Institutions
by Aid Type

		INDEPENDENT				Row Total
		Lower	Same	Higher	N/A	
DEPENDENT	Grants and scholarships	3 12.50%	19 79.17%	1 4.17%	1 4.17%	24 100.00%
	Institutional aid	-	20 83.33%	-	4 16.67%	24 100.00%
	Educational loans	-	12 50.00%	8 33.33%	4 16.67%	24 100.00%
	Work-study	-	15 62.50%	3 12.50%	6 25.00%	24 100.00%

Note: Percentages were calculated by dividing the number of responses for each option by the total number of responses per survey item. Survey items with no responses for a specific option are marked with “-“. An institution may have participated in more than one financial aid program.

As mentioned earlier in this chapter, educational loans constituted 68 percent of the funding available to students at the institutions in this study in 2001-2002. (See Table 25, p. 118.) As shown in Table 40, 89 percent of the Directors participating in this study indicated their institutions offered educational loans (p. 152). In terms of how these funds were packaged for undergraduate students with 30 or fewer credit hours,

- 65.45 percent of the respondents reported using subsidized Federal Stafford Loans,
- 56.36 percent reported using unsubsidized Federal Stafford Loans,
- 40 percent used Federal PLUS Loans,
- 18.18 percent used Federal Perkins Loans,
- 14.55 percent used private/alternative loans, and
- 3.64 percent used other loans. (See Table 50, p. 182.)

Table 50. Educational Loans Awarded and/or Packaged for Undergraduate Students with 30 or Fewer Credit Hours, 2001-2002
by Institutional Type

	INDEPENDENT			
	2-Year Public	4-Year Public	Row Total	
DEPENDENT	Federal Stafford Loan (Subsidized)	17	19	36
		54.84%	79.17%	65.45%
	Federal Stafford Loan (Unsubsidized)	15	16	31
		48.39%	66.67%	56.36%
	Federal PLUS Loan	9	13	22
		29.03%	54.17%	40.00%
	Federal Perkins Loan	1	9	10
		3.23%	37.50%	18.18%
Private/Alternative Loans	2	6	8	
	6.45%	25.00%	14.55%	
Other	1	1	2	
	3.23%	4.17%	3.64%	
Number of Institutions	31	24	55	

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study.

As Table 50 demonstrates, four-year institutions were much more likely to package educational loans for undergraduate students with 30 or fewer credit hours than were two-year institutions. Four-year institutions were

- 11.61 times more likely than two-year institutions to use low interest, federally funded Perkins Loans;

- 3.88 times more likely to package private/alternative loans;
- 1.87 times more likely to package PLUS Loans;
- 1.44 times more likely than to package subsidized Stafford Loans;
- 1.38 times more likely to package unsubsidized Stafford Loans; and
- 1.29 times more likely to package other types of loans.

The percentages changed slightly when the question shifted to the packaging of educational loans for undergraduate students with 31 or more semester credit hours.

- 69.09 percent of the respondents reported using subsidized Federal Stafford Loans,
- 58.18 percent reported using unsubsidized Federal Stafford Loans,
- 25.45 percent used Federal PLUS Loans,
- 20.00 percent used Federal Perkins Loans,
- 5.45 percent used private/alternative loans, and
- 1.82 percent reported using other loans. (See Table 51, p. 184.)

Table 51. Educational Loans Awarded and/or Packaged for Undergraduate Students with 31 or More Credit Hours, 2001-2002
by Institutional Type

	INDEPENDENT			
	2-Year Public	4-Year Public	Row Total	
DEPENDENT	Federal Stafford Loan (Subsidized)	18 58.06%	20 83.33%	38 69.09%
	Federal Stafford Loan (Unsubsidized)	16 51.61%	16 66.67%	32 58.18%
	Federal PLUS Loan	5 16.13%	9 37.50%	14 25.45%
	Federal Perkins Loan	1 3.23%	10 41.67%	11 20.00%
	Private/Alternative Loans	-	3 12.50%	3 5.45%
	Other	-	1 4.17%	1 1.82%
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses for a specific option are marked with “-”.

As shown in Table 49(c) (see page 180), one-third of the respondents from four-year institutions reported their offices were likely to increase educational loans for continuing students. As Table 51 demonstrates, four-year institutions were more likely to award educational loans to undergraduate students

with 31 or more credit hours than were two-year institutions, especially Federal Stafford (subsidized), PLUS and Perkins loans.

The percent of institutions reporting routinely packaging loans for graduate and professional students was generally less than that reported for upper-level undergraduate students (that is, those with 31 or more credit hours). When asked which loans were used for these types of students, respondents indicated that most of the loans packaged were subsidized (43.64 percent) and unsubsidized (40.00 percent) Federal Stafford Loans. (See Table 52, next page.)

Table 52. Educational Loans Awarded and/or Packaged for Graduate
and Professional Students, 2001-2002
by Institutional Type

	INDEPENDENT			
	2-Year Public	4-Year Public	Row Total	
DEPENDENT	Federal Stafford Loan (Subsidized)	5 16.13%	19 79.17%	24 43.64%
	Federal Stafford Loan (Unsubsidized)	5 16.13%	17 70.83%	22 40.00%
	Federal PLUS Loan	-	3 12.50%	3 5.45%
	Federal Perkins Loan	1 3.23%	9 37.50%	10 18.18%
	Private/Alternative Loans	-	4 16.67%	4 7.27%
	Other	-	1 4.17%	1 1.82%
	Number of Institutions	31	24	55

Note: Percentages were calculated by dividing the number of responses by the number of institutions in this study. Survey items with no responses for a specific option are marked with “-”.

**Part III: Relationships between financial aid awards/packages and policies,
practices and procedures used by financial aid offices at Texas public
institutions of higher education**

Parts I and II of this chapter dealt with the examination of patterns of awarding and/or packaging financial aid and patterns of financial aid policies, practices and procedures in place in financial aid offices at Texas public higher education institutions in 2001-2002. Though this investigation was valuable, the greater value is in examining relationships between the two. In other words, is it possible to pre-select a specific financial aid award/package outcome, run a query against the survey data, and find a pattern in the policies, practices and procedures reported for the institutions evidencing that desired outcome? The section that follows tests this question.

In order to test the hypothesis that a relationship between financial aid award and/or package outcomes and financial aid policies, practices, and procedures could be determined, data from the 2001-2002 FADS—the statewide database containing information on all financial aid awards to students at Texas public institutions for students who received at least one type of need-based aid award—was compared to data from the survey used for this study. Based on research previously conducted by Van Dusen and O’Hearne (1980), it was pre-

determined that the “model” financial aid office would be one that awarded (a) a majority of financial aid to students that are traditionally considered minorities²² and (b) a greater portion of financial aid dollars through programs that would not significantly burden a student with debt (i.e. gift-aid programs and work-study).

Recipient and survey data were pulled from the Excel data tables constructed for this study. Queries were made against the subsequent data set in order to pinpoint financial aid offices at Texas public higher education institutions that met the parameters of both (a) and (b) above. Offices were designated as “models” if their award distributions were equivalent to the statewide averages for each variable for 2001-2002, meaning at least 55 percent of their financial aid awards were distributed to minority students (non-Whites) and 55.9 percent or more of the dollars awarded were provided through non-loan programs. This section summarizes the results of this query.

The “Model” Financial Aid Office. Again, the “model” financial aid office was one where at least 55 percent of financial aid awards were made to minority students; and, of the aid funds distributed to these students, 55.9 percent or more was provided through programs other than educational loans. Of the 55 Texas public institutions (31 two-year and 24 four-year) included in this study,

²² Financial need was not selected as an independent criterion as all students included in FADS files submitted by institutions received at least one award through a need-based financial aid program. Thus, it was assumed that these minority students had at least some financial need.

only 14—10 two-year institutions and four four-year institutions—met both criteria.

In examining the financial aid policies, practices, and procedures reported by the financial aid directors at the 14 “model” institutions, it was evident that the offices had many things in common. Some of these include:

- Eight of the 14 financial aid directors (57.14 percent) reported their operations were structured as part of a “one-stop shop.”
- Staffing in the “model” offices ranged from one FTE staff member to 30. The average was 22. Of these,
 - 9 were professional staff,
 - 8 were support staff, and
 - 5 were student workers.
- Twelve of the 14 financial aid directors (85.71 percent) reported the financial aid awarding/packaging process at their institution was at least somewhat automated; while the other two reported the process was not automated at all.
- All 14 of the Directors reported using one or more financial aid software products in their office for:
 - entering/editing initial or renewal applications
 - ISIR support (downloads, printing, electronic corrections)

- managing student records (award letters, acceptances, rejections, tracking, status changes, etc.)
- need analysis processing
- award processing/packaging
- funds management (balancing, reporting, audit trail, etc.) and
- information sharing (Pell payment processing, batching, etc.).
- 11 out of the 14 Directors (78.57 percent) reported their office processes were integrated with one or more other areas/offices at the institution, including
 - admissions,
 - enrollment services,
 - retention and
 - student billing/accounts receivables.
- Directors from all 14 institutions reported their office used the “Federal Methodology” to determine a student’s financial need.
- Seven out of the 14 Directors (50 percent) reported their office required new students to submit a separate application or provide other supplemental documentation in addition to the FAFSA.
- Seven Directors (50 percent) reported their office had instituted financial aid application deadlines.

- Thirteen of the 14 Directors (92.86 percent) reported their office did not practice preferential packaging (i.e. the practice of awarding/package financial aid based on a student's major, degree, academic standing, etc.); preferring instead to award financial aid on a first-come, first-served basis.
- Eight of the Directors (57.14 percent) reported their institution verified the eligibility of all financial aid applicants selected under federal and/or institutional criteria.
- In regards to the availability of financial aid,
 - all 14 Directors reported offering need-based financial aid,
 - nine (64.29 percent) reported offering merit-related/institutional aid where need was at least a part of the eligibility requirements,
 - Directors for five institutions (35.71 percent) reported awarding/package institutional aid based on merit only, and
 - thirteen (92.86 percent) reported offering educational loans.
- In relation to the financial aid award/package period,
 - thirteen of the Directors (92.86 percent) reported their office awarded and/or packaged aid for students based on a nine-month budget with a separate three-month budget for summer, and

- One director reported awarding aid only for the traditional 9-month cycle (fall/spring).
- In regards to the treatment of scholarships, other financial aid, or educational payments from an external source,
 - Directors at all 14 institutions indicated that financial aid from external sources altered the applicant's financial aid award and/or package by either reducing their unmet need (13 institutions, 92.86 percent) or the amount of work-study (eight institutions, 57.14 percent) and educational loan (nine institutions, 64.29 percent) funding included in their package;
 - Ten of the Directors (71.42 percent) reported that proceeds from state-sponsored, prepaid tuition plans (i.e. the Texas Tomorrow Fund or other state plans) were used to reduce a student's need by either offsetting the family's EFC (Expected Family Contribution) or reducing the cost of attendance; and
 - 12 of the Directors (85.71 percent) reported that proceeds from Roth/Education IRAs were used to reduce a student's need by either offsetting the family's EFC²³ or reducing the student's cost of attendance.

²³ Various types of payments and program proceeds may be used to "offset" or reduce a student's out-of-pocket contribution for the EFC. For example, a student may have an EFC of \$3,000. If

- In terms of utilizing professional judgment,
 - Six of the 14 Directors (42.86 percent) indicated a review of FAFSA data, tax returns submitted by the applicants or their parent(s), and other information received from the applicants or their parent(s) triggered a professional judgment review;
 - All Directors reported their office reviewed need analysis data at the financial aid applicant's request; and
 - Five Directors (35.71 percent) indicated that the most likely outcome of these professional judgment reviews was a change in the applicant's EFC (Expected Family Contribution).

- In terms of the aid packaged for continuing students, assuming there were no significant changes in the aid recipients' financial circumstances or academic situation,
 - 13 of the Directors (92.86 percent) reported that the percentage distribution of grants and scholarships, institutional aid and work-study would remain roughly the same as what was offered when the students first enrolled; and

he/she received a \$1,500 payment from a Roth/Education IRA; the college/university would apply that amount to the EFC to offset what the student has to pay out-of-pocket or through other resources. The EFC would still reflect a total of \$3,000 for the student; but the student would now only have to pay \$1,500 out-of-pocket to subsidize the remainder of his/her family's expected contribution towards educational costs.

- Seven (50 percent) indicated the level of educational loans provided for applicants would remain the same.²⁴

On the surface, these variables did not appear to be substantially different from those typically reported by Directors at the other institutions included in this study. The question remained, therefore, what differentiated these 14 “model” institutions from the mainstream?

In order to build a “model” set of financial aid policies, practices and procedures, it was necessary to identify the variables that made these 14 institutions unique. These “model” financial aid policies, practices and procedures were then compared to those found at the 55 Texas public institutions included in this study. This comparison appears in the next section.

Comparison of Policies, Practices and Procedures. In order to develop a set of “model” financial aid policies, practices and procedures, the researcher attempted to tease out the differences in the data by comparing the survey responses from Directors at the 14 “model” institutions to the typical responses of financial aid Directors at the 31 two-year and 24 four-year Texas public institutions in this study. In this section, a variable was considered notable if the difference in the responses for that particular item varied more than 10 percent.

²⁴ Directors for two of the institutions in this group opted not to respond to the query regarding shifts in educational loans.

The “Model” vs. the Typical.

Table 53(a) represents a comparison of survey responses from Directors of financial aid at the 14 “model” institutions to the typical response. Where differences in response rates exceeded 10 percent, those variables are highlighted. As the table clearly demonstrates, some differences in financial aid policies, practices and procedures were evident. (See Table 53(a), p. 196.)

The responses of Directors at the “model” institutions differed from the typical responses in five key areas: financial aid office organization, staffing, automation of financial aid processes, integration of financial aid software and systems, and characteristics of aid provided to continuing students. The discussion that follows delineates these differences.

Financial Aid Office Organization. Differences in the organization of the financial aid office were evident. At the “model” institutions, 57.14 percent of Directors indicated their office operated as a "one-stop shop." 23.64 percent of Directors at the “typical” institutions, however, indicated their office operated as a "stand-alone" office.

Table 53(a). Comparison of Financial Aid Policies, Practices and Procedures

Model vs. Typical

Parameter	Model Financial Aid Office	Typical Financial Aid Office
Office Organization	57.14 % were a one-stop shop	23.64 % were a stand-alone office
Staffing	22 FTE	18 FTE
Automation	85.71 % at least somewhat automated	76.37 % at least somewhat automated
Use of Technology	100.00 % used technology for either entering/editing applications, ISIR support, managing student records, need analysis processing, award processing/packaging, funds management, and/or information sharing	100.00 % used technology for either entering/editing applications, ISIR support, managing student records, need analysis processing, award processing/packaging, funds management, and/or information sharing
Systems Integration	78.57 % integrated with other departments/areas of the institution	18.18 % integrated with other departments/areas of the institution
Process of Applying	100.00 % required FAFSA plus supplemental application or documentation	100.00 % required FAFSA plus supplemental application or documentation
Deadlines for Applying	50.00 % had deadlines	50.91 % had deadlines
Use preferential packaging	7.14 % used preferential packaging	7.27 % used preferential packaging
Verification process	100.00 % verified at least federal and/or institutional criteria	100.00 % verified at least federal and/or institutional criteria
Aid provided	100.00 % provided one or more need- and/or merit- based aid programs for students	100.00 % provided one or more need- and/or merit- based aid programs for students
Budget cycle	92.86 % awarded aid for the full academic year (fall, spring, summer)	89.09 % awarded aid for the full academic year (fall, spring, summer)
Treatment of external resources	100.00 % offset costs or reduced financial aid	100.00 % offset costs or reduced financial aid
Professional judgment	100.00 % made use of professional judgment	96.36 % made use of professional judgment
Comparability of aid awarded	92.86 % provided comparable packages for continuing students	76.82 % provided comparable packages for continuing students

Financial Aid Office Staffing. For the purposes of this study, “staff” were defined as professional, support, student and other employees of a financial aid office. All numbers reported represented full-time equivalents (FTE). The financial aid offices at the 14 “model” institutions averaged 22 FTE staff members. The average number of staff members at the “typical” Texas public institution was 18 FTE. That is, the average staff size at “model” institutions was 22.2 percent larger than at typical institutions.

Automation of Financial Aid Processes. Directors at 12 of the 14 “model” institutions (85.71 percent) rated their offices as at least “somewhat automated,” meaning that financial aid staff had at least the ability to code and input student data into a financial aid system, run queries against the system and match programs and students. On average, only 76.37 percent of the “typical” offices reported automated financial aid procedures.

Integration of Financial Aid Software and Systems. Examination of integration of financial aid software and systems with other departments and/or areas of the institution evidenced that the rate was 78.57 percent at the “model” institutions, but only 18.18 typically. Model institutions were clearly different on this parameter.

Aid Provided to Continuing Students. Differences in the level of aid provided for students who continue with their studies as compared with the aid provided to those same students when they first enrolled were evident. 92.86 percent of Directors at “model” institutions indicated that financial aid awarded to continuing students would remain approximately the same as that provided at time of first enrollment, assuming there were no significant changes in eligibility. On the other hand, only 76.82 percent of Directors at the “typical” institutions indicated financial aid awards would be comparable for continuing students.

The “Model” vs. Texas Public Two-Year Institutions.

Table 53(b) provides a comparison of survey responses from Directors of financial aid at the 14 “model” institutions to the typical response of Directors at the 31 Texas public two-year institutions. Where items are highlighted, differences in responses exceeded 10 percent. Again, differences in financial aid policies, practices and procedures were clearly evident. (See Table 53(b), p. 199.)

Table 53(b). Comparison of Financial Aid Policies, Practices and Procedures

Model vs. Two-Year Public Institutions

Parameter	Model Financial Aid Office	Typical Financial Aid Office
Office Organization	57.14 % were a one-stop shop	67.74 % stand-alone office
Staffing	22 FTE	15 FTE
Automation	85.71 % at least somewhat automated	77.42 % at least somewhat automated
Use of Technology	100.00 % used technology for either entering/editing applications, ISIR support, managing student records, need analysis processing, award processing/packaging, funds management, and/or information sharing	100.00 % used technology for either entering/editing applications, ISIR support, managing student records, need analysis processing, award processing/packaging, funds management, and/or information sharing
Systems Integration	78.57 % integrated with other departments/areas of the institution	22.58 integrated with other departments/areas of the institution
Process of Applying	100.00 % required FAFSA plus supplemental application or documentation	100.00 % required FAFSA plus supplemental application or documentation
Deadlines for Applying	50.00 % had deadlines	54.84 % had deadlines
Use preferential packaging	7.14 % used preferential packaging	3.23 % used preferential packaging
Verification process	100.00 verified at least federal and/or institutional criteria	100.00 % verified at least federal and/or institutional criteria
Aid provided	100.00 % provided one or more need- and/or merit- based aid programs for students	100.00 % provided one or more need- and/or merit- based aid programs for students
Budget cycle	92.86 % awarded aid for the full academic year (fall, spring, summer)	80.65 % awarded aid for the full academic year (fall, spring, summer)
Treatment of external resources	100.00 % offset costs or reduced financial aid	100.00 % offset costs or reduced financial aid
Professional judgment	100.00 % made use of professional judgment	96.36 % made use of professional judgment
Comparability of aid awarded	92.86 % provided comparable packages for continuing students	76.82 % provided comparable packages for continuing students

The responses of Directors at “model” institutions differed from the typical response of Directors at the two-year institutions in five key areas: financial aid office organization, staffing, integration of financial aid software and systems, processes for awarding and packaging financial aid, and aid awards for continuing students. The discussion that follows describes these differences.

Financial Aid Office Organization. Differences in the organization of the financial aid office were evident. At the “model” institutions, 57.14 percent of Directors indicated their office operated as a "one-stop shop." 67.74 percent of Directors at the “typical” two-year institutions, however, indicated their office operated as a "stand-alone" office.

Financial Aid Office Staffing. As in the previous section, “staff” were defined as full-time equivalent professional, support, student and other employees in the financial aid office. The financial aid offices at the 14 “model” institutions averaged 22 FTE staff members. The financial aid offices at the two-year institutions averaged 15 FTE. That is the average staff size at “model” institutions was over 50 percent larger than that generally found at two-year institutions.

Integration of financial aid software and systems. Scrutiny of reported rates of financial aid software and systems integration with other departments and/or areas of the institution showed that the rate for the financial aid offices at the “model” institutions was 78.57 percent-- almost 56 percentage points higher than the 22.58 percent typically found at the two-year institutions in this study.

Processes for awarding and packaging financial aid. In regards to the processes for awarding and packaging financial aid, the responses of Directors at the “model” institutions evidenced some differences from those at the “typical” two-year institutions. 92.86 percent of the Directors at the “model” institutions reported their offices awarded financial aid for the full academic year (fall, spring, and summer). On average, only 80.65 percent of the Directors at the two-year institutions included in this study reported awarding financial aid for the full year. That is, “model” institutions were 1.15 times as likely to make awards for the entire academic year.

Aid Provided to Continuing Students. Upon examination of the levels of aid provided to new and continuing students, it was clear that there were differences between that offered at the “model” institutions and that provided by “typical” two-year institutions. 92.86 percent of Directors at the “model”

institutions indicated their offices awarded new and continuing students comparable financial aid packages, whereas only 76.82 percent of the Directors at the “typical” two-year institutions did so. In other words, Directors at “model” institutions were 1.21 times more likely to make comparable awards to continuing students as were Directors at typical two-year institutions.

The “model” vs. Texas Public Four-Year Institutions.

Comparison of survey responses from directors of financial aid at the “model” institutions to those from typical four-year institutions appears in Table 53(c). Where items are highlighted, differences in responses exceeded 10 percent. Again, differences in financial aid policies, practices and procedures were clearly evident. (See Table 53(c), p. 203.)

As the table indicates, differences in responses occurred in only three areas: financial aid office organization, automation of financial aid processes, and aid for continuing students. The discussion that follows illustrates these differences.

Financial Aid Office Organization. Differences in the organization of the financial aid office were evident. At the “model” institutions, 57.14 percent of Directors indicated their office operated as a "one-stop shop." 66.67 percent of

Table 53(c). Comparison of Financial Aid Policies, Practices and Procedures

Model vs. Four-Year Public Institutions

Parameter	Model Financial Aid Office	Typical Financial Aid Office
Office Organization	57.14 % were a one-stop shop	66.67 % stand-alone office
Staffing	22 FTE	23 FTE
Automation	85.71 % at least somewhat automated	77.42 % at least somewhat automated
Use of Technology	100.00 % used technology for either entering/editing applications, ISIR support, managing student records, need analysis processing, award processing/packaging, funds management, and/or information sharing	100.00 % used technology for either entering/editing applications, ISIR support, managing student records, need analysis processing, award processing/packaging, funds management, and/or information sharing
Systems Integration	78.57 % integrated with other departments/areas of the institution	83.33 % integrated with other departments/areas of the institution
Process of Applying	100.00 % required FAFSA plus supplemental application or documentation	100.00 % required FAFSA plus supplemental application or documentation
Deadlines for Applying	50.00 % had deadlines	45.83 % had deadlines
Use preferential packaging	7.14 % used preferential packaging	12.50 % used preferential packaging
Verification process	100.00 verified at least federal and/or institutional criteria	100.00 % verified at least federal and/or institutional criteria
Aid provided	100.00 % provided one or more need- and/or merit- based aid programs for students	100.00 % provided one or more need- and/or merit- based aid programs for students
Budget cycle	92.86 % awarded aid for the full academic year (fall, spring, summer)	100.00 % awarded aid for the full academic year (fall, spring, summer)
Treatment of external resources	100.00 % offset costs or reduced financial aid	100.00 % offset costs or reduced financial aid
Professional judgment	100.00 % made use of professional judgment	96.36 % made use of professional judgment
Comparability of aid awarded	92.86 % provided comparable packages for continuing students	68.75 % provided comparable packages for continuing students

Directors at the “typical” four-year institutions, however, indicated their office operated as a "stand-alone" office.

Automation of Financial Aid Processes. Directors at 85.71 percent of the "model" institutions rated their office as at least “somewhat automated,” meaning that financial aid staff had the ability to code and input student data into a financial aid system, run queries against the system and match programs and students. On average, only 77.42 percent of the Directors at the “typical” four-year institutions reported automated financial aid processes.

Comparability of Aid Awards Provided to Continuing Students. Most Directors at both the “model” institutions and the four-year institutions included in this study indicated that the financial aid provided to continuing students was roughly equivalent to that provided to these same students upon their first enrollment, assuming there had been no changes in eligibility. However, 92.86 percent of the Directors at the “model” institutions indicated they maintained awards at similar levels for continuing students; whereas only 68.75 percent of Directors at the “typical” four-year institutions did so. In other words, directors at model institutions were 1.35 times as likely to award continuing students comparable aid as those at typical four-year institutions.

Summary

The findings in this chapter demonstrated that differences in patterns of awards and policies, practices and procedures did exist in 2001-2002; however, these differences were not extreme. It was posited in this research that:

1. there was a pattern to the financial aid awarded to or packaged for students at Texas public universities; and
2. the pattern varied by institutional type.

These theories were evidenced through examination of the award data from the 2001-2002 FADS. There were indeed variations in the observed “patterns” in both the way financial aid was awarded or packaged for students and in the aid awarded or packaged by institutional type,

- two year institutions typically awarded more grants and scholarships, made a greater proportion of awards to minority students, and made a greater proportion of awards to minority females;
- four-year institutions typically awarded more educational loans and made a greater proportion of awards to white females.

It was further posited that there was,

1. a discernable pattern in the financial aid policies, practices and procedures used by financial aid administrators at Texas public institutions of higher education; and

2. the pattern varied by institutional type.

There were observable patterns in the financial aid policies, practices and procedures used by financial aid administrators at Texas public institutions of higher education in this study. In most instances, the financial aid office at the “typical” Texas institution was,

- a one-stop shop staffed by an average of 22 individuals;
- at least somewhat automated, with systems and functions integrated with other departments and areas of the institution; and
- regimented in terms of the application process, deadlines, methodology for calculating need and determining eligibility, and verification/audit practices and procedures.

Within the confines of its organization, the “typical” financial aid office provided a variety of financial aid to students including need-based aid, merit-based/institutional aid and educational loans.

In practice, financial aid was awarded to and/or packaged for students based on a two-part academic year (the nine-month fall/spring terms and the three-month summer session). Awards were made to students mostly based on financial need, though merit was a consideration for institutions offering institutional aid. Both need and the student’s financial aid award and/or package, in general, could be reduced by financial aid or other funding (prepaid tuition

plans, ROTH/Education IRA payments) received from external sources; however, in general, a continuing student could expect to see the same level of funding and types of programs from year-to-year. The “typical” financial aid office, however, reserved the right to make professional judgments regarding an applicant’s eligibility for aid.

Finally, it was theorized that it was possible to pre-define a “model” award and/or package outcome and find a pattern in the policies, practices and procedures reported for the institutions evidencing that desired outcome. Upon examination of the data, the researcher was able to pinpoint 14 institutions with financial aid awarding/packaging data matching two prescribed parameters (i.e. 55 percent or more of aid awards were made to minority students and 55.9 percent or more of the funding was provided through non-loan programs). Scrutiny of the policies, practices and procedures reported for these institutions revealed these institutions had many variables in common.

In order to build a set of “model” financial aid policies, practices and procedures, the researcher had to determine which variables differentiated these “model” institutions from the mainstream. Though not easily discernable at first glance, comparisons of survey responses submitted by financial aid directors at the “model” institutions and those generally reported did reveal some key differences. The policies, practices and procedures reported by Directors of

financial aid at the “model” institutions differed from those typically reported in three key areas: staffing, office automation and integration of processes, and awarding and packaging financial aid. Further discussion of these outcomes and the resulting model is presented in Chapter Five.

CHAPTER FIVE

Analysis and Conclusions

Van Dusen and O’Hearne in their “Design for a Model College Financial Aid Office” suggested that financial aid should be awarded primarily on the basis of financial need and that institutions should target those students with the greatest need first. Based on the results of this study and the data from the 2001-2002 FADS, this researcher would suggest that financial aid administrators at Texas public institutions of higher education have generally developed and implemented financial aid policies, practices and procedures that encourage “the equal participation of [students] from low-income families” and “enable the greatest number of students to begin or continue their educations and prepare for their roles in society” (Van Dusen and O’Hearne, p. 18, 1980). However, some concern remains.

This study analyzed data relative to financial aid awards and/or packages and financial aid policies, practices and procedures for 55 of the 100 Texas public institutions of higher education to understand better the relationships between the policies, practices and procedures in place and the resulting financial aid awards for students enrolled. This analysis compared data from Texas public two- and four-year institutions to data from a subset of “model” institutions.

The findings suggest that it is unlikely that a specific financial aid award and/or package outcome can be successfully predicted given that institutional type or the gender and ethnicity of the student applicant is known. However, patterns in institutional characteristics related to financial aid policies, practices and procedures did exist and could be linked to specific financial aid awards.

In order to build a set of “model” financial aid policies, practices and procedures, the researcher had to determine which characteristics differentiated the “model” institutions from typical institutions. Though not easily discernable at first glance, comparisons of survey responses submitted by financial aid directors at the “model” institutions with those from typical institutions revealed some key differences. The policies, practices and procedures at the “model” institutions differed in four key areas: staffing, office automation and integration of processes, awarding and packaging of financial aid, and comparability of aid provided to continuing students. (See Tables 53(a), 53(b), and 53(c).) The primary differences were: higher levels of staffing at “model” institutions, above average integration of financial aid software and systems, awarding financial aid for the full academic year (fall, spring and summer), and provision of comparable funding for continuing students. Table 54 contains a set of recommendations based on these findings (see next page).

In *Closing the Gaps*, the higher education plan for Texas, the Texas Higher Education Coordinating Board has made it very clear that it is the intent of the state to focus efforts on enrolling larger numbers of students, especially minorities, into higher education in Texas by 2015 (THECB, 2000). The results of this research should have far-reaching implications for this effort as “a significant number of students to be recruited into higher education will come from low-income and working-class families.” (THECB, 2004, p. 13). Thus it would be of benefit to the state to encourage financial aid administrators at Texas public institutions to evaluate the implications of this research, to see if changes are warranted in their policies and procedures to assist in meeting state goals.

Table 54. Model Institutional Characteristics Related to Financial Aid Policies, Practices and Procedures For Texas Public Institutions

Office Staffing	The financial aid office should be staffed with a larger than average number of FTE staff.
Use and Integration of Technology in Financial Aid Processes	The majority of all financial aid office processes (entering/editing applications, ISIR support, managing student records, need analysis and awarding/packaging aid, funds management and information sharing) should be at least somewhat automated; and financial aid software and systems should be integrated with other areas/departments of the institution as much as possible.
Awarding/Packaging of Financial Aid	Financial aid offices should award financial aid for the full 12-month year (fall, spring and summer).
Comparability of Aid Provided	The financial aid packages offered to continuing students should be comparable to those offered to new students.

Implications for Institutions

Probably *the* most important aspect of this research was that a strong pattern of specific institutional characteristics related to financial aid policies, practices and procedures emerged from the study of the “model” institutions. These institutions were identified as providing financial aid to minority students and non-loan financial aid at rates above the state average. Increased minority participation in higher education in Texas is key to insuring the state’s future economic success. Thus, institutions should be interested in examining characteristics related to financial aid policies, practices and procedures that have been linked to positive financial aid award and/or package outcomes for minority students. Specifically, institutions should be interested in financial aid policies, practices and procedures related to office staffing, automation and integration of processes, aid awarding and packaging, and comparability of aid provided to continuing students.

Staffing

As noted in previous chapters, the process of applying for financial aid is fraught with complexity. In related studies, students have consistently reported experiencing “high levels of anxiety” related to applying for financial aid and waiting for feedback from a financial aid office (Schultz, Frolick, and Wetherbe,

1996). As a result, these students are less likely to complete the financial aid application process.

As demonstrated by the analysis of the relationship between financial aid policies, practices and procedures and financial aid award and/or package outcomes for students, “model” institutions had larger staffs. Presumably, if students have greater access to knowledgeable staff prior to and during the financial aid application process, the result would be a reduction in anxiety. Thus, if institutions increased financial aid office staffing, the likelihood that students would complete the application process might also increase.

Such increases, of course, would be dependent upon additional funding being available to the financial aid office. Institutions would have to commit a larger share of their overall budgets to enable this to happen. Given that most Texas public institutions have operated with constrained budgets for several years, this would be unlikely to occur without the state also committing additional funding to the institutions for this purpose.

Office Automation and Integration of Processes

As evidenced by the data, integration of financial aid software and systems was not common at Texas public institutions of higher education. In fact, less than 20 percent of the institutions in this study had integrated software and

systems. Evidence from previous studies suggests that redundant processes create greater levels of complexity and higher levels of anxiety amongst students (Schultz, Frolick, and Wetherbe, 1996). Though it may be more convenient for financial aid staff to ask applicants to supply additional copies of documents that are already collected by another office (i.e. transcripts, information release forms, parental tax forms, etc.), this redundancy in processes negatively impacts students and reduces the likelihood they will complete the application process (Kurz and Scannell, 2005).

The “model” institutions were more automated and their financial aid systems and software were highly integrated with those in other units of the institution. The result was likely reduced duplication of effort and less stress on student applicants. These same institutions awarded comparatively higher levels of financial aid to minority students. Consequently, institutions interested in assisting the state in meeting its enrollment goal of higher minority participation in higher education should consider increased automation and integration of financial aid processes.

Again, this shift would require the financial aid office to target greater resources towards this effort. If funding is an issue for a financial aid office, then it may be doubtful that significant staff and/or financial resources can be targeted towards improving software and systems. Such a shift would likely require a

commitment from the institution's administration to budget additional dollars for this specific effort. Public institutions of higher education with limited budgets would likely not pursue this end without a concomitant agreement from the state to provide additional funding to facilitate this change.

Awarding and packaging financial aid

Financial aid dollars were scarce in 2001-2002, and institutions were awarding/package aid in a manner to optimize those scarce funds. At the "model" institutions, financial aid awards were made both for the nine-month fall/spring period ***and*** the three-month summer. Accordingly, institutions interested in attracting minority students may wish to consider policies and processes that allow for awarding/package financial aid for the full twelve-month year.

This recommended shift in policy, however, is not made without consideration of the state's impact upon financial aid policies and regulations. If indeed it is the intent of the state to enroll larger numbers of minority students at state colleges and universities, and if it is also the intent of the state to retain those students for the duration of their academic studies, then the state should commit to providing financial aid funding for the full twelve-month year. One could

speculate that students with financial need may be attracted to institutions that offer financial aid for the full year (Fall, Spring and Summer).

Comparability of Aid Provided

At the “model” institutions, financial aid for continuing students was provided at levels comparable to that packaged for new students. At such institutions students can be assured that, if their financial or personal eligibility criteria do not change, they will receive roughly the same package of grants and scholarships, work-study and loans as in their first year. This type of funding strategy likely has a positive impact on retention and graduation rates. Thus, institutions interested in retaining minority students through to graduation should consider policies, practices and procedures that insure the aid provided to a student in year one is comparable to that awarded in following years.

Implications for the State

In *Closing the Gaps*, the state’s higher education leaders specifically noted that Texas must enroll more students into higher education by 2015 or face economic decline (THECB, 2000). Participation in higher education, however, is contingent upon access. The majority of these new enrollments are expected to

come from Texas' minority population; many of whom, based on poverty rates cited for the last U.S. Census, are likely to come from low-income families or households at or below the poverty line.²⁵ For these students, financing of higher education is likely to be a major barrier to attendance.

The implications of this research for the state of Texas are far-reaching. Though direct linkages between financial aid policies, practices and procedures were not established, characteristics of institutions where the "model" awarding/packaging outcomes were evidenced were clearly determined. At the 14 "model" institutions where financial aid policies, practices and procedures resulted in larger staffs, a higher level of integration of financial aid software and systems, and awarding of financial aid to students for the full academic year (fall, spring and summer), a larger percentage of minority students received financial aid awards.

Why is this important to the state? As has been stated several times throughout this paper, the state's goal is to enroll and retain additional students,

²⁵ According to the 2000 U.S. Census, the median income for White (non-Hispanic) households was \$49,600. Comparatively, median incomes for minorities were: Blacks (non-Hispanic), \$29,026; Hispanics, \$33,103; Asians/Pacific Islanders, \$52,285. Asians/Pacific Islanders were the only group to show a decline in median household income for 2001-2002. The poverty rate for Whites (non-Hispanic) was 8.0 percent. The rates for minorities, comparatively, were: Blacks (non-Hispanic), 24.4 percent; Asians/Pacific Islanders, 10.0 to 10.3 percent; Hispanics, 21.8 percent; and American Indians/Alaskan Natives, 23.2 percent. The number of Asians/Pacific Islanders in poverty is growing at a rate of 0.2 million per year. The South, which includes Texas, has the highest poverty rate overall and Texas was one of seven states demonstrating marked increases in poverty rates. Texas' Hidalgo County (38.0 percent) and Cameron County (36.5 percent) had higher poverty rates than any of the other 231 U.S. counties with populations of 250,000 or more. (U.S. Census Bureau, 2003)

especially minority students. Access to and long-term participation in higher education for these students is very likely to be dependent upon non-loan financial assistance being available.

This study illustrated the characteristics related to financial aid policies, practices and procedures in place at Texas public institutions of higher education that award more financial aid to minority students. Financial aid is a major factor in the state's ability to meet its higher education enrollment goals. Research indicates that low-income and minority students are very cautious about borrowing; some would even say they are "loan averse" (Burdman, 2005). In an environment where the majority of financial aid funding is typically provided to students through educational loan programs, this is likely to pose a major barrier. These, however, are the very students the state is attempting to target for higher education enrollment. Thus, the state should encourage policies, practices and procedures that enable the financial aid offices to provide minority students with the greatest amount of non-loan funding possible.

How can the state encourage administrators at institutions of higher education to adopt these financial aid policies, practices and procedures? In Texas in 2001-2002, public higher education was not truly managed; it was coordinated. This continues to be true. The THECB provides guidance and helps

to facilitate higher education across the state, but it does not truly manage higher education.

In order for the THECB to facilitate change successfully, it must make a proactive effort to provide specific information to administrators at the various institutions. This information must include specifics regarding the potential impact of financial aid policies, practices and procedures upon financial aid awards and/or package outcomes for minority students. However, suggesting shifts in institutional policy without also suggesting shifts in state funding to enable these changes would lead to few, if any, positive results.

Thus, beyond providing information to institutions of higher education, the state must also provide information on the impact of financial aid policies, practices and procedures on the state's *Closing the Gaps* efforts to legislators, budget analysts, and policy analysts. Specific efforts to determine the impact of the changes recommended in this study on the state's budget should be made along with an assessment of the benefits of providing access to and encouraging participation in higher education for an increased number of minority students.

Implications for future research

The primary focus of this research was on examining relationships between financial aid policies, practices and procedures in financial aid offices at

Texas public institutions of higher education and the financial aid award and/or package outcomes for students enrolled at these institutions. Future research in this area should focus on non-profit and for-profit independent institutions of higher education in Texas, in an effort to determine whether the findings are similar to those reported here and whether the financial aid policies, practices and procedures found at “model” institutions are applicable. Additionally, questions remain whether the “model” can be extended to institutions outside of Texas; and, if so, whether the results obtained would be comparable. In essence, future inquiry should be directed towards comparing not only the results obtained for Texas public institutions to Texas independent institutions, but to other state's public institutions as well. In addition, the results from Texas independent institutions should be compared to those from other state's independent institutions.

Further, the nature of this study did not permit the actual determination of linkages between financial aid policies, practices and procedures and specific outcomes for students. The data from this study suggests that relationships may exist. But, it would be beneficial to focus future efforts on studying the probability that a specific characteristic (i.e. increased staffing) would lead to specific financial aid outcomes for minority students.

Future researchers may also wish to study the relationship between financial aid policies, practices and procedures and the financial aid outcomes for students in specific ethnic groups. In other words, do institutional financial aid policies and procedures affect Black, Hispanic, Asian/Pacific Islander, and American Indian/Alaskan Natives the same or differently.

Finally, researchers may wish to explore whether the use of professional judgment has an impact on financial aid outcomes for students in specific ethnic groups.

Conclusion

The state of Texas and its public institutions of higher education have a major role in providing access and encouragement of participation in higher education. Though increased admissions and enrollment of additional students is an admirable goal, it is not attainable without the efforts of the financial aid offices at these institutions.

In Texas, the awarding and/or packaging of state, federal and institutional financial aid is a complex activity, revolving around the administrative policies, practices and procedures implemented in financial aid offices at public institutions of higher education. The research described here is important because it provided

a means of exploring the awarding and/or packaging of financial aid as a synergistic activity rather than as a series of distinct activities.

This research tested whether specific factors impact financial aid award and/or package outcomes for Texas students. The outcome of this research was a set of model institutional characteristics related to financial aid policies, practices and procedures.

- Office Staffing: The financial aid office should be staffed with a larger than average number of FTE staff.
- Use and Integration of Technology in Financial Aid Processes: The majority of all financial aid office processes (entering/editing applications, ISIR support, managing student records, need analysis and awarding/packaging aid, funds management and information sharing) should be at least somewhat automated; and financial aid software and systems should be integrated with other areas/departments of the institution as much as possible.
- Awarding/Packaging of Financial Aid: Financial aid offices should award financial aid for the full 12-month year (fall, spring and summer).
- Comparability of Aid Provided: The financial aid packages offered to continuing students should be comparable to those offered to new students.

This model could be used by financial aid administrators at Texas public institutions of higher education as a tool for evaluating the financial aid policies, practices and procedures in place at their institutions.

Whether these findings hold true for Texas independent institutions of higher education or for institutions outside the state of Texas has yet to be determined. It is hoped, however, that financial aid administrators at such institutions would consider this study in relation to the students enrolled at their institutions and determine whether such shifts in policies, practices and procedures would be of benefit.

Appendix A
Texas Public Institutions Eligible to Participate in the Study

Four-Year Institutions

Angelo State University	The University of North Texas
Lamar University-Beaumont	Health Science Center at Fort Worth
Midwestern State University	
Prairie View A&M University	The University of Texas at Arlington
Sam Houston State University	The University of Texas at Austin
Stephen F. Austin State University	The University of Texas at
Sul Ross State University	Brownsville
Tarleton State University	The University of Texas at Dallas
Texas A&M International University	The University of Texas at El Paso
Texas A&M University	The University of Texas at San
Texas A&M University at Galveston	Antonio
Texas A&M University Baylor	The University of Texas at Tyler
College of Dentistry	The University of Texas Health
Texas A&M University Health	Science Center at Houston
Sciences Center	The University of Texas Health
Texas A&M University-Commerce	Science Center at San
Texas A&M University-Corpus	Antonio
Christi	The University of Texas M.D.
Texas A&M University-Kingsville	Anderson Cancer Center
Texas A&M University-Texarkana	The University of Texas Medical
Texas Southern University	Branch at Galveston
Texas State University-San Marcos	The University of Texas of the
Texas Tech University	Permian Basin
Texas Tech University Health	The University of Texas Southwest
Sciences Center	Medical Center at Dallas
Texas Woman's University	
The University of Texas-Pan American	
University of Houston	
University of Houston-Clear Lake	
University of Houston-Downtown	
University of Houston-Victoria	
University of North Texas	
West Texas A&M University	

Source: *Texas Institutions of Higher Education* (THECB, 2003).

Two-Year Institutions

Alvin Community College	North Lake College
Amarillo College	Northeast Texas Community College
Angelina College	Northwest Vista College
Austin Community College	Odessa College
Blinn College	Palo Alto College
Brazosport College	Panola College
Brookhaven College	Paris Junior College
Cedar Valley College	Ranger College
Central Texas College District	Richland College
Cisco Junior College	St. Philip's College
Clarendon College	San Antonio College
Coastal Bend College	San Jacinto College District
College of the Mainland Community College District	South Plains College
Collin County Community College District	South Texas Community College
Del Mar College	Southwest Texas Junior College
Eastfield College	Tarrant County College District
El Centro College	Temple College
El Paso Community College District	Texarkana College
Frank Phillips College	Texas Southmost College District
Galveston College	Trinity Valley Community College
Grayson County College	Tyler Junior College
Hill College	Vernon College
Houston Community College System	Victoria College, The
Howard County Junior College District	Weatherford College
Kilgore College	Western Texas College
Laredo Community College	Wharton County Junior College
Lee College	Texas State Technical College- Harlingen
McLennan Community College	Texas State Technical College- Marshal
Midland College	Texas State Technical College- Sweetwater
Mountain View College	Texas State Technical College-Waco
Navarro College	Lamar Institute of Technology
North Central Texas College	Lamar State College at Orange
North Harris-Montgomery Community College District	Lamar State College at Port Arthur

Appendix B

Sample E-Mail Notification Regarding Survey

TO: Dr. Garfield Katz, Director of Financial Aid
XYZ Institution

FROM: Desiree Kornrum Byrne, Doctoral Candidate
College of Education
The University of Texas at Austin

DATE: 15 January 2004

You are being asked to participate in a graduate research study. The purpose of the study is to explore connections between the policies, practices and procedures used in financial aid offices at Texas public colleges and universities and award outcomes for students.

This study was designed to complete the dissertation requirements for the doctoral degree in Higher Education Administration. You were selected as a participant for this study because:

- (1) you are the Director of Financial Aid representing a Texas public college or university and
- (2) your institution submitted a Financial Aid Database Report (FADS) to the Texas Higher Education Coordinating Board in fiscal year 2001-2002.

There is no financial compensation for participating in this study. There are, however, benefits to participation. You and your institution may benefit from participating in this study by gaining an increased understanding of the internal policies, practices and procedures used in your office. Additionally, you may gain a clearer perspective of the impact these internal policies, practices and procedures have on award outcomes for your students. Texas will benefit from your participation in this study through increased understanding of the activities internal to a public institution's financial aid office and how those activities potentially benefit Texas students.

Participation in this study is wholly voluntary. If you elect to participate in this study, you will be asked to log into the survey system. The system will be available 24 hours a day, seven days a week from XXXX, 2004 – XXXX, 2004.

The researcher expects that it will take approximately 10 - 20 minutes to complete the online survey. This survey asks Directors for general demographic information and for specific information related to the financial aid policies, practices and procedures used by your institution in 2001-2002.

The information from this survey will be published in a dissertation. For your protection and to minimize any risk associated with participation in this study, the identities of respondents will not be tracked. Neither your name, your institution's name, nor any other identifying information will appear in the data or the finished manuscript. Only the researcher will have access to this information.

If you elect not to participate, please send an e-mail to the researcher at the address below or log onto the survey website and select "I do not choose to participate."

Thank you!

Desiree Kornrum Byrne
kornrumbde@yahoo.com

Survey of Financial Aid Processes

Survey Site: <http://www.surveymonkey.com/s.asp?u=64211249480>

Password: TXSFAP

Your institutional type code:01

Your survey code:001

Appendix C

Survey of Financial Aid Processes

SURVEY OF FINANCIAL AID PROCESSES

WELCOME!

Welcome to the Texas Survey of Financial Aid Processes! Your input is invaluable.

This survey will be used to gather information for the researcher's doctoral dissertation. Participation in this survey is wholly voluntary. All responses will be kept strictly confidential.

Questions or comments regarding this survey may be directed to:

Desiree Kornrum Byrne (Researcher)

Doctoral Candidate

College of Education

The University of Texas at Austin

kornrumbde@yahoo.com

830-305-5395

Dr. William Lasher (Supervising Professor)

College of Education

The University of Texas at Austin

Austin TX 78712

GENERAL INFORMATION

If you are not the Director of Financial Aid, please indicate your position.

(Response optional.)

- Assistant Director of Financial Aid
- Designated Financial Aid Staff Member
- Other (Please specify)

Please select the type code for your institution from the drop down menu. Your institution's type code can be found in the letter or e-mail you received regarding this survey. (drop down list)

- 01-Public Junior Colleges
- 02-Public Universities, State Colleges and General Academic Teaching Institutions
- 03-Public Medical/Dental Units
- 04-Public Technical Institutions (including Lamar Institute of Technology)

Please select the survey code for your institution from the drop down menu. The survey code can be found in the letter or e-mail you received regarding this survey. (data entry box)

Assigned codes 010 – 050

INTRODUCTION

The researcher estimates this survey will take you approximately 10 – 20 minutes to complete. It is requested that this survey be completed by the Director of Financial Aid or an alternate staff member designated by the Director who has knowledge of and experience with the financial aid policies, practices and procedures at the institution (or district, if the individual will be reporting for a consolidated junior college district/system).

FINANCIAL AID POLICIES, PRACTICES AND PROCEDURES

- 1. In 2001-2002, the financial aid office at your institution operated as:**
 - A “stand alone” office
 - As part of a “financial services” model (in conjunction with the Bursar’s Office or Business Office)
 - As part of a “one-stop shop” model (in conjunction with the Admissions Office, Registrar’s Office and Bursar’s/Business Office)
 - Other (Please specify)

 - 2. In 2001-2002, how many full-time equivalent professional staff members worked in the financial aid office at your institution?**
-

3. **In 2001-2002, how many full-time equivalent support staff members worked in the financial aid office at your institution? (NOT including student interns or work-study students)**

4. **In 2001-2002, how many full-time equivalent student workers (work-study and non-work-study) were employed in your institution's financial aid office?**

5. **Which financial aid software product(s) did your institution use in 2001-2002? (Check as many as apply.)**

- None-all financial aid processes are managed in a manual system (Programming skips to question 13)
- EDExpress
- EMAS
- EMPOWER
- SCT
- People SOFT
- PowerFAIDS
- SAFERS
- Institutionally developed product
- Other (please specify)

6. **In 2001-2002, for which of the following purposes did your institution use this software? (Check as many as apply.)**

- Entering/editing initial or renewal applications
- ISIR support (downloads, printing, electronic corrections)
- Managing student records (award letters, acceptances, rejections, tracking, status changes, etc.)
- Need analysis processing
- Award processing/packaging
- Funds management (balancing, reporting, audit trail, etc.)
- Loan processing (applications, promissory notes, etc.)
- Information sharing (Pell payment processing, batching, etc.)
- Other (Please specify.)

7. If your institution used this software product to award and/or package financial aid for students in 2001-2002, how automated was this process? (Choose the response which most closely resembles the process at your institution.)

- Not automated at all. (Example: Financial aid staff manually matched eligibility criteria in student files with program requirements. Awards/packages data entered by staff into system.)
- Somewhat automated. (Example: Financial aid staff assigned codes to eligibility criteria in student files and codes to program requirements. Staff members run specific queries against the system match programs and students. Staff review awards and approve package.)
- Automated. (Example: The system has predefined codes for eligibility criteria in student files and program requirements. The system runs queries, generates matches and generates award listings. Staff review awards and approve package.)
- Fully automated. (Example: The system has predefined codes for eligibility criteria in student files and program requirements. The system runs queries, generates matches, generates award listings, generates final package and supplies notification to students. Staff review and/or approve only in cases where system generates exception code.)
- Other (Please specify.)

8. Was the software product your institution used integrated with other systems at your institution? (Check as many as apply.)

- No
- Admissions
- Enrollment services
- Retention services
- Student billing/accounts receivables
- Other (Please specify)

9. In 2001-2002, did your institution require aid applicants to complete a separate application for financial aid or provide other supplemental documentation in addition to the FAFSA?

- Yes
- No (Programming skips to question 17)

10. Which separate application/supplemental documentation did your institution require for NEW students? (Check as many as apply.)

- None
- CSS/PROFILE
- Separate institutional application
- Financial aid application for foreign students
- Financial aid application for graduate students
- Divorced/separated parents statement
- Business/farm supplement
- Other (Please specify)

11. Which separate application/supplemental documentation did your institution require for RETURNING students? (Check as many as apply.)

- None
- CSS/PROFILE
- Separate institutional application
- Financial aid application for foreign students
- Financial aid application for graduate students
- Divorced/separated parents statement
- Business/farm supplement
- Other (Please specify.)

12. In 2001-2002, was this additional application/supplemental documentation used to collect: (Check as many as apply.)

- Additional income information
- Home equity data
- Other asset data
- Information on special student circumstances
- More detailed biographical information
- Student's academic information (i.e. G.P.A.)
- Information about non-custodial parents
- More detailed information about parents' business or family farm
- Other (Please specify.)

13. In 2001-2002 did your institution have a financial aid application deadline?

- Yes
- No

14. In 2001-2002, did your institution award/package financial aid for students:

- Based on a 9 month budget (Fall, Spring only... no summer awards/packages)
- Based on a 9 month budget with separate 3 month budget for summer
- Based on a 12 month budget

15. In 2001-2002, did your institution use preferential packaging (i.e. specific packaging processes based on a student's major, degree, academic standing, etc.)?

- Yes
- No (Programming skips to question 22)

16. In 2001-2002, was this preferential processing based on (check as many as apply):

- Student's major
- Student's anticipated degree
- Student's high school academic standing (i.e. G.P.A.)
- Student's college academic standing (i.e. G.P.A.)
- Student's athletic participation
- Other (Please specify.)

17. In 2001-2002, did your institution also prioritize/rank financial aid applications? (Check as many as apply):

- We did not prioritize/rank applications. We processed all eligible applications until funds were depleted.
- By date application received (i.e. first-come, first served)
- Student's Expected Family Contribution (EFC)
- Student's financial need
- Other (Please specify)

18. If preferential packaging was not used in 2001-2002, how were financial aid applications processed?

- We prioritized/ranked applications.
- We processed all eligible applications until funds were depleted.
- Date application received (i.e. first-come, first served)
- Students Expected Family Contribution (EFC)
- Student's financial need
- Other (Please specify)

19. Which of the following statements best describes the federal verification procedures (i.e. verification based on federal requirements and criteria) your institution used in 2001-2002? (Choose only one response.)

- We verified 30 %
- We verified 100 %
- We verified all students selected under federal criteria
- We verified all students selected under federal and institutional criteria
- We participated in an Institutional Quality Assurance Program
- Other (Please specify.)

20. For students whose information your institution verified in 2001-2002, which data elements did you review?

- Only those data elements specified by the U.S. Department of Education
- An institutionally defined set of data elements that includes all data required by the U.S. Department of Education as well as others
- An institutionally defined set of data elements developed through the Institutional Quality Assurance Program used by our institution

21. What primary need analysis methodologies did your institution use to determine a student's financial need? (Check all that apply.)

- Federal methodology
- College Board Institutional Methodology (with or without adjustments)
- Institutionally developed methodology
- Other (Please specify)

22. In 2001-2002, did your institution award institutionally funded aid?

- Yes
- No (Programming skips to question 31)

23. In 2001-2002, was eligibility for institutional aid based on:

- Financial need
- Merit
- Financial need and merit
- Other (Please specify)

24. If financial need was part of the eligibility criteria for institutional aid, how did your institution determine financial need for these programs in 2001-2002?

- Federal methodology
- College Board Institutional Methodology (with or without adjustments)
- Institutionally developed methodology
- Other (Please specify)

25. In 2001-2002, when you determined eligibility for institutional aid, how did you account for the proceeds from state sponsored prepaid tuition plans?

- As an offset for the Expected Family Contribution
- As an offset for self-aid help
- As a parent asset as treated by the College Board Institutional Methodology
- As a reduction to the cost of attendance as allowed by the Federal Methodology
- Other (Please specify.)

26. In 2001-2002, when you determined a student's eligibility for institutional aid, how did you treat proceeds from Roth/Education IRAs?

- As an offset for the Expected Family Contribution
- As an offset for self-aid help
- As a parent asset as treated by the College Board Institutional Methodology
- As a reduction to the cost of attendance as allowed by the Federal Methodology
- Other (Please specify.)

- 27. Which statement best describes your institution's use of professional judgment in 2001-2002?**
- We generally did not exercise professional judgment. (Programming skips to question 35)
 - We normally reviewed the need analysis data for all financial aid applicants and exercised professional judgment when warranted.
 - We reviewed the need analysis data at the aid applicant's request and exercised professional judgment when warranted.
 - Other (Please specify)
- 28. How often did the following items trigger a professional judgment review during the 2001-2002 award year? (Choose one response for each item. Responses are Never, Rarely, Sometimes, Frequently, Always.)**
- Review of FAFSA data N R S F A
 - Edit messages on the ISIR N R S F A
 - Information collected on an institutional application N R S F A
 - Tax returns submitted by aid applicants or their parent(s) N R S F A
 - Other information received from the aid applicants N R S F A
 - Appeals of financial aid award letter by aid applicant or parent(s)
N R S F A
- 29. Of the triggers listed, which ONE was the most likely at your institution to trigger a professional judgment review? (Choose only one.)**
- Review of FAFSA data
 - Edit messages on the ISIR
 - Information collected on an institutional application
 - Tax returns submitted by aid applicants or their parent(s)
 - Other information received from the aid applicants
 - Appeals of financial aid award letter by aid applicant or parent(s)
- 30. Of the professional judgment cases your office reviewed in 2001-2002, what was the least/most likely outcome? (Rank the items below 1 through 5, 1=least likely, 5 = most likely.)**
- A change in dependency status 1 2 3 4 5
 - A change in Expected Family Contribution (EFC) 1 2 3 4 5
 - A change in total cost of attendance 1 2 3 4 5
 - A change in total financial aid awarded 1 2 3 4 5
 - A change in student's satisfactory academic progress 1 2 3 4 5
 - A denial or reduction in eligibility for federal student loans 1 2 3 4 5

31. In 2001-2002, when a student at your institution received a scholarship or other aid from an external source you (check all that apply):

- Made no adjustments for this item
- Reduced the student's Expected Family Contribution (EFC)
- Replaced the student's unmet financial need
- Replaced student loans
- Replaced work-study funds
- Reduced institutional gift aid
- Reduced state aid
- Reduced FSEOG or other federal awards

32. Assuming there were no significant changes in aid recipients' financial circumstances or academic situation, how did the percentage of grants, loans and work-study normally provided to continuing students compare with what they were offered as entering students? (Check one response for each item.)

- | | Lower | Same | Higher | N/A |
|---|-------|-------|--------|-------|
| <input type="radio"/> Grants and scholarships | _____ | _____ | _____ | _____ |
| <input type="radio"/> Institutional aid | _____ | _____ | _____ | _____ |
| <input type="radio"/> Loans | _____ | _____ | _____ | _____ |
| <input type="radio"/> Work-Study | _____ | _____ | _____ | _____ |

33. In 2001-2002, did your institution participate in ANY educational loan programs (institutional, state, federal, private or alternative)?

- Yes
- No (Programming skips to "Feedback?")

34. In 2001-2002, which of the following student loans did you routinely package for undergraduate students with 30 or fewer semester credit hours (or the equivalent)? (Check all that apply.)

- Federal Stafford Loan (Subsidized)
- Federal Stafford Loan (Unsubsidized)
- Federal PLUS Loan
- Federal Perkins Loan
- Private/alternative loan (including loans for which parents or legal guardians were cosigners)
- Other (Please specify)

35. In 2001-2002, which of the following loans did you routinely package for undergraduate students with 31 or more semester credit hours (or the equivalent)? (Check all that apply.)

- Federal Stafford Loan (Subsidized)
- Federal Stafford Loan (Unsubsidized)
- Federal PLUS Loan
- Federal Perkins Loan
- Private/alternative loan (including loans for which parents or legal guardians were cosigners)
- Other (Please specify)

36. In 2001-2002, which of the following student loans did you routinely package for graduate or professional students? (Check all that apply.)

- Federal Stafford Loan (Subsidized)
- Federal Stafford Loan (Unsubsidized)
- Federal PLUS Loan
- Federal Perkins Loan
- Private/alternative loan (including loans for which parents or legal guardians were cosigners)
- Other (Please specify)

FEEDBACK?

37. Are you interested in receiving a copy of the results of this survey?

- Yes
- No (Programming skips to "Thanks!")

38. This information should be available by Winter 2004. Please provide the name, address and e-mail where you would like the information sent:
Feedback text box.

THANKS!:

Thank you for completing the TXSFAP survey. Your input is greatly appreciated!

Desiree Kornrum Byrne
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Vita

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