Leading Financial Aid Operations and Policy Reform

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Wheelhouse: The Center for Community College Leadership and Research

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California Community Colleges Chancellor's Office

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Today's topics

- Why change FA operations and local policies?
- Wheelhouse Research and Findings
- Addressing the Problem
- What can college leadership do?
- True College Cost

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Why?

- "Money Left on the Table"
  - Green Lights, Red Tape (TICAS) - $500 m
  - Wheelhouse report April 2018 - $250 m
  - Wheelhouse report April 2019 – Why?
- Student Centered Funding Formula – FTES, Supplemental and Success
- Guided Pathways – Helping students stay on the path
- Equity
- It is the **right thing** to do

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Why do Some Students Fail to Receive Pell Grants?

Elizabeth Friedmann

Research Fellow

Money Left on the Table

- SCFF equity allocation based on Pell **receipt** not eligibility

- Among CA community college students who appear to be eligible for Pell Grants:

  - More than 20% do not receive Pell Grants

  - Almost $130m "left on table" in fall 2014

- Significant variation in take-up across campuses

  - Mostly not explained by student characteristics

  - Campus policies/practices may be important

Pell Grant Verification Process

- Applicants for federal financial aid must complete FAFSA

- ED determines financial need ("Expected Family Contribution")

- FAFSA information sent to colleges to assemble aid package

- ED flags some students for verification

  - Flagged students must provide documentation for items on FAFSA

  - Colleges appear to have some discretion in % verified and what they require of students

- Additional paperwork requirements before aid can be disbursed

  - Confirm enrollment, academic eligibility (Satisfactory Academic Progress)

  - Any requirements associated with verification

Are "seemingly eligible" actually ineligible?

Ineligibility due to non-financial factors?

- **Selective service registration, criminal conviction**
  - Similar patterns for men and women

- **Student loan default, exhausted lifetime eligibility**
  - Similar patterns for first-time and continuing students

- **Citizenship**
  - Significant non-receipt among black and white students

Bottom line: Ineligibility due to unobserved criteria not key explanation

Why Aren't Eligible Students Receiving Pell?

- Confusion about verification requirements

- Difficulty completing paperwork

- CA Promise Grant reduces urgency of completing verification

  - No tuition bill (unlike at UC or CSU)

  - Hassle costs

Survey of CCC Financial Aid Directors

- CCC financial aid play important role:
  - Process and determine eligibility for fee waiver
  - Process Pell verification for flagged students
- Ten-item survey administered at annual meeting of CCC financial aid directors in March 2018
- 103 total surveys
  - 86 unique campuses and districts
  - 76% response rate

"What is the Primary Reason Students Do Not Complete Verification?"

Complex and Confusing Process

"Trouble getting required documents from the IRS. Confused by documents and requirements"

"They don't understand the process of completing verification or what they need to submit. Often, they have trouble obtaining the documents or finding the time to submit them. We lack the technology to accept documents online, so students must come in person."

"Dependent students don't gather necessary documentation from their parents. Parents of dependent students are sometimes unwilling to provide financial information"

"What is the Primary Reason Students Do Not Complete Verification?"

Students Not Following Through

"Students Lazy"

*"Do not read email notifications we send them with links embedded to our forms"*

"We called many students and get the response 'I know, I'm not in any hurry' or something to that effect. They are aware, they get the notification and they ignore them anyway! They do not read their email notifications or they ignore the info."

"Do not take responsibility for their own account because parents have always handled these types of decisions and parents don't get the notification because of FERPA"
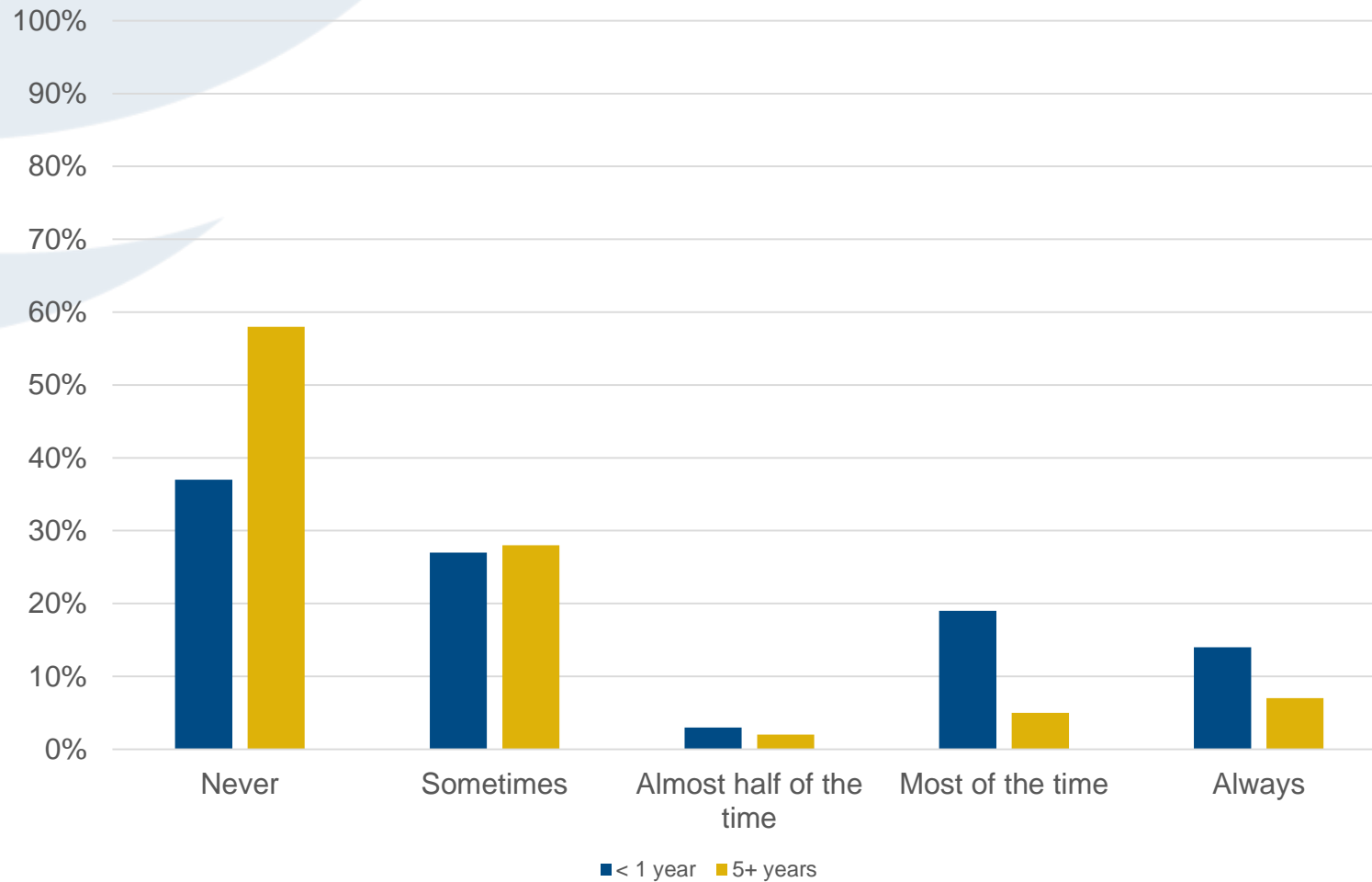
"Students not reading their emails"
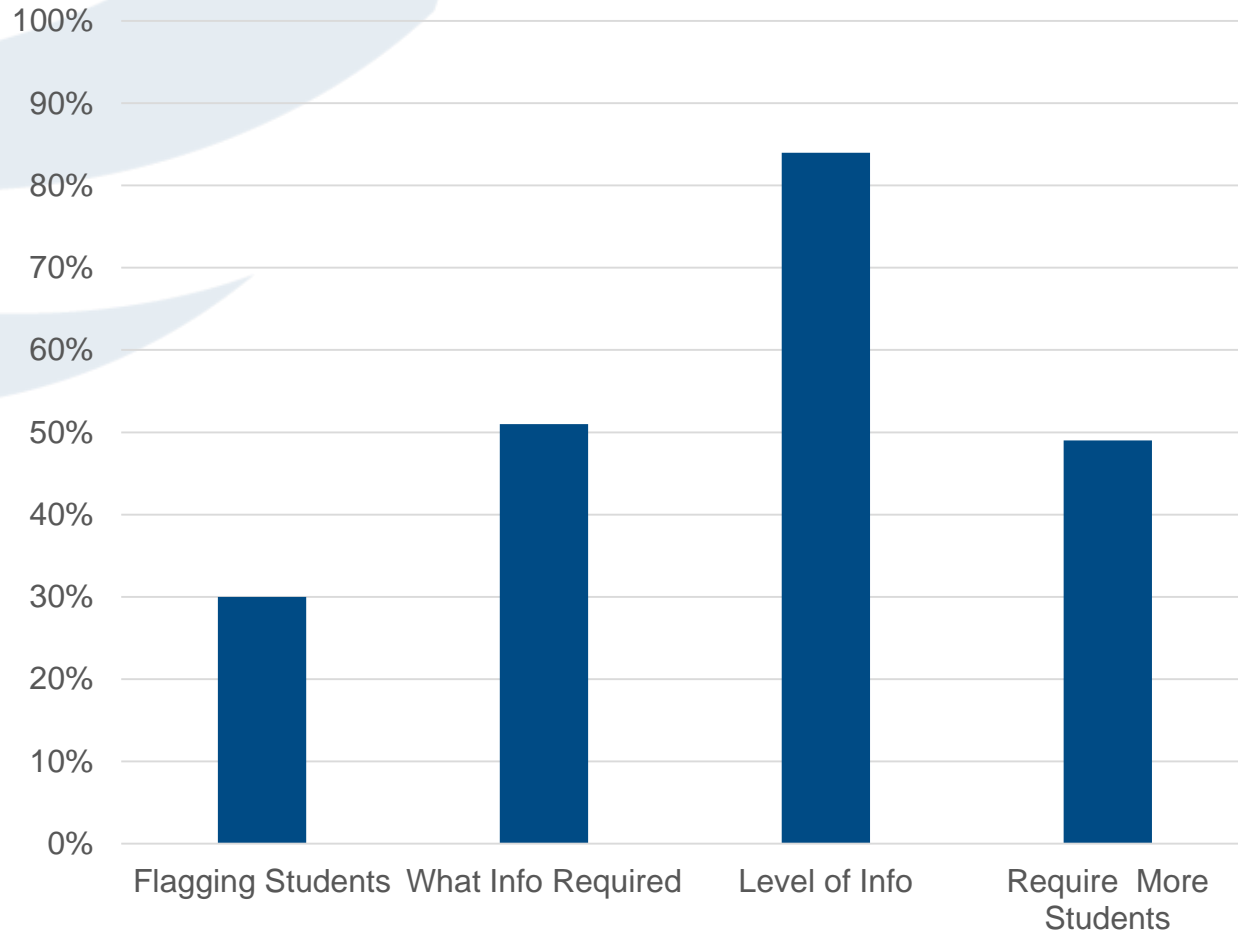
Student Awareness of Aid
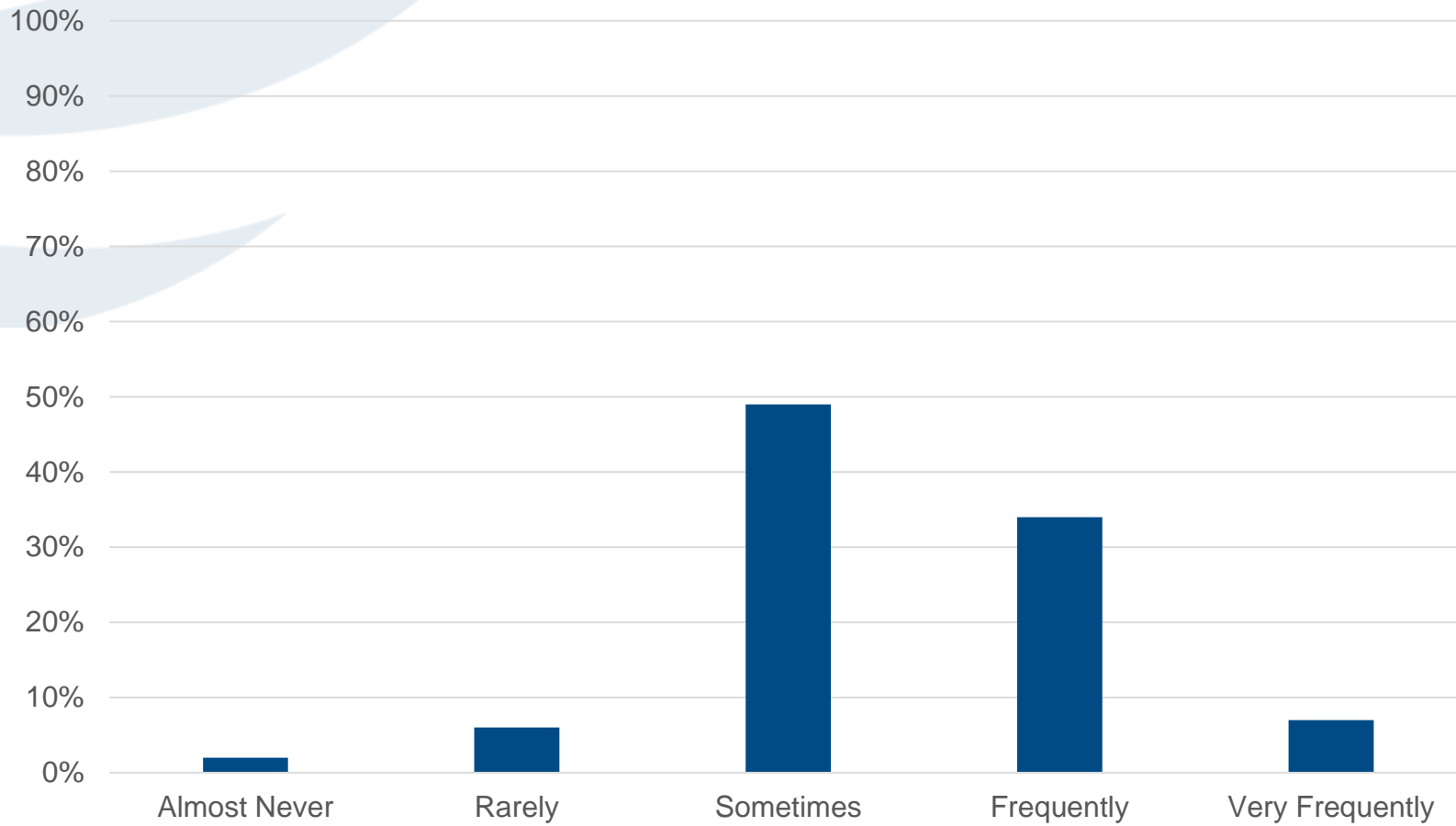
Verification Process

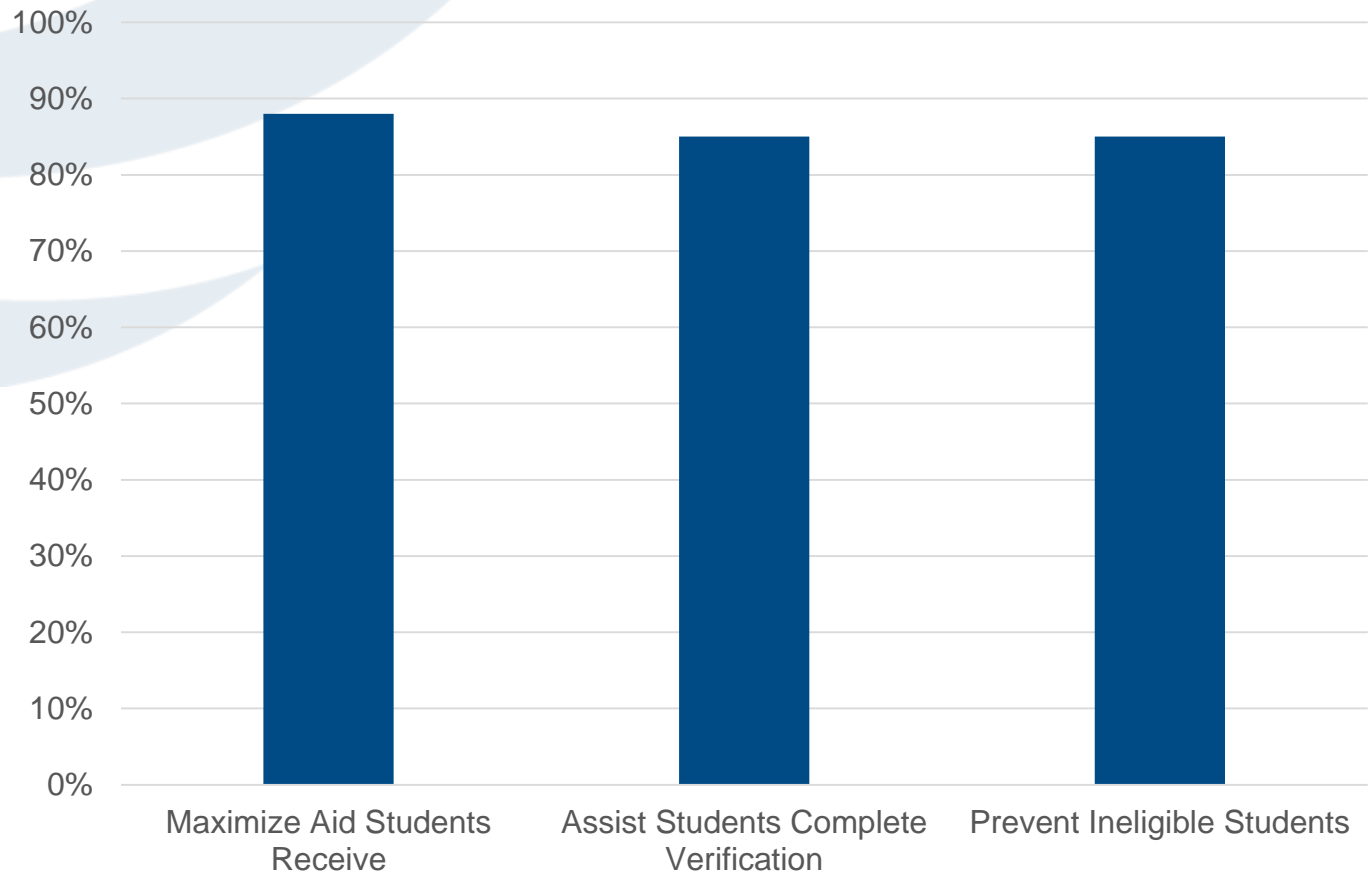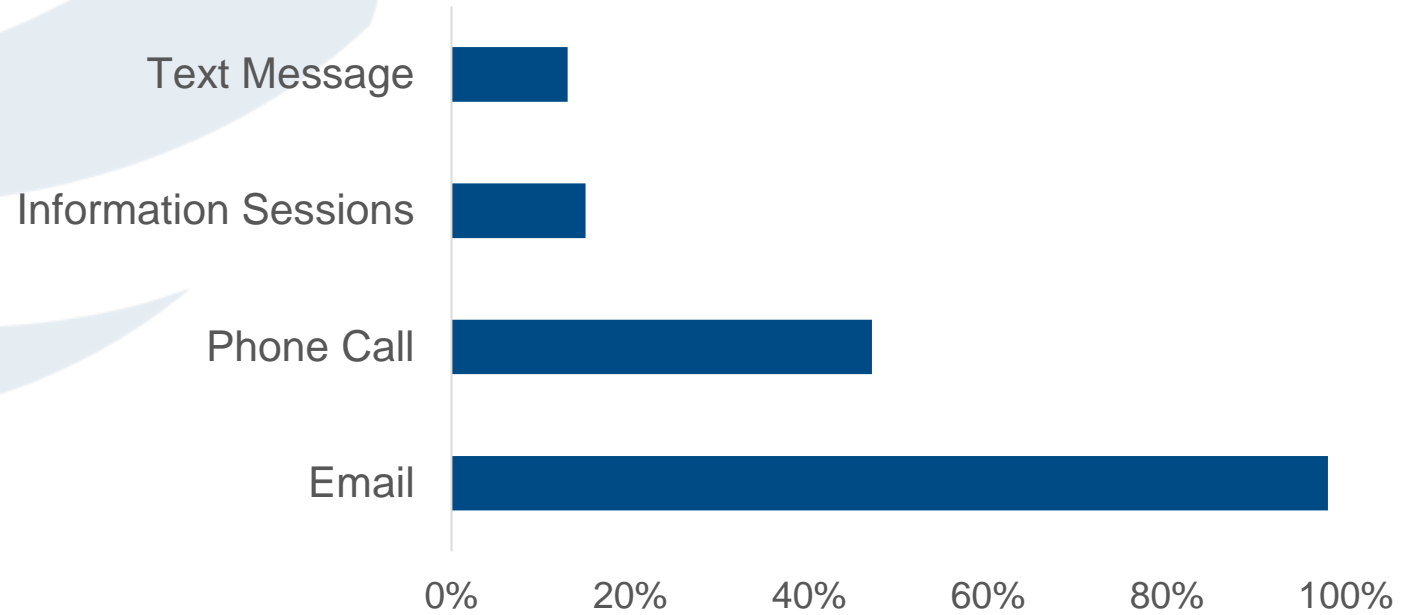|	How to Submit	Able to Obtain Documents	Meet Deadlines
Almost Never			2%
Rarely	7%	4%	11%
Sometimes	40%	35%	54%
Frequently	45%	52%	27%
Very Frequently	7%	8%	5%
Total	93	93	91

Financial Aid Office Discretion
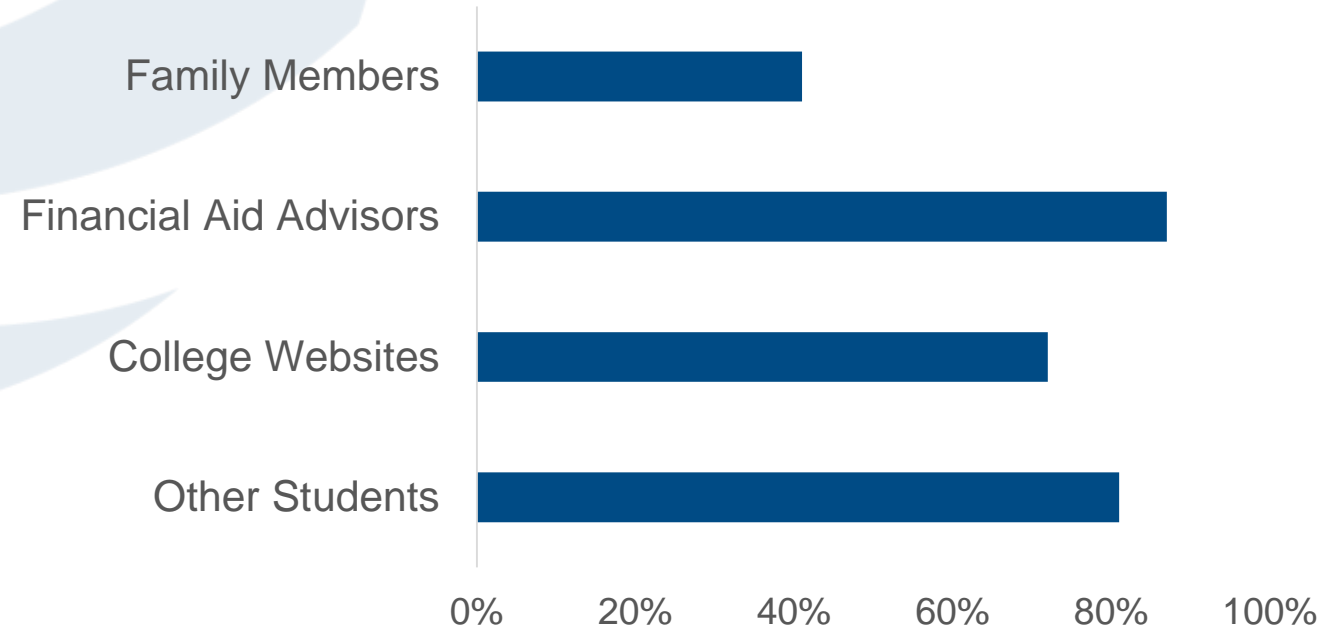
Financial Aid Office Top Priority

Methods of Outreach

Other forms of outreach:
- mail (6)
- student portal (6)
- workshops/presentations (4)
- website notifications (3)

Student Information Sources

Other sources:
- Other student services/faculty (7)
- High school counselors (4)
- Friends (3)
- Social media (3)

Summary

- Pell verification process is complex

- Student confusion about requirements and types of aid
  - CCPG fee waiver primary form of aid

- Some campus disconnect
  - Both helping students maximize aid and preventing ineligible students top priority
  - Most campuses use email for outreach
    - But also cite not reading emails as a primary obstacle

Recommendations

- Students should not be encouraged to decline Pell Grants

- Minimize the flagging of additional students for verification

- Expand student outreach beyond email

  - Research suggests text messages can be effective

Thank You

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Addressing the Problem

Yes, and…….

- Students confused by docs and requirements, don't understand

- What can we do to make things less confusing and more understandable?

- Students <u>don't</u> turn in parental information.

- Let's explore why, and see if we can help them another way.

- Students are lazy.

- Our low income students work, take care of families, and are trying to better themselves – how can we meet them where they are?

- Students don't read their email

- Let's try a different way of communicating.

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Recent Efforts

- CCLC Taskforce on Re-architecting Financial Aid
  - Identify strategies to create a more student centered financial aid office
- Advocate for campus leaders to adopt those strategies
  - Strategies to get more students applying for financial aid
  - Enhancing the student experience
  - Advancing financial aid policies to increase student retention
- Published report – May 2019
- Presentation of findings at CCLC annual conference in May 2019
- FAO design, CEO and Trustee Support

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- March 2019 – All Financial Aid Directors Conference
  - Identify specific processes and policies creating hurdles
  - Table talk and action for 2019-20
- March 2019 – CSSO Conference
- April 2019 - CSSO Webinar
- May 2019 – CCLC Trustee Conference
- May 2019 – ACBO
- June 2019 – CCLC CEO Leadership Conference
- Summer and fall 2019 – CCCSFAAA in person and webinar training events

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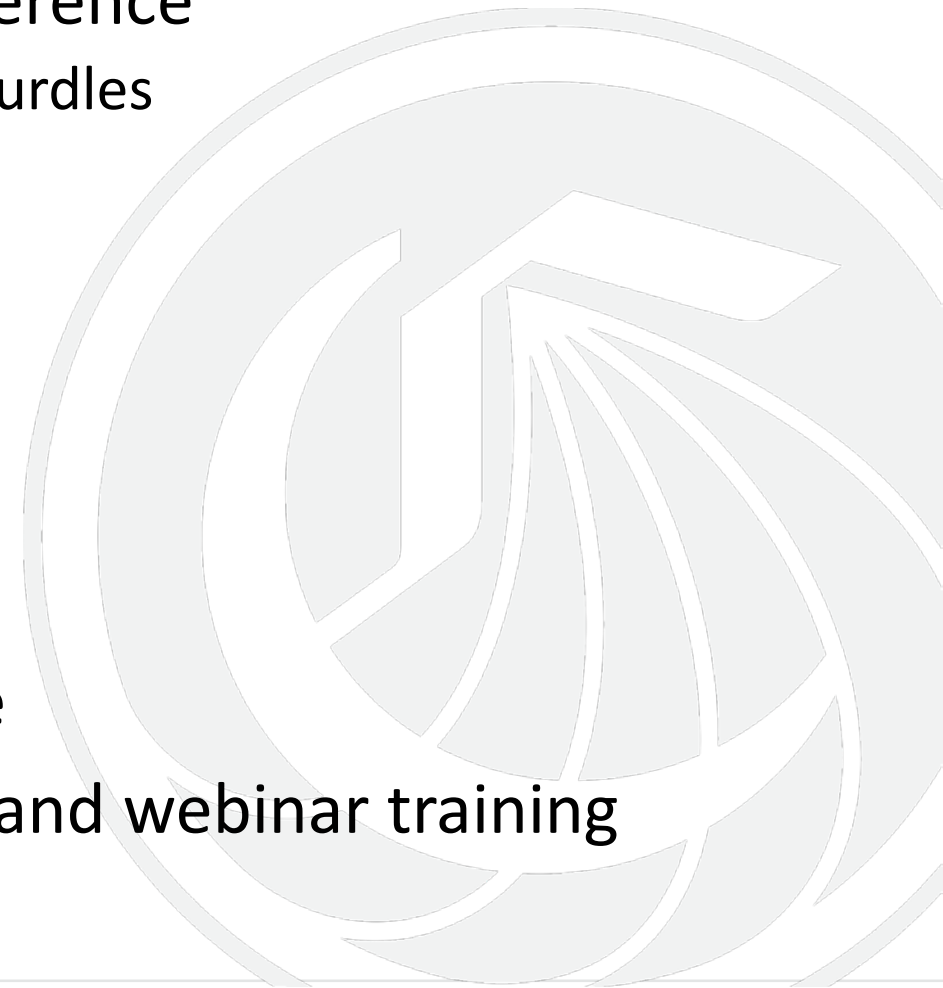
CCLC Comments

- "The financial aid department is the worst department on campus" – CEOs

- Continuous student feedback suggestion not well received

- Many aid administrators willing to change

- "The magnitude and form of resistance to student-focused service vs strict compliance" is concerning

- Most FADs think they are student focused when they really aren't

- "FADs consider compliance mandatory but student focus as a goal they strive to achieve"

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Financial Aid Office Culture = Gatekeeping

- Culture change needs to happen institutionally
  - FA role in enrollment management, equity, and Guided Pathways
- Clear Expectations...then Empowerment
  - Shift from compliance mindset to student focused mindset
  - Stop blaming students - meet students where they are
  - FAO has a lot of flexibility to set policies, practices and processes that are compliant, but student friendly
- Opportunities for change in culture
  - Financial Aid Director
  - Published policies, procedures, and practices
  - FAO Culture + individual staff personal opinions
  - Deans, CSSO, CBO, CEO, and Trustees
  - "When in doubt, give it out" – but stay compliant!

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Policy Flexibility

- Verification
- Counseling to decline Pell
- SAP
- Professional judgement
  - Dependency Status Overrides
  - Income adjustments
- Conflicting information
- Comment Code resolution
- Add processing flexibility = student equity focused financial aid office

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File Processing

- Most colleges process first come = first served
- Consider other options to ensure most needy student files processed first
- Equity Plan order of processing
- 0 EFCs first
- More staff assigned to process high need files
- Ombudsman, triage, listen/believe the student

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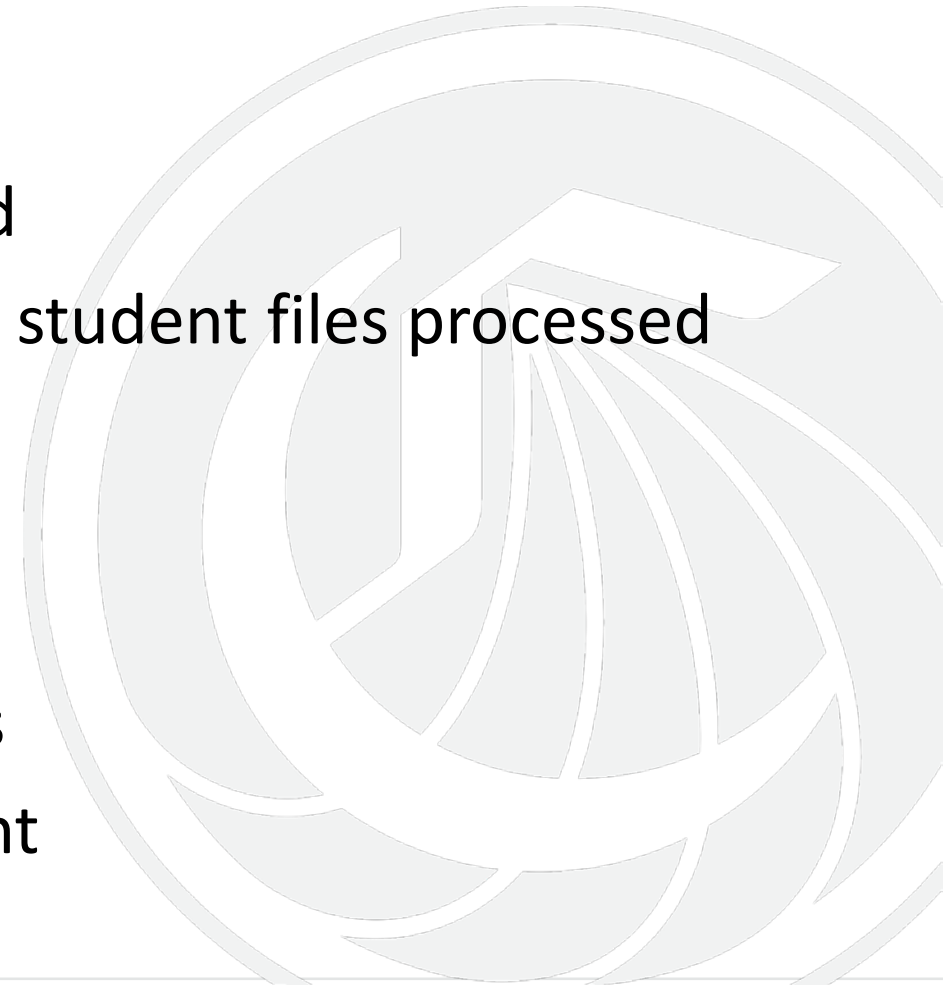
Outreach and In-reach

- Commit appropriate resources
- Communicate early with all students that filed FAFSA or CDA
- Option – develop student record with FASFA data
- **Send award letters to ALL students – early**
- Partnership with A&R, Communications and Marketing, enrollment management committees
  - Discuss counseling to deny Pell with partners, Institutional decision
- Communicate (by text) often about the college and about financial aid

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Disbursements/Refunds

- Complete files – feds require enough $ be disbursed before or during the first week of the term for books and supplies
  - Cash vs bookstore credit
- Check policies on disbursements – Are they student focused?
  - Disburse full Pell and other aid ASAP (up to 10 days before term)?
  - Multiple disbursements per term?
  - Hold disbursements until after census?
- Review policies based on institutional risk (R2T4) vs student needs
- Review parental culture

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FAO Resources

- FAO has not had increased funding since 2003
  - 2019-20 budget decrease of +$2 m
  - State Administration believes FAO should be funded and supported by general apportionment and other categoricals (i.e. SEA Program)
- Processing files, early disbursements, professional judgement, more approved SAP appeals, in-reach and out-reach = more staff, technology and other resources
- Return on investment – explore data on success of financial aid students, withdrawals when aid not disbursed

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"The regulations require me to do it" – Institutional Leadership

- Ask for change, empower and reward change – performance management

- VPSS: ask for a review of all P&Ps, identification where P&P exceeds federal requirement, including why
  - Identify, with FAD, plan to address culture of office and individuals

- CBO: cabinet discussion, enrollment management, resources, data driven decisions (i.e. when to disburse FA), R2T4 policies, recognize how your culture may be impacting financial aid local policy and operations

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True Cost of College

Historical Commitment to Tuition Affordability

❖ In 1984 the first statutory fee and fee waiver program were simultaneously established.

❖ Today, at $46/unit California Community College fees remain the lowest in the nation.

❖ Nearly half of all students pay no fees under California College Promise Grant.

❖ College Promise authorizes one year "free tuition" for full-time, first-time students; likely to be expanded to 2-years.

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Total Cost of California Community College

	Cost Components for Students Living Independently (students' predominant living status)
Textbooks	$1,791
Transportation	$1,242
Room and Board	$12,492
Personal/Misc.	$2,916
SUBTOTAL	**$18,441**
Tuition ($46 Unit)	$1,380
TOTAL	**$19,821**

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The true cost to attend college

The net prices (from TICAS) for each of the nine undergraduate-serving campuses of the University of California and nearby California State University and community college campuses.

Prices reflect the colleges' own estimates of what low-income students have to pay, after subtracting available grant aid, to cover total college costs

Community colleges often have a *higher* net price for low-income students than the nearby CSU or UC.

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Map labels:

- **2:** UC: $8,500 / CSU: $10,900 / CCC: $15,700
- **1:** UC: $12,900 / CSU: $11,700 / CCC: $13,500
- **5:** UC: $8,500–$9,500 / CSU: $8,700 / CCC: $12,400
- **9:** UC: $10,200–$13,200 / CSU: $13,100 / CCC: $13,700
- **8:** UC: $9,600 / CSU: $12,300 / CCC: $11,300
- UC: $8,800 / CSU: $12,100 / CCC: $13,700
- **6:** UC: $9,900 / CSU: $11,900 / CCC: $15,200
- **3:** UC: $8,300–$9,300 / CSU: $12,300 / CCC: $13,700
- **7:** UC: $12,900 / CSU: $11,300 / CCC: $12,600

Net Price Legend
- Lowest
- Midrange
- Highest
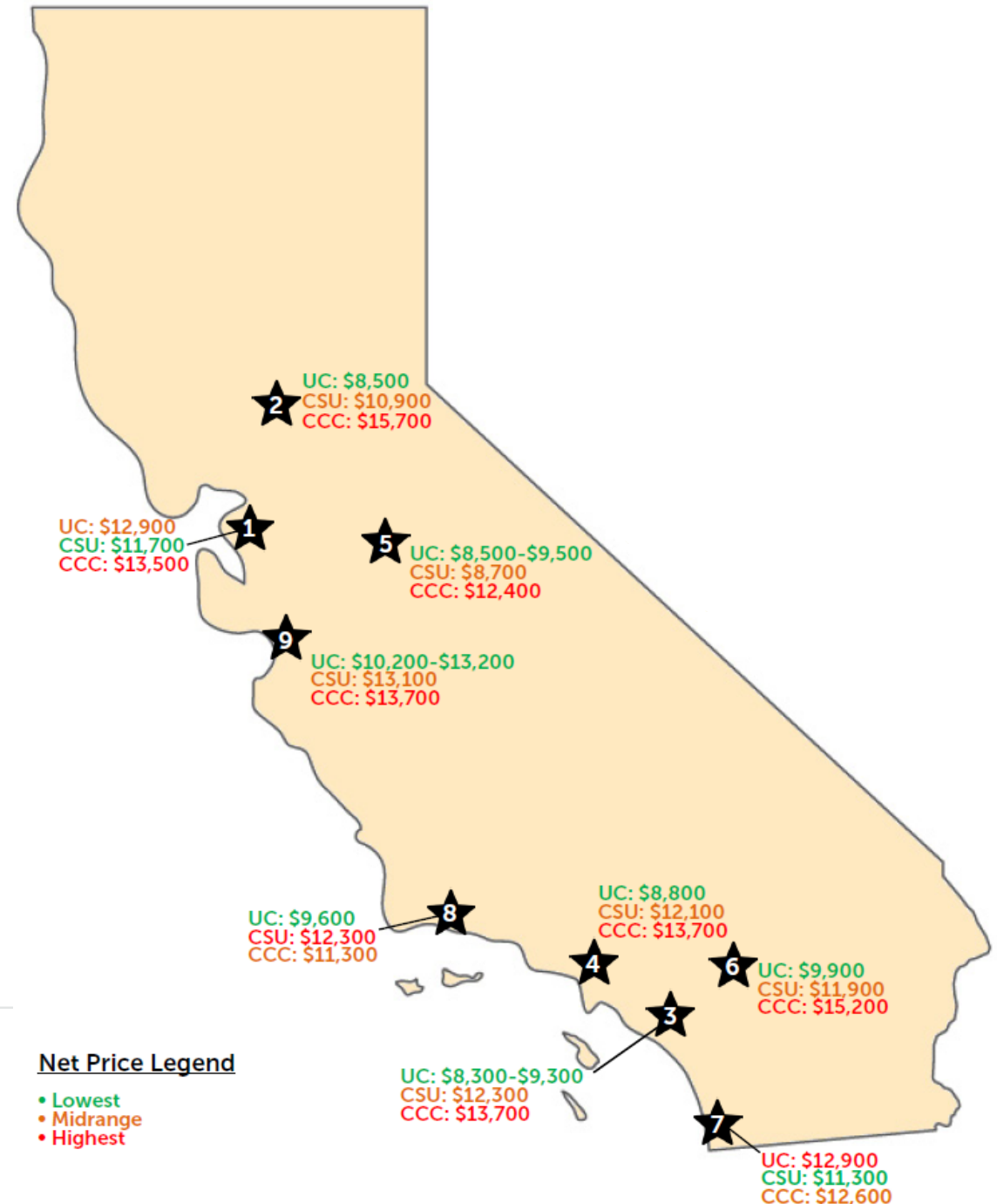
Best Possible Scenario: Full-Time Cal Grant Recipients

	Maximum aid package for CCC Cal Grant B recipient enrolling in 15+ units per semester
Pell (Federal)	$6,095
CCPG/Promise Grant (P98)	$1,380
Cal Grant B (GF)	$1,672
Success/Completion Grant (P98)	$4,000
SUBTOTAL	**$13,147**
Total Cost of Attendance (independent student)	$19,821
UNMET NEED	**$6,674**

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How many Community College students receive need-based financial aid?

43% receive CCPG/BOGFW

21% receive Pell Grant

5% receive Cal Grant

0.5-3% receive a Success Completion Grant

Community colleges enroll about two-thirds of California's undergraduate students, but receive only about 7% of
Cal Grant funds. Nearly 40% of UC and 36% of CSU undergraduate students receive a Cal Grant.

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Board of Governors Budget and Legislative Request
Financial Aid Reform Principles

1) Serve the financial needs of all California Community College students regardless of their age or their prior academic history.

2) Link a student's financial aid to the total cost of attendance—not just the tuition and fees they pay directly to the colleges.

3) Allow students enrolled in any community college program that meets the requirements for the federal Pell Grant to be eligible.

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SB 291 (Leyva) – Pending on Senate Floor
California Community College Financial Aid Program

Provides community college students with a new grant linked to the total cost of attendance, which accounts for the gift aid students already receive and the resources students and their families contribute to college costs.

This new aid will help students eliminate loan debt and reduce excessive work obligations, giving them the support they need to complete their programs on time.

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Questions?