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**Closing the Gaps: Perceptions of Financial Aid Needs in
Community Colleges**

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**Closing the Gaps: Perceptions of Financial Aid Needs in
Community Colleges**

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Dissertation

Presented to the Faculty of the Graduate School of

The University of Texas at Austin

in Partial Fulfillment

of the Requirements

for the Degree of

Doctor of Philosophy

The University of Texas at Austin

December 2004

Dedication

To my beloved father, who did not receive a college education but who came to this country and worked fiercely to ensure that his children received a formal education.

To my dear mother, who at age 42, widowed with eight children overcame immense barriers to receive an associate's degree that changed the course of our family forever. You are my reason for knowing the infinite contributions and beauty of community colleges.

To my seven siblings who teach me each day the discipline to persevere despite adversity. Glory to our days at 5505 Husky.

To my God for guiding me during this amazing and challenging journey!

Acknowledgements

Dr. John Roueche, you are a remarkable and noble leader whom I am privileged to know. Thank you for believing in me and making this invaluable opportunity feasible for me. I will forever cherish your guidance, unyielding support, and generosity. **Dr. William Moore**, thank you for teaching me to think and read broadly and critically. I will always remember to apply the principle of symmetry in which one must discern and consider the opposing position. **Dr. Donald Phelps**, may you rest in peace! Thank you for always telling me that I am a scholar even when I had extreme doubts. Your confidence in me carried me through some difficult parts of this journey. **Dr. Norvell Northcutt**, thank you for your patience with me. You are an exceptional professor. Your research lessons are performed with rigor, grace, and simplicity unmatched by any. **Dr. Margot Perez-Greene**, you have been a role model and inspiration to me. Thank you for the unconditional support you provided me during this journey. **Dr. Lisa Cary**, you will always be remembered for teaching me to think beyond the conventional wisdom. Thank you for demystifying the biggest challenge of this journey –the dissertation!

Milt Wright and Neal Combs, thank you for the privilege to work at Texas Guaranteed Student Loan Corporation. Your support of my studies is a testament to your leadership and values of fostering a corporate environment in which every person is *truly* encouraged to flourish and grow. **Terry Bazan, Rob Sheridan, Ed Apodaca, and Skip Landis**, you have influenced my professional career more than you will ever know. Your encouragement helped me to stay

focused. **Allen Goben, Susana Alvarado, and Carole Errett**, my CCLP classmates, thank you for helping me in times of utter panic.

Gabriel Reyes, you are an amazing human being who has always encouraged and helped me accomplish my dreams. Thank you for the ten years you shared with me and for giving me Gabriela, the most beautiful gift I have. I am immensely grateful to you for the support that you provided me no matter the circumstances. **Gabriela Reyes**, my beloved Gabriela, thank you for all of the sacrifices you endured to make my journey possible. You have been my fountain of inspiration and the only source that kept me moving in the darkest moments of this journey. Thank you for being patient, forgiving and for always making me smile, laugh, and even cry at times. You are my princess and the center of my universe.

Jacob Fraire, my beloved Jacob, you have been my compass in this journey. Thank you for helping me stay centered and focused. Your unwavering support in *every aspect* of this amazing experience helped me to reach the beginning of the end. Thank you for the multitude of times you edited my papers and gently guided me to think critically. I am especially grateful to you for your guidance and your patience with me during the writing of my dissertation. Thank you for always reassuring me and never doubting my ability to succeed. Thank you for comforting me during times of extreme pressure. I am immensely blessed to have you in my life and to have shared this journey with you!

Closing the Gaps: Perceptions of Financial Aid Needs in Community Colleges

Publication No. _____

Virginia Murillo, Ph.D.

The University of Texas at Austin, 2004

Supervisor: John E. Roueche

In October 2000 the State of Texas commenced an ambitious fifteen-year master plan for higher education. The master plan, known as the *Closing the Gaps by 2015 plan*, includes a historic goal of increasing college enrollment by 500,000 students by the year 2015. During this period, Texas community colleges are projected to experience unprecedented enrollment growths; they are expected to enroll nearly 60 percent of all students in post-secondary education.

This critical ethnographic study sought to unveil the perceptions of eight community college financial aid directors regarding the financial aid needs within the context of the *Closing the Gaps* plan. Moreover, this study is grounded within the theoretical framework of student attrition models. The

data collected for this study was obtained through three major collection techniques: personal interviews, participant observations, and an analysis of pertinent documents.

Analysis of the data revealed five major themes including: disconnect between financial aid policies and practices; illusory access for the highest-need students; futile awareness strategies and messages; unsuitable human resources for increasing demand; and inadequate technology resources. The study further unveiled multiple sub-themes for each major theme, which together formulate a clear perception among the participants that community colleges risk failing to serve the projected increase of low-income students, if improvements of the financial aid policies and practices do not materialize. Low-income students who are highly dependent on financial aid to enroll in post-secondary education comprise the largest population of the projected enrollment growths.

The study concludes with a discussion of the implications of the data for policymakers, practitioners, and researchers. The research concludes that absent changes to financial aid policies and practices affecting community colleges, the state will not meet its grand goal to increase post-secondary education enrollment by 50 percent by 2015.

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CHAPTER ONE: INTRODUCTION TO THE STUDY

Background and Overview of the Study

Community colleges are projected to experience unprecedented enrollment growths in the next decade. The ever-changing student population, decreasing budgets, rapidly changing technology needs, and increased demand for student financial assistance, will require community colleges to serve more students with fewer resources. In Texas, sixty percent of the enrollment growth projected by the state's *Closing the Gaps* plan, is expected to occur at community and technical colleges. The primary goal of the plan aims at increasing college participation by 500,000 students by 2015.

Financial aid will be fundamental in serving the increased number of students expected to enroll in community colleges in the next decade. As the state aims to achieve the goals of *Closing the Gaps*, it faces increasing challenges related to the changing demographics of the state. According to Steve Murdock of the Texas State Data Center at the University Texas San Antonio, the population of Texas is growing rapidly; it is becoming increasingly diverse, and the age structure is changing.

To make substantial progress in the *Closing the Gaps* plan, Texas will need to enroll an additional 15,000 African-Americans, 35,000 Whites, and 120,000 Hispanics by 2010. The plan also calls for a 50 percent increase in the

number of certificates and degrees awarded by 2015. Meeting the enrollment needs of the Hispanic population will be especially challenging because this population currently has among the lowest median income levels in the state. Consequently, this population will be heavily reliant on student financial aid to participate and succeed in higher education.

Additionally, the goal of increasing enrollment by 500,000 students will be especially challenging because there is a current disconnect between student financial aid policy and the students who are projected to enter higher education by 2015. Financial aid policies at the federal and state levels have shifted away from their historical purpose of assisting students from low-income families to serving those from middle-income families (Wolanin, 2001). The Federal Pell Grant program continues to be the primary vehicle for increasing access to higher education for low-income students. However, the Pell Grant's purchasing power has been greatly eroded by constant increases in college costs (ACSFAs, 2001). This dramatic shift in financial aid policy has occurred despite the existence of research that indicates that reductions in the net price charged to students (total charges less financial aid received) significantly increases the propensity of lower income students to attend college (McPherson & Shapiro, 1991). More recently, *Empty Promises* demonstrated a direct correlation between financial aid availability for low-income students and their subsequent participation in higher education (ACSFAs, 2002). The study found that low-income students enroll at

lower rates than their affluent counterparts do even when they are equally academically qualified.

This study will not refute the current state of financial aid policy, nor will it attempt to address federal and state funding for need-based financial aid programs, which are essential to enrolling low-income students (as cited in Selingo, 1999, p.2). Rather, the purpose of this study is to capture the perceptions of eight financial aid directors regarding the financial aid needs of community colleges within the context of *Closing the Gaps*.

Drawing upon elements of ethnography, the researcher conducted a critical ethnographic study, a type of qualitative research. This approach is appropriate in order to explore and examine the perceptions of financial aid directors regarding their financial aid needs in the context of *Closing the Gaps*. Ethnography, as a research method is designed to describe and analyze practices and beliefs of cultures and communities, which may be defined as behavior, ideas, beliefs, and knowledge of a particular group of people.

The data collection for this study consisted of interviews with financial aid directors at eight Texas community colleges, participant observations, and an analysis of pertinent documents from each of their respective campuses. Moreover, the study, and therefore the researcher, are positioned within the critical/emancipatory paradigm. It is the intent of the researcher to produce knowledge that will be an impetus for change regarding what resources financial

aid offices in community college will require to serve the increased influx of students entering postsecondary education through a community college.

If policy makers, college administrators, and trustees do not commit to ensuring that campus financial aid offices are equipped to successfully serve the new influx of students, campuses will not be able to provide critical financial aid monies to low income students. Hence, goals of *Closing the Gaps* will be compromised.

Purpose of the Study

The purpose of this ethnographic study is to discover the perceptions of eight financial aid directors regarding the financial aid needs of community colleges within the context of *Closing the Gaps*. The data collected from this study will be used to create a political agenda that creates practices among policy makers and college administrators, which support the resource needs of financial aid directors and foster viable financial aid policies and programs.

Assumptions

In the course of this research, several assumptions were made. There will be substantial increases in enrollment at community colleges. The vast majority of the new student enrollment will be from low-income students who will require financial aid assistance to participate and succeed in higher education. Policy makers and key college administrators do not fully understand and or appreciate the role of delivering financial aid to students. Financial aid directors do not have

adequate resources to operate an optimal financial aid office, and therefore, will be unable to provide financial assistance to the increased number of students.

Research Question

What are the perceptions of eight financial aid directors regarding the needs of community colleges within the context of the Closing the Gaps plan?

Financial aid definitions and types of programs

Definitions

1. **Financial aid:** “Any assistance obtained to make up the difference between what a student and his or her family can afford to pay, and the total cost of higher education” (Arnold & Kaufman, 1986, p.7).
2. **Expected family contribution:** The figure determined by the federal government with an objective formula, which dictates how much of a family’s financial resources should be allocated to pay for college. The expected family contribution remains constant no matter what institution a student elects to attend.
3. **Cost of education:** The amount it will cost a student to attend a particular institution (Margolin, 1989). This figure includes tuition and fees, housing allowance, books, supplies, and miscellaneous expenses.
4. **Financial aid need:** The difference between the expected family contribution and the cost of attendance (Margolin, 1989). Students will demonstrate more financial need as the cost of attendance increases.

5. **Satisfactory academic progress:** Students must maintain a cumulative grade point average above C and be making progress towards an accredited program.

Types of Programs

1. **Grants and Scholarships:** Are gift aid that does not have to be repaid if satisfactory academic progress is achieved. Scholarships may be awarded based on merit in academics, athletics, or a particular field of study (Donham & Stege, 1995). Grants are awarded to students with financial need and or academic merit. Pell Grants, signed into law in 1972 by President Richard Nixon and later named after Rhode Island Senator Claiborne Pell, are the most common type of federal financial aid awarded to community college students (Leovy, 1999). Senator Pell believed that “all constituents deserve a start at a better life than the one they were born into” (Macy, 1999, p. 30). Since its enactment, the Pell Grant has assisted more than 30 million low- and – moderate-income students in financing their higher education (Macy, 1999).
2. **Federal Supplemental Educational Opportunity Grants (FSEOGs):** is another type of gift aid for undergraduates with exceptional financial need. Pell Grant recipients with the highest financial need will be the first to receive FSEOGs, which do not have to be repaid. These grants are awarded only to undergraduate students who have not earned a bachelor's or a professional degree.

3. **Loans:** Is money that is borrowed and must be repaid. The two main types of loans available to students are the subsidized Stafford loans, which require the government to pay the interest while the student is in college, and the unsubsidized Stafford loans in which the student is responsible for all the interest payments (Weaver, 1993). Alternative loans and Parent Loan for Undergraduate Students (PLUS) are available to help meet a student's cost of attendance. Alternative loans and the PLUS are available to individuals who have acceptable credit history.
4. **Work-study:** Provides part-time employment to undergraduate and graduate students with financial need, allowing them to earn money to help pay educational expenses. The federal government provides institutions a percentage of the cost of employing students and the institutions match that amount to pay a student for their service (Burd, 2000)
5. **Other sources of aid:** Include aid offered through the Department of Veteran Affairs. Several programs are available for veterans, reservists, National Guard persons, widows, and orphans.
6. **Federal Tax Credits:** Two tax credits which are offered include the HOPE Scholarship and the Lifetime Learning Credit. These benefits reduce the amount of income tax paid. Wolanin (2001) states the HOPE scholarship is "regressive the more income you have, the more

benefits you receive (up to the limit of the benefits). Those with incomes below \$19,000 (or \$9,000 in the case of single individuals) receive nothing.”

Overview of Research Methodology

The methodology applied to this research inquiry is qualitative from a critical/emancipatory perspective. Drawing upon elements of ethnography this study will present the in-depth experiences and perceptions of eight Texas community college financial aid directors regarding their financial aid needs within the context of *Closing the Gaps*.

Ethnography emerged from the field of anthropology, primarily from the contribution of Bronislaw Malinowski, Robert Park and Franz Boas (cited in Creswell, 2003, p. 198). The aim of ethnography is to acquire a holistic picture of the participant’s world and everyday experiences. However, the researcher believes that providing perceptions alone is incomplete. Hence, this inquiry is positioned within the critical/emancipatory paradigm in order to create a political agenda that will assist financial aid directors to acquire the institutional resources they need to serve a greater influx of students who will depend on financial assistance to participate and succeed in higher education. Moreover, this inquiry embodies attrition theories by researchers Spady, W., Tinto, V., Pascarella, E.T., and Bean, J.P. and Metzner, B.S. to better understand student and institutional behavior impacting recruitment and retention.

The data collection techniques for this inquiry included interviews, participant observations, and a review of pertinent documents. The participant observations facilitated the inquiry taking place in its natural setting, which will permit the researcher to develop a level of detail about the directors and to be highly involved in their day-to-day experiences (Creswell, 2003). During the process of the inquiry, the researcher conducted an extensive analysis of pertinent documents which provided her with comprehensive background information.

This methodology is appropriate for several reasons. It enable the researcher to gather in-depth data regarding the experiences and assumptions of directors of financial aid from their own perspective. The focus was on the participants' perceptions and how they "make sense" of their lives (Merriam, 1998). The inquiry was conducted and presented in a holistic and emergent style. Meanings and interpretations were negotiated with the participants since the researcher will attempt to describe their reality (Lincoln & Guba, 1985).

Link Between Research and Researcher's Professional Employment

This inquiry was conducted as a part of the researcher's professional position at Texas Guaranteed Student Loan Corporation (TGSLC). The data gathered from this inquiry will assist TGSLC to determine if a Center for the Advancement of Student Aid in Community Colleges (The Center) should be established. The Center will provide financial aid expertise to support community colleges in meeting their enrollment and retention goals.

The Office of Research Support and Compliance at The University of Texas at Austin required the researcher to secure a letter from TGSLC granting her permission to utilize TGSLC's data for her dissertation. The letter was acquired and it is attached to the researcher's application to the Institutional Review Board (IRB). Also, the researcher was required to provide participants the option to partake in the inquiry only for purposes of The Center (see Appendix A).

The selection of interviewees for this inquiry was purposeful; the eight financial aid directors were recruited from diverse institutions in the State. A site letter was mailed to each of the respective presidents explaining the purpose of the inquiry and inviting their college to participate (see Appendix B). The researcher obtained consent from each of the participants utilizing the consent template provided by The Office of Research Support and Compliance at The University of Texas at Austin.

Significance of the Study

Community colleges will undergo rapid growth according to the Closing the Gaps by 2015. The increased college costs, heavy reliance on student loans, changes in the sources and mission of financial aid, pressures in accountability and increased enrollment from lower income students present new challenges and opportunities for the creation of good policy and practice, in the delivery of student financial aid.

A new approach in the delivery of student aid for all higher education institutions will be essential, but especially for community colleges that will serve the largest proportion of students who have little or no hope to enroll without financial aid. Absent an efficient and effective financial aid delivery process, community colleges risk failing to serve the increasing projected number of students from low-income families expected to enter higher education through a community college.

This inquiry will add to the scholarly research in the field by providing policy makers with a document that may assist them to create viable financial aid policies and programs. In addition, this inquiry will offer practical implications. Key college administrators will be provided with knowledge of what financial aid offices require to be successful in delivering financial aid to the increased influx of students.

Limitations

The limitations of this study are several. The data gathered for this inquiry are based on the personal perceptions of a small sample of directors of financial aid making it difficult to provide broad generalizations. The financial aid research in community college is limited. This inquiry may include biases as a result of the researcher's professional experience in the student financial aid industry.

Chapter Summary

This critical ethnographic study unveiled the perceptions of eight community college directors regarding the financial aid needs within the context of *Closing the Gaps* plan. The critical/emancipatory paradigm was selected by the researcher because financial aid offices are not positioned within the institutional decision making structure. Therefore, the voice of financial aid is largely inaudible. This inquiry is intended to serve as a catalyst for change to elevate the financial aid office's position within the campus; hence, strengthening its ability to acquire resources that will assist it to effectively deliver critical financial aid dollars.

The state's *Closing the Gaps* plan projects that community and technical colleges will enroll 60 percent of the additional 500,000 students by 2015. The delivery of critical financial aid dollars will be fundamental to colleges' efforts in increasing student participation and success while managing their enrollment growth. This inquiry will add to the scholarly research in the field by offering policy makers and key college administrators research-based findings that may assist them in creating viable financial aid policies and delivery processes. If we fail to create optimal financial aid delivery systems, we risk failing to meet the needs of the projected influx of students.

CHAPTER TWO: A REVIEW OF THE LITERATURE

Chapter Overview

Chapter Two highlights current literature relevant to financial aid policies, systems, and governance, within the context of community colleges and the *Closing the Gaps* plan. The literature affirms the need for conducting this inquiry. The review of literature includes the role of community colleges in higher education, an overview of the Texas Higher Education Plan: *Closing the Gaps by 2015*, demographic trends and population projections, theoretical models of attrition projected enrollment growth at Texas community colleges, financial aid's impact on Closing the Gaps, origin and transformation of student financial aid, financial aid realities in Texas, and concludes with a summary.

The Role of Community Colleges in Higher Education

Historically, community colleges have provided access to higher education to the nation's low-income and undereducated population (THECBa, 2001). In 1901, William Rainey Harper, president of the University of Chicago founded the first two-year public institution named Joliet Junior College in Joliet, Illinois. In the early years, these colleges focused on general liberal arts studies. During the Depression of the 1930s, community colleges began offering job-training programs as a way of easing widespread unemployment. After World War II, the conversion of military industries to consumer goods created new,

skilled jobs. This economic transformation, along with the 1944 GI Bill of Rights, created the drive for more higher education options (Brint & Karabel, 1989). In 1948, the Truman Commission recommended the creation of a network of public, community based colleges to serve local needs. It called for the establishment of a network of public community colleges, which would charge little or no tuition, serve as cultural centers, be comprehensive in their programs offerings with emphasis on civic responsibilities, and would serve the area in which they were located (Roueche & Roueche, 1993, p. 26).

With the passage of the Higher Education Act of 1965, the federal government made it possible for practically every American to attend college. In 1988, the Report of the Commission on the Future of Community Colleges defined community not only as a region to be served but also as a climate to be created. This furthered the growth of community colleges throughout the United States (Vaughan, 2001). Since their inception, community colleges have been viewed as the “people’s college.” Critics of the community college, Karabel and Brint (1989) assert that community colleges offer *deferred dreams*. They claim that when community colleges transformed from liberal arts to include vocationalization, the colleges perpetuated the class-structured society in which we live. In a class-structured society, vocationalization restricts individuals from pursuing a baccalaureate. They assert that during the 1970s, at the height of the transformation, and to a lesser extent even today, community colleges did little to promote the benefits of a baccalaureate education, which include higher salaries,

greater chance of promotion, and lower rates of unemployment. Gillett-Karam, Roueche, & Roueche (1991) disagree. They state that the heterogeneity of students enrolled in American community colleges represents a challenge of enormous proportions (p. viii). Community colleges serve students with every level of educational background (Gillett-Karam, Roueche, & Roueche, 1991).

Rosenbaum (1998) suggested that the low number of community college transfers and four-year college completers is more a factor of the mismatch between a student's abilities, expectations, intent, and academic success in high school. Rosenbaum believes that there is a lack of information flowing from community colleges and secondary schools, leading to the perceptions that students can be successful at community colleges without completing a college prep curriculum in high school. Murnane & Levy (1997) found that 71 percent of high school seniors in the class of 1982 planned to get a college degree, yet half of them did not have the basic math and verbal skills to be successful.

In Texas, community colleges have served an especially important role in providing access to higher education for low-income students. In 1964, there were 34 public community/junior college districts. The 1970s and 1980s were periods of rapid growth. Texas now has a total of 50 community college districts with 74 campuses, which enroll more than 50 percent of the students in public higher education. Enrollment (non-duplicated) increased substantially in the past

35 years, from nearly 38,000 in the fall 1964 to approximately 432,000 in the fall 2000 (THECB, 2002a).

The Texas Higher Education Plan, *Closing the Gaps by 2015*

The Texas Higher Education Coordinating Board (THECB) adopted a new higher education master plan titled, *Closing the Gaps by 2015* in October (2000). The plan was later adopted by policy makers and higher education stakeholders. Specific strategies of the plan have since become legislative mandates, including the Uniform Recruitment and Retention Strategy Plan and the statewide higher education and motivational campaign. The plan includes four major goals: closing the gaps in college participation, student success, excellence, and research. Following are each of the goals including specific strategies for achieving the overarching goal.

Goal 1: *Close the Gaps in Participation*

By 2015, close the gaps in participation rates across Texas to add 500,000 more students.

- Make the recommended high school program the standard curriculum and make it a minimum requirement for admission to Texas public universities by 2008.
- Recruit, prepare and retain additional well-qualified educators for elementary and secondary schools.
- Ensure that all students and their parents understand the benefits of higher education and the necessary steps to prepare academically and financially for college.

- Establish an affordability policy that ensures that students are able to participate and succeed in higher education

Goal 2: *Close the Gaps in Success*

By 2015, increase by 50 percent the number of degrees, certificates and other identifiable student success from high quality programs.

- Focus college and university efforts on increasing graduates in education, engineering, computer science, math, physical science, allied health, nursing and other critical fields.
- Carry out the state's Uniform Recruitment and Retention Strategy and other efforts aimed at making college and university enrollment and graduation reflect the population of Texas.
- Fund colleges and universities to reward increases in retention and graduation from high quality programs.
- Create incentives and requirements for seamless student transitions among high schools, community and technical colleges, universities and health-related institutions.
- Make partnerships and collaborations between the business community and higher education institutions a part of the culture of these organizations.

Goal 3: *Close the Gaps in Excellence*

By 2015, substantially increase the number of nationally recognized programs or services at colleges and universities in Texas.

- Establish ladders of excellence for different types of institutions.

- Fund competitive grants to community and technical colleges and universities to match business contributions for acquiring equipment and software and maintaining high-tech instructional laboratories.

Goal 4: *Close the Gaps in Research*

By 2015, increase the level of federal science and engineering research funding to Texas institutions by 50 percent to \$1.3 billion.

- Permit universities, like health science centers, to retain all overhead income from grants and contracts.
- Establish the Texas Science and Engineering Collaborative to expand research in focused areas through collaboration among institutions.
- Increase funding for the Advanced Research/Advanced Technology Programs.
- Establish competitive grant program expanding research at developing research universities in current and projected major urban areas.

To measure progress on each of the four goals, THECB established intermediate targets for 2005, 2010, and 2015. For goals one and two (participation and success) each institution was provided with a specific enrollment and graduation target for each of the three specified timeframes. Institutions were allowed to submit to the THECB their own targets (for participation and success), in accordance to the stated goals of *Closing the Gaps by 2015*. In July 2002, the THECB published a progress report on *Closing the Gaps*, which found little or moderate progress on many goals. The report found an increasing gap in participation among Hispanics. The THECB declared a

“high level of concern” regarding this enrollment trend (2002a). This finding is especially alarming given the projected growth among this population.

Theoretical Models of Student Attrition

The shift in the composition of students who are projected to attend post-secondary education has college leaders increasingly concerned about their ability to attract and retain these new students. Additionally, the increasing pressure of competition among colleges and universities to enroll and retain students, and the increasing demands of accountability by local, state, and federal officials have college administrators reevaluating their programs to help attract and retain students through graduation.

Historically, research has reported consistently high attrition rates among community colleges. Four decades ago Clark (1960) and Thornton (1966) concluded that more than 40 percent of community college freshmen either did not complete their educational objectives or did not return for their second year. In 2003, Southern Regional Education Board research similarly found that only 45 percent of community college first-time, full-time freshmen who intended to earn a degree or certificate graduated in the period from 1998 to 2001 and that 32% of students failed to return for their second year at a community college or enroll at another institution of higher education. Overall, researchers and practitioners continue to find that community college student dropout rates are significantly higher than those of senior institutions (Mohammadi, 1994).

These findings affirm the need to frame this inquiry within the theoretical model of student retention. Community colleges' failure to increase graduation rates may heighten the illusory nature of the Closing the Gaps plan. To understand the attrition phenomenon in postsecondary education, several theoretical models of retention are discussed.

Spady's Attrition Model 1970

William Spady is credited with one of the earliest models of student attrition. Spady applied the work of Emile Durkheim (1951), a French sociologist, to his development of a college student attrition conceptual model. Durkheim concluded that suicidal tendencies were more prevalent in people who were not integrated socially and normatively into their existing social system (1970). Spady (1970) postulated that a similar process occurs when a college student drops out of college. His model encompasses five independent variables affecting attrition including, grade performance, intellectual development, normative congruence, friendship support, and social integration. These five variables are linked indirectly to the dropout decision (Spady, 1970).

Tinto's Attrition Model 1975 and 1993 Revision

Building on theories postulated by Durkheim (1951) and Spady (1970), Vince Tinto (1975) completed the next major development of a student attrition model. Tinto believes that a student's tendency to stay in college is related to the degree to which the student feels integrated into the social and academic life of the institution through intellectual sharing of values and daily interactions. Tinto

revised his model in 1993, adding *Intentions* and *External Commitments* to the model. Significant to Tinto's model are the following major factors: family background, external commitments, informal academic system, formal social system, and an informal social system, each of which contribute to a student's ability to successfully integrate socially and academically to the culture of the institution. Several studies have confirmed Tinto's construct of integration to predict likelihood of a student's ability to persist (Pascarella & Chapman, 1983; Terenzini, Lorang, & Pascarella, 1981). Conducting research around Tinto's original model, Pascarella and Terenzini (1977, 1979) concluded that frequent and quality informal contact with faculty had a positive impact on student persistence, especially for at risk students.

Pascarella's Attrition Model 1980

Building around the theories of Spady and Tinto, Pascarella (1980) developed an attrition model. Pascarella's model illustrates the interactive influence between student characteristics and institutional characteristics, as well as the interplay between both characteristics and three marked independent variables including level of informal contact with faculty; other college experiences; and educational outcomes. These independent variables reciprocally affect each other. Thus, a problem in one area may impact another.

Bean and Metzner Attrition Model 1985

Bean and Metzner (1985) developed the next major model of student attrition. They contended that Spady's, Tinto's, and Pascarella's models of student attrition relied heavily on socialization to explain attrition. Since the nontraditional student did not have the opportunity to become socially integrated into the institution, a different theory was needed to link the variables that could help explain the attrition process for the non-traditional students, which typically include the older and commuting student. Therefore, for non-traditional students the external environment has a greater impact than social integration in their likelihood to persist. Bean and Metzner consider the environmental variables important enough to cause a nontraditional student who even has low values for the academic variables to stay in college if the values for the environmental variables are in a positive direction.

The theoretical models of student attrition presented in this section were developed to analyze the variables that impact a student's decision to remain or leave college. Early models were developed with a focus on traditional students attending four-year colleges. Recent models have focused on nontraditional students attending community colleges. These models conclude that a student's decision to leave college is the result of the student's interaction with the institution academically and socially mediated by a myriad of factors.

Demographic Trends and Projections

Murdock (2002) developed three forecasts for population growth in Texas. The forecasts share identical assumptions on death and fertility rate, but differ on the rate of net migration into the state. The Zero Scenario assumes zero net migration. The 0.5 Scenario assumes half the net migration rate as was recorded from 1990-2000. The 1.0 Scenario assumes that the net migration will remain at the same rate it was from 1990 to 2000. In 2002, the Texas population comprised just more than 20 million people. The Zero Scenario predicts the population to grow only 22.6 percent by 2040 while the 1.0 Scenario projects that the population of Texas will double by the year 2040.

The majority of the growth in Texas will come from non-Anglo groups, specifically Hispanics. Murdock (2002) projects that under the 0.5 Scenario, which assumes half the 1990-2000 migration, the Anglo population will decline from 53.1 percent in 2000 to 32.5 percent in 2040. Hispanics would increase from 32.0 percent in 2000 to 52.5 in the same period. The African American population will actually decrease slightly under Scenario 0.5 from 11.6 percent in 2000 to 9.4 percent in 2040.

Median Age

The Texas population is younger compared to the nation as a whole. In 2000 the median age in Texas was 32.3 years, compared to 35.2 years for the nation. Moreover, the median age differs greatly by ethnicity. The average median age for Hispanics is 25.5 years compared to the median age of 38 for

Anglos and 29.6 years for African Americans (Murdock, 2003). The traditional college age population in Texas will be primarily Hispanic.

Median Household Income

The median household income varies greatly by ethnicity. In 1999, the median household income for Hispanics was \$29,873. This amount was slightly higher than for African Americans (\$29,305). The median income for Anglos (\$47,162) was significantly higher than the median income for Hispanics and African Americans but lower compared to the median income of Asians (\$50,049) (Murdock, 2003). The trend in the median income for Hispanics indicates that this population will most likely require financial aid assistance to pay college expenses.

Educational Attainment and Household Income

Historically, there have been major gaps in educational attainment among the ethnic groups in Texas. Whites are more likely to have obtained an associate's degree or higher. In 2001, 25 percent of the Anglo population in Texas earned a bachelor's compared to 14.3 percent of the African American population and 8.7 percent of the Hispanic population (TG, 2002). Hispanics and African Americans are less likely to have gone beyond high school. There are links between education and the economy, and there is a significant relationship between education and income earned (TG, 1997).

The population of Texas is growing rapidly, it is becoming increasingly diverse, and the age structure is changing. The Hispanic population is growing in

great proportions. Hispanics comprise the largest segment of the population in Texas with the lowest college participation rates. It is predominantly young and currently has one of the lower median income levels in the state. To enroll the additional 500,000 students, Texas will need to enroll a large number of Hispanics, who will be largely dependent on financial aid.

Projected Enrollment Growth at Texas Community Colleges

College enrollments in Texas are projected to increase steadily about one percent until 2015, according to a 2000 study by the THECB, *Enrollment Forecasts 2000-2015* (THECB, 1998). The 2000 enrollment is comprised of approximately 976,000 students. If the projections are correct, enrollment at Texas institutions will increase by 18 percent, rising to approximately 1,187,000 by 2015. More than half of the 209,000 increase will occur at community and junior colleges and approximately 40 percent will occur at public universities (TG, 2002). Even with these projections Texas faces a troubled future.

During the last decade, college participation rates in Texas decreased from 5.3 percent to 4.9 percent of the total population (Brown, Opperman, et. al, 2001). Increasing college enrollment by 500,000 students will increase the current college participation rate from 4.9 percent to 5.7 percent. Murdock (2003) projects the college participation rate will drop to 4.6 percent by 2015, if Texas is not proactive. The 4.6 percent rate would continue to place Texas below the national average of 5.4 percent. Currently college participation rates in Texas are below four states including California, Illinois, Michigan, and New York.

Increasing the college participation rate in Texas to 5.7 percent by enrolling 500,000 more students will still place the college participation rate in Texas below California and Illinois (Brown, Opperman, et. al, 2001).

Ethnic Makeup at Community Colleges

According to Murdock (2002) under 1.0 Scenario, the ethnic makeup at community colleges will change significantly. In 2000 Anglos comprised 54.7 percent of enrollment; this percentage will decrease to 19.2 percent by 2040. African Americans comprise 11.1 percent of enrollment this will increase to 13.1 percent by 2040. The most drastic change will occur in the Hispanic population at community colleges. Hispanics currently comprise 29.5 percent this will increase to 52.9 percent by 2040. The category comprised of “Other” will increase from 4.7 percent to 14.8 percent.

The projected college enrollment accounts for 200,000 additional students by 2015. However, this projection falls short of reaching the additional 500,000 students needed to meet the goal of *Closing the Gaps*. The remaining 300,000 will be largely comprised of and drawn from the Hispanic population in Texas. The majority of these students will enter higher education through a community college. Therefore, financial aid offices will need to develop plans to effectively deliver financial aid to a growing, ethnically diverse, and financially needy student population.

Financial Aid's Impact on *Closing the Gaps*

A close examination of the Closing the Gaps plan and specifically the many strategies incorporated within the document one discovers a notable void in the plan. That is that the plan lacks a viable strategy on how the new influx of students will pay for their college education. The plan does not address how the state, and state supported institutions, including community colleges, will meet the increased demand for financial aid and equally important, the concomitant demand for more effective and efficient delivery of those financial aid dollars. All institutions must have an effective financial aid delivery process. These delivery systems will be especially important for community colleges, which collectively will be faced with enrolling the vast majority of the projected enrollment growth. Additional financial aid is not enough. Colleges need the systems and infrastructures to support the critical delivery of more aid to more students.

Origin and Transformation of Financial Aid in America

The central purpose of federal student aid has been to provide financially needy students with the resources needed to encourage them to attend college and broaden their choices among colleges (McPherson & Shapiro, 1991). Today almost half of all students receive some form of financial aid (NCES, 1996). Financial aid policy has changed with the social and economic interests of America. Its evolution in the last decades address multiple and often contradictory goals. Its purpose and goals have extended beyond the early goals

of economic growth and access to college for financially needy students to affordability for middle income students.

Historically, “the federal government was only a minor partner in the enterprise of paying for college (Hansen, 1991, p. 4).” Most of the federal financial resources available in the early years was provided to institutions. For example, the Morrill Act of 1862 encouraged states to establish public universities by providing federal land and financial support (Rainsford, 1972). State appropriations remain an essential source of funding today. The first fundamental shift in providing aid directly to students resulted after World War II. Since then the goals and purpose of the federal government in financing higher education have continued to evolve.

Edward Sanders (1975) accentuated the wide variety of interest to which policymakers reacted in developing financial aid policy. Jensen (1983) emphasized a series of federal objectives which changed according to the current political milieu, moving progressively from manpower enhancement in the 1950’s to anti-poverty effort in the 1960’s, student-centered aid in the early 1970’s, recognition of the middle class in the 1970’s, and retrogression under the Reagan administration in the 1980’s (pp. 287-289). Cunningham and Parker (1999) in *State of Diffusion* divide the historical patterns of financial aid in the following three eras: National Economy Era, The Universal Access Era, and The Diffusion of Purposes Era.

National Economy Era

Following World War II federal student aid was focused on furthering the country's economy and competitiveness. For the first time in history, the government provided direct aid to students rather than institutions (ACSFA, 1994). The G.I. Bill of Rights known as the Serviceman's Readjustment Act of 1944 assisted in placing large numbers of veterans in higher education, which allowed the economy to adjust to post-war changes and facilitated the assimilation of soldiers into the workforce. The G.I. Bill had the secondary impact of popularizing the idea that a large number of people could benefit from a college education (McCormick, 1972).

After the launch of the Soviet Sputnik satellite in 1957, American interest continued to be the primary driver in financial aid policy. As part of its national defense policy, the government assumed responsibility in providing aid. The National Defense Education Act of 1958 established the first need based federal program known as the National Defense Student Loan program.

The Universal Access Era

The goals of national economic progress and individual prosperity became intertwined in the early 1960's. President Johnson's War on Poverty initiated the passage of the Higher Education Act (HEA) of 1965, which was based on the belief that an educated population would eliminate poverty. Campus based programs including the Equal Opportunity Grants, College Work-study, and the National Defense Student Loans were the primary aid programs during this era. The passage of the 1972 Reauthorization of the Higher Education Act created the Pell Grant

(formerly known as the Basic Educational Opportunity Grants), which continues to be the main source of financial aid for low-income students.

During this era, pressure to assist middle-income families grew. The 1972 Reauthorization of HEA expanded the Guaranteed Student Loan program for middle-income families. In the HEA amendments of 1978, Congress passed the Middle Income Student Assistance Act, which extended access to guaranteed student loans to all American, regardless of income. Income eligibility was reinstated in 1981, after the Reagan Administration began efforts to reduce federal student aid.

The Diffusion of Purposes Era

Funding for federal student aid programs was reduced during the 1980's (ACSEFA, 1994). These actions supported a belief that the federal government should not play a role in financing higher education (Bell, 1988). After the Reagan years, financial aid funding continued to grow. However, financial aid policy took on a different purpose than in the universal and access era. It became 'increasingly diffused and complex.'

By the late 1980's the student loan programs had experienced substantial growth – taking over as the primary method of financial aid available to college students. This increased reliance on loans also meant increased risk to the federal government if student borrowers defaulted on their loan obligations. In 1989, the Department of Education estimated that loan defaults cost the federal government more than \$3 billion annually. The Congress responded with a series of legislative requirements, which held institutions accountable for high default rates. If

institutions do not comply with these requirements, they may lose eligibility to offer title IV aid to their students. These requirements were not necessarily based on good public policy, but rather were aimed at lowering taxpayers' risk. Also during this period, institutions began to utilize financial aid as a way to leverage their competitiveness in enrolling students who would otherwise not be able to attend their institution.

Moreover, Congress was pressured to shift financial aid policy and programs toward middle-income families – the core-voting block of the nation. More recently, President Clinton signed into law the Taxpayer Relief Act of 1997, which allows individuals to receive tax credits for educational expenses. The total aid available for these tax credits, most of which benefited middle-income families, further diffused the intended purpose of the federal financial aid policy.

Financial Aid Realities in Texas

Financial aid for students derives from three main sources including the federal government, state government, and post-secondary institutions. The primary source of financial aid funding for most students is the federal government, which provides approximately 60 billion dollars in grants, loans, and work-study. Many states have created substantial state supported financial aid programs to promote equity and encourage students to invest in higher education. Texas has not been among the more substantial supporters of student aid” (Webster, 2001, p.18). Consequently, college students in Texas heavily depend on the federal government for the majority of the aid they receive for college costs.

Federal, State, and Institutional Sources of Aid

Eighty-seven percent of aid provided to students in Texas derives from the federal government. Nationally in 1998-1999, 73 percent of total aid derived from the federal government (TG, 2002). The state of Texas provides five percent of the financial aid to students. Nationally, state governments award six percent of financial aid. Institutions in Texas provide eight percent, which is lower than the 21 percent institutions provide nationwide. The state of Texas lags behind in offering its student population the financial support to attend and complete college.

Texas ranked 28th in the nation in state appropriated need based aid for undergraduate students (TG, 2002). In fact, the estimated amount of grant dollars per student in Texas was \$199. In comparison, New York gave 5.3 times more grant dollars than Texas. California gave slightly more than twice the amount, at \$462 dollars, than did Texas. Comparisons to other large population states, like Florida, further demonstrate that Texas is behind in state grant aid to students. In Texas, the new state program Toward EXcellence, Access, and Success (TEXAS) only accounts for a small increase in aid, roughly \$10 per undergraduate student for the academic year 1999-2000 (Webster, 2000).

Over a period of five years (1994-1999), Texas tripled its state grant aid per student, with \$199 per student in the 1999-2000 academic year (TG, 2002). Even with this increase in aid, Texas falls well below the national average of \$548 offered to students in state grant aid. Fewer undergraduate students in Texas receive need-based state grants. In the academic year 1998-1999, for example, only 6.1 percent of

full-time undergraduates in Texas received grant awards compared to California's 11.9 percent or New York's 50 percent. With such limited financial support from the state, Texas students must rely on student loans.

Federal and State Student Loans

In Texas, 68 percent of student aid comes in the form of loans. Nationally, loans comprised 59 percent of the student aid fund awarded to students. The federal Stafford loans, which are the main sources of loans in Texas, are offered through two types of programs including the Federal Family Education Loan (FFEL) Program established in 1965 and the Federal Direct Student Loan Program (Direct) introduced in the 1990s.

The terms and conditions of a Direct Stafford or a FFEL Stafford are similar. The major differences between the two are the source of the loan funds, some aspects of the application process, and the available repayment plans. Under the Direct Loan Program, the funds are lent directly to the student by the U.S. government. Under the FFEL Program, the funds are lent to students from a bank, credit union, or other lender that participates in the FFEL Program. FFEL Program utilizes a guarantor, which guarantees the loan in case the student is unable to fulfill the loan obligation.

In Texas, institutions have demonstrated preference for the FFEL Program. Eighty-six percent of loans processed in Texas are FFEL as opposed to 64 percent nationally. Texas Guaranteed serves as the primary guarantor in Texas accounting for 84 percent of all the student loans in Texas. The rising cost of a college education, coupled with a heavier reliance on loans, has resulted in many students

being significantly in debt when they complete their college education. This debt becomes more burdensome when a student fails to complete his or her degree.

Median Borrower Indebtedness

By 1987, education loans had tripled in number and accounted for almost half of the financial aid given by colleges and universities (Cronin & Simmons, 1987). The dramatic increase in the number of loans was made more complex by the amount that was borrowed. As of the fiscal year 1999 the median loan debt in Texas was \$8,424 (TG, 2002).

Cronin and Simmons (1987) argue that educational debt of approximately \$10,000 to \$15,000 is justifiable because on average, the typical college graduate will earn \$600,000 more during his lifetime (p.3). Richard Fossey (1998) also argues that the “federal student loan program is one of the national government’s most successful policy initiatives in the field of higher education (p. 7).” Cronin, Simmons (1987) & Fossey (1998) also note that while the program is successful, there are some important concerns.

First, as college costs continue to rise, so does the amount of indebtedness a typical student must incur (Fossey, 1998, p. 7). Since there has been a great shift in financial aid policy from grants to loans; larger debt will result in larger monthly payments and longer repayment times. Currently, student loans represent the fourth largest consumer debt, just behind mortgages, automobile loans and credit card debts (Rienebach, 1996). Campaigne & Hossler (1998) note that the

income of those who borrow has not kept up with their student debt and their debt comprises more of their budget (p. 85).

Student Loan Defaults in Texas

Fortunately, even with the growing student debt, the default rate in Texas has steadily declined. By 1998, the default rate declined to 9.4 percent from a staggering 17.5 percent in 1992 (TG, 2002). This decline is due in large part from default prevention efforts by the financial aid industry. Loan guarantors and the U.S. Department of Education have been empowered by Congressional legislation that allows for greater supervision of loan programs at colleges and universities (TG, 2002).

In the early 1980's there was an increased oversight in the proprietary school sector and, as a result, many of the poorest performing schools were terminated from participating in the FFEL Program. Despite the gains in lowering the default rate and tightening of controls over financial aid disbursement, Texas' 9.4 percent default rate of fiscal year 2000 is still higher than the national average of 6.9 percent (TG, 2002).

Overall community colleges and proprietary schools have higher institutional default rates. Students at these institutions default about twice the rate of students at 4-year private and public schools. Merisotis & Parker (1996) conclude that some students including older students, minorities, part-time students, and the under prepared students are more burdened by student loan debt. Currently, the default rate of Texas community colleges exceeds the rate of proprietary schools in the state.

Chapter Summary

Texas community colleges will undergo rapid growth according to the *Closing the Gaps* by 2015 plan. The increased college costs, heavy reliance on student loans, changes in the sources and mission of financial aid, pressures for increased accountability and increased enrollment among low-income students present new demands for the creation of viable policy and practice in the delivery of student financial aid. A new paradigm in the delivery of financial aid must be adopted across all higher education institutions, but especially for community colleges, which will serve the largest proportion of students having little or no hope in enrolling without financial aid.

The potential gains from achieving this new paradigm in the delivery of financial aid among community colleges provides a compelling case for further study to assess existing capacities, organizational structures, and needs of the financial aid offices at Texas community colleges. Community colleges must acquire effective financial aid delivery systems, today, for the future. For most colleges, achieving the optimal financial aid process must include significant investments in resources from college leaders and policy makers. The researcher notes that this study will be conducted at a time when the state budget deficits are projected to exceed \$10 billion before the next legislative session. It is the intent of this inquiry to provide the impetus for change in policy that makes new investments at community colleges, which result in optimal levels of delivery of financial aid, and in turn, ensure that the state's highly touted *Closing the Gaps* plan does not become an empty promise.

CHAPTER THREE: METHODOLOGY

Chapter Overview

Chapter Three details the research methodology selected for this inquiry. A rationale is offered regarding the basis for choosing a critical ethnographic study for this inquiry. Further discussion includes the criteria utilized for selecting the eight community college financial aid directors participating in this study. Descriptions of each data collection technique are provided. Additionally, limitations specific to the research methodology are delineated, followed by a chapter summary.

Rationale for a Critical Ethnographic Study

Qualitative methods are used in research that is designed to provide an in-depth description of a specific program, practice, or setting (Mertens, 1998, p. 159). This study draws upon methods of ethnography, a type of qualitative research. Qualitative research is largely an investigative process where the researcher gradually makes sense of a social phenomenon by contrasting, comparing, replicating, cataloguing, and classifying the object of study (Miles & Huberman as cited Creswell, p. 198, 2003). Qualitative research relies on the utilization of tacit knowledge (intuitive and felt knowledge) because often the nuances of the *multiple realities* can be appreciated most in this way (Lincoln & Guba, 1985). The researcher used the critical ethnographic approach for this

study because financial aid directors are largely invisible within the institution. Moreover, they are often not invited to provide input into campus (internal) and policy maker (external) decisions affecting the delivery of student financial aid. It is impossible to capture the voice and perceptions of the participants of this study through quantitative methods designed to quantify, organize and categorize phenomenon. In contrast, interpretations in qualitative research mirror the complexity of human behavior rather than suggest that we are able to infer “real” meanings (Wolcott, 2001, p. 76).

It is important to clarify that this research study is not an ethnography study. Rather, it is an ethnographic study. It draws upon two major elements of ethnography, the study of culture and fieldwork. Central to ethnography is the written representation of culture (Van Maanen, 2001). Mertens, (1998) defines ethnography as a research method designed to describe and analyze practices and beliefs of cultures and communities (p. 165). Culture may be defined as behavior, ideas, beliefs, and knowledge of a particular group of people. The trick of ethnography is to adequately display the culture (or, more commonly, parts of the culture) in a way that is meaningful to readers without great distortion (Van Maanen, 2001, p.13).

The method for conducting this ethnographic study calls for “intensive, intimate fieldwork during which the culture will surely be revealed” (Van Mannen, 2001, p. 13). To achieve this purpose, the researcher of this study will conducted interviews and participant observations, and analyzed pertinent

documents. However, unlike an ethnography, this study will not place strong emphasis on conducting prolonged, systematic fieldwork rooted in at least a one or two years of participant-observation, key informants work, and extensive interviews (Foley, cited in Trueba, 2002, p. 140).

Critical / Emancipatory Paradigm

The researcher and therefore, this inquiry, are positioned within the critical/emancipatory philosophical perspective. The ontology of this paradigm recognizes multiple realities. However, these realities are socially constructed and shaped by the social, political, cultural, economic, ethnic, gender, and disability values (Lincoln & Guba, 1998). Thus, what is considered to be reality needs to be critically examined via an ideological critique in terms of its role in perpetuating oppressive social structures and policies (Mertens, 1998, p. 20).

While researchers in this paradigm believe the nature of knowledge (epistemology) is historically and socially situated, they are not content only with constructing knowledge, they are concerned with raising awareness, empowering, and confronting injustices. Critical ethnography is well-theorized empirical study with a serious political intent to change people's consciousness, if not their daily lives (Foley, 2002, p. 140). Postmodernist Patti Lather's asserts that critical ethnographies should produce knowledge, which has "catalytic validity," this means it changes the status quo.

The critical ethnographic methodology is appropriate for this study for several reasons. This perspective is ideal because despite more than four decades

of providing central administration of financial aid on college campuses, financial aid directors are generally excluded from most major decisions impacting the whole campus. The challenges faced by community colleges in enrollment of a diverse population are complex. This includes the increasing dependency on student financial aid driven by federal and state policy makers and the complexities, which result from those policies. Fieldwork will be necessary to acquire the perceptions of the financial aid directors regarding the impact of *Closing the Gaps* on the delivery of financial aid. The interviews, participant observations, and review of pertinent documents will be utilized to discover and describe the complexity of the phenomenon.

Additionally, it is the intent of the researcher to produce knowledge, which will expand awareness, and bring about positive change, regarding the needs of community college financial aid offices in order to achieve the goals of *Closing the Gaps*. Financial aid professionals are not currently positioned to be active participants in campus wide decision-making discussions. Yet, they are often held accountable for ensuring campus compliance with federal and state regulations and providing access (outreach and affordability) to largely low-income, first generation college students.

The theoretical framework for this inquiry embodies retention theories to better understand student and institutional behavior impacting recruitment and retention. Goal one (participation) and goal two (success) of the *Closing the Gaps* plan are highly interdependent. To be successful, Texas must not only enroll

students but must ensure that these students graduate. We cannot enroll students without creating pathways for them to complete their program of study. Likewise, student retention begins at the point of recruitment. Retention research points to a myriad of reasons for student attrition in postsecondary education. This inquiry is concerned with the perceptions of financial aid needs in community colleges to achieve the stated goals of participation and success of *Closing the Gaps*.

Data Collection Methods

The data collected for this study was obtained through three major collection techniques common to qualitative research: interviews, participant observations, and a review of pertinent documents. Also, these data were collected as a part of the researcher's professional position at Texas Guaranteed Student Loan Corporation (TGSLC). At the request of The Office of Research and Compliance at The University of Texas at Austin, the researcher secured a letter from TGSLC granting her permission to utilize the data collected for her dissertation. The letter is included in the researcher's application to the Institutional Review Board (IRB).

Interview and Participant Observation Recruitment

Eight financial aid directors were purposely selected to participate in this inquiry. All eight colleges are located in Texas; collectively, they represent large, urban, and rural community colleges. All of the participants are seasoned financial aid directors.

A site letter was mailed to each of the respective presidents explaining the purpose of the inquiry and inviting their college to participate (see Appendix B). The site letters are included in the researcher's IRB application. The researcher obtained consent from each of the participating financial aid directors utilizing the consent template provided by The Office of Research Support and Compliance.

The researcher conducted a preliminary interview of the director at each campus to:

1. Provide a thorough explanation and purpose of the study;
2. Determine their willingness to participate in the study and obtain their consent; and
3. Schedule a time and place for their personal interview and participant observation.

Since the data for this inquiry was obtained through a project of TGSLC, the Office of Research Support and Compliance also requires that the participant consent form provide participants the option to prohibit the researcher from utilizing their data for the researcher's dissertation inquiry (see Appendix A). Furthermore, participants were provided the opportunity to ask questions prior to providing their consent. The participants were required to sign the consent form prior to the interview. All participants consented. A copy of the consent form was provided to each of the participants prior to their personal interview.

Interview Protocols

Once the financial aid directors signed the consent form they were required to participate in two separate interviews: One group interview involving all eight participants and one face-to-face, personal interview. The purpose of the interviews was not simply to get answers to questions, nor to test hypothesis, nor to conduct an “evaluation.” At the heart of interviewing is an interest in understanding the experience of other people and the meaning they make of that experience (Seidman, 1991). In fact, the interviews attempted to acquire the participants’ personal perceptions.

The group interview took between four to six hours at the offices of the Texas Guaranteed Student Loan Corporation in Austin, Texas. During the group interview, participants identified some themes to explore further during their personal interview.

The personal interview took between two to three hours and was conducted at the participant’s respective campus. This allowed the researcher to take into account perceptions and dynamics specific to their respective campus.

Interview questions were open-ended but were guided by the following research question:

What are the perceptions of eight financial aid directors regarding the financial aid needs of community colleges within the context of the Closing the Gaps plan?

Participant Observation

Each financial aid directors was observed immediately prior, during and after their personal interview. The observation occurred on campus. The purpose of participant observations is to observe behavior as it naturally occurs and in terms of what appears to be meaningful to the director (Mertens, 1998). During the observation, the researcher attended to the following: physical environment, human and social environment, specific activities, informal interactions, language, non-verbal communication, and that which does not occur (Patton, 1998). The observations were used to triangularly verify or contradict the data gathered from the interviews and the analysis of pertinent documents.

Pertinent Documents

The researcher reviewed documents and records to obtain the necessary background information to understand the dynamics of everyday functioning (Mertens, 1998). Pertinent documents analyzed included the enrollment projections report and the 2003 *Closing the Gaps* progress report published by THECB, the school fact sheets published by TGSLC, and individual institutional reports submitted to THECB as required by the Uniform Recruitment and Retention Strategy law.

Data Recording and Analysis

Qualitative research requires a plan and specific procedures for data recording. For this inquiry, the researcher developed instruments that were used to record data for each of the three data collection techniques. For the interviews

the instrument included three sections. The first section included the researcher's instructions, which will consist of the opening comments, research questions, probes to follow key questions, and transitional messages. The remaining two sections incorporated the interviewee's comments and the researcher's reflective notes. The instrument for participant observations consisted of three sections: context information (place, time, and setting), descriptive notes of the dialogue, and the researcher's reflective notes, which included personal thoughts, feelings, and impressions. The instrument for recording data from pertinent documents included two sections: title and brief description of the document reviewed; and the researcher's reflective notes.

Data Analysis

The process of data analysis involves preparing the data for analysis, conducting different analysis, moving deeper and deeper into understanding the data, representing the data, and making an interpretation of the larger meaning of the data (Creswell, 2003). The data analysis was conducted immediately the day after the group interview was concluded and immediately after each subsequent personal interview and participant observation. Initial data analysis was conducted after each analysis of pertinent documents. The group interview helped identify some of the themes, which served to organize the data collected at the personal interviews and subsequent collections of data. The researcher primarily use the Miles and Huberman (cited in Merterns, 1994) steps for qualitative data analysis: (1) code the notes from the personal interviews,

observations, and document reviews; (2) provide personal reflections or other comments in the margin; (3) sort materials to identify similar themes, patterns and common sequences; (4) review patterns and processes and affirm the patterns by cross checking against the observations and document reviews; (5) begin to elaborate on the consistent themes; and (6) form constructs or theories to tell the story about the consistent themes reflecting the participants perceptions.

Validation Processes

Validity is seen as a strength of qualitative research; it is used to suggest determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account (Creswell & Miller, 2000). Validity does not carry the same connotation (in qualitative research) as it does in quantitative research, nor is it a companion of reliability (examining stability or consistency of responses) (Creswell, 2003, p. 195). The researcher of this study used three strategies to check the accuracy and credibility of the findings: (1) triangulation involving checking information that has been collected from different sources for consistency of evidence across sources of data; (2) member checking by which the researcher provides the members the opportunity to provide formal and informal feedback on the draft of the research report; and (3) transferability to the degree of similarity between the study site and the context of the receiving reader. This includes providing “thick” or extensive descriptions of the time, place, context, and culture (Mertens, 1998).

Methodological Limitations

Multiple limitations exist. The inquiry was based on the personal perceptions of only eight financial aid directors, which make it difficult to make broad generalizations. In addition, research regarding financial aid in community colleges is limited. Moreover, this inquiry is subject to the researcher's personal biases given her professional experience in financial aid policies and programs.

Chapter Summary

Qualitative research was best suited for this inquiry. The intent of qualitative research is to understand a particular social situation, event, role, group, or interaction (Locke, Spirduso, & Silverman, 1987). The data that emerges from qualitative study are descriptive which means they are reported in words and pictures rather than numbers (Marshall & Rossman, cited in Cresswell, 1987). For this inquiry, the researcher drew upon methods of ethnography, a type of qualitative research. The researcher positioned this inquiry within the critical/emancipatory paradigm for the purpose of securing additional resources for community college financial aid directors.

The researcher intended to collect and analyze data to tell a story of the perceptions of eight financial aid directors regarding the financial aid needs of community colleges within the context of *Closing the Gaps*. The researcher conducting qualitative research is immersed in the complex interaction and actually serves as the principal research instrument (Patton, 1990). The data collection methods for this study included interviews, participant observations,

and analysis of pertinent documents. The researcher conducted a group interview then proceeded with individual personal interviews and participant observations. The researcher validated the accuracy and credibility of the findings by using three strategies known to qualitative research: triangulation, member checking, and transferability.

CHAPTER FOUR: FINDINGS

Chapter Overview

In October 2000, the state of Texas embarked on an ambitious fifteen-year higher education plan aimed at increasing college enrollment by 500,000 students by the year 2015. This plan is known as the Texas Higher Education *Closing the Gaps* Plan. This critical ethnographic inquiry focused on what eight community college financial aid directors perceive to be the financial aid needs of community colleges within the context of *Closing the Gaps*.

For this inquiry, the researcher collected the data through personal interviews, observations, and analyses of pertinent documents. This methodology was necessary to capture the in-depth experiences of the financial aid directors and gain their individual and collective perceptions. The first three chapters included an introduction to the study, a review of the literature, and a detailed description of the research methodology of this inquiry. Chapter four presents the findings discovered during the analysis of the data. The chapter begins with a brief pseudo description of each of the participants. The remainder of the chapter presents the five major themes that emerged from this inquiry. The chapter concludes with a summary of the major themes.

The Participants

This inquiry involved eight directors of financial aid at Texas community colleges. For purposes of this chapter, the researcher assigned pseudo identities to each of the participants in order to represent the data in a meaningful manner while protecting the anonymity of the participants. Each of the participants is assigned a fabricated identify which includes a fictitious name and a brief description of his or her pseudo identity.

Gloria is a seasoned financial aid administrator with more than thirty years experience at two-year and four-year institutions. Marty, a former teacher, has more than five years experience working in financial aid at a community college with high minority enrollment. Becky represents a large affluent urban campus. Cathy is best characterized as a champion of diversity. Ron exemplifies the qualities of a researcher. Gilbert is a quiet leader who strives for constant improvement through technology. Yule is the person with multiple responsibilities on campus. He has served as financial aid director, resident assistant and technology expert. Hanna is a broad thinker, who provided her perspectives about financial aid within the broader context of higher education and society.

Emerging Themes

In the course of conducting this inquiry the researcher sought to unveil the perceptions of eight financial aid directors regarding the financial aid needs of community colleges within the context of *Closing the Gaps*. Five themes were

prevalent among all eight participants of the study. However, each participant had varying levels of importance assigned to each theme depending on their personal experience, beliefs, or professional experience or a combination of these factors. Some participants offered a considerable amount of insight on a particular theme while others offered less substance. Nevertheless, the themes were consistent among all eight participants of this inquiry. Each theme description begins with an introduction. Sub-themes are contained within each theme description to elaborate further on the perceptions of the participants. The themes are reported under the following headings:

1. Disconnect between financial aid policies and practices
2. Illusory access for the highest-need students
3. Futile awareness strategies and messages
4. Unsuitable human resources for increasing demand
5. Inadequate technology resources

Disconnect Between Financial Aid Policies and Practices

Community college financial aid directors administer programs that provide access to post-secondary education to students and families. These programs are driven by state and federal policy, which is created in a highly political environment. Historically, these policies have been developed by policymakers, who have little or no basic understanding of the administration of financial aid programs. Further, policymakers generally do not seek input from financial aid professionals in the policy development process. Many policymakers are alumni

of four-year institutions, rather than community colleges, and their personal experiences influence their perceptions of how all higher education campuses should operate. The participants reported that a disconnect between financial aid policy and practice is evident when there is conflict between the intent and the implementation of a policy. This results in a disparity between the laws affecting student aid programs and how those policies are implemented on community college campuses. For purposes of this inquiry, the policy is the Texas Higher Education *Closing the Gaps* plan. The disconnect between policy and practice is most evident in three areas of *Closing the Gaps* plan:

1. Notable absence of financial aid strategies
2. Deficient legislative mandates: TEXAS grant and Texas B-On Time Loan Program
3. Unfunded mandates

Notable Absence of Financial Aid Strategies

The *Closing the Gaps* plan is built on the premise that Texas is on the path of becoming less prosperous. Currently, one million Texans are enrolled in higher education, which represents only 4.9 percent of the state's population (THECB, 1998). Moreover, the college participation rate is lower than that of comparable states including New York, California, Michigan, and Illinois. Today's rate is lower than the state's 5.3 percent rate from a decade ago. Absent efforts to increase the college participation rate, it is projected that Texas will grow by 1.2 million students in 2015 and the proportion of the state's population enrolled in

higher education will decrease to 4.6 percent or less (THECB, 1998). To change this trend the state will need to enroll 300,000 additional students by 2015 beyond the 200,000 enrollment growth that will occur through natural growth. A large number of the “missing” people will be Hispanic or African-American, and low-income. Most are now children beginning their formal educations. However, some people have left high school or college without having attained a diploma, certificate, or degree (College for Texans, retrieved from the www, 2004).

In an effort to reach the “missing” population, which is expected to be largely dependent on student aid, a statewide motivational campaign, known as the College for Texans Campaign was created as an element of the *Closing the Gaps* plan. The campaign was launched in November 2002 and will continue through 2015. The campaign is based on extensive research conducted by Wirthlin Worldwide through Sherry Matthews Advocacy Marketing to identify the target populations and to understand their knowledge of and attitudes toward the pursuit of higher education (Campaign strategic plan, retrieved from the www, 2004).

The campaign research affirmed that families understood and valued the benefits of a postsecondary education. African American and Hispanic parents correlate higher education with success to an even higher degree than the general population (Campaign strategic plan, retrieved from the www, 2004). Parents cited inadequate funds as the principal reason a son or daughter might forego college; this was followed closely by lack of interest on the part of the students

(Campaign strategic plan, retrieved from the www, 2004). Almost all families who participated in the campaign research expressed concerns that they would not be able to pay for college costs.

The THECB subsequently produced campaign television and radio advertisements with a single message, “\$2 billion in financial aid is available to help you pay for college in Texas.” That message is inherently inconsistent with the system of financial aid policies and funding in Texas.

The 2 billion dollar message is misleading. It is true that there are 2 billion dollars available but what is not revealed to the public is that more than 80 percent derives from the federal government and that the majority of the aid is in the form of student loans. Only about five percent of the grant aid in Texas comes from the state (Interview with Participant Marty).

The irony is that the campaign advertisements were frequently aired when we were informing students that they would not be receiving their TEXAS grant award due to the shortage in funding (Interview with Participant Becky).

The *Closing the Gaps* plan itself provides only a cursory mention of student financial aid. Yet, the statewide motivational campaign is built on the premise that money should not be a deterrent in going to college. Despite the knowledge that financial barriers to higher education persist for many academically qualified low-income students, there are no strategies to address how the state will increase its funding to these students. If Texas is serious about *Closing the Gaps* in college participation among low-income students, policymakers will need to redress the existing disconnect between financial aid policies and practices.

Deficient legislative mandates: TEXAS Grant and Texas B-On Time

Loan Program

The state's politically popular TEXAS Grant program, a cornerstone of *Closing the Gaps*, was vastly underfunded in academic year 2003-2004. The TEXAS Grant is awarded to students with financial aid need who graduate with the recommended high school curriculum. Students are eligible to receive a renewal award if they maintain a 2.5 or higher grade point average and complete 75 percent of their courses. The funding shortage left many colleges to turn students away or offer them financial aid awards with less funds than in the previous year.

We simply ran out of money early in the year. For many of us in community colleges our TEXAS Grant allocation was drastically reduced from one year to the next (Interview with Participant Gilbert).

The reality is that we are seeing less money for first-time awards at a time when the number of first year students who are eligible for the grant is increasing (Interview with Participant Marty).

In 2003 the Texas Legislature created the Texas B-On Time Loan Program in an effort to provide financial aid dollars to meet the graduation goals of *Closing the Gaps*. The new program is designed to encourage students to graduate from college on a traditional time schedule, two years for an associate degree and four years for a baccalaureate. The purpose of the Texas B-On Time Loan Program is to provide Texas students with no-interest loans. If the student

meets the specified graduation requirements, the entire loan amount may be forgiven upon graduation. The following is the criteria for this program:

A Texas B-On Time Loan shall be forgiven if the student receives an undergraduate degree or certificate from an eligible institution and the student either:

1. Graduated with a cumulative grade point average of at least of 3.0 on a four-point scale, within:
 - 4 calendar years after the date the student initially enrolled in an eligible institution,
 - 5 calendar years after the date the student initially enrolled in an eligible institution, if the degree is in architecture, engineering, or any other program determined by the board to require more than 4 years to complete; or
 - 2 calendar years after the date the student initially enrolled in a public or private 2-year institution;

OR

2. Graduated with a cumulative grade point average of at least 3.0 on a 4.0 scale, with a total number of credit hours (including transfer hours and hours earned exclusively by examination) that is no more than 6 hours beyond what is required to complete the degree or certificate.

The participants of this inquiry perceive that this program fell short of its goal to provide more money to assist students to graduate on time.

This new loan program will serve at most 300 of my students. It represents only two percent of the financial aid awarded on our campus (Interview with Participant Ron).

The B-On Time Loan program is an effort by policymakers to save face for the lack of funding of the TEXAS Grant program. (Interview with Participant Hanna)

This program is futile. Our campus will likely not participate in the program. We need to eliminate Texas B-On Time Loans (Interview with Participant Becky).

My concern is that we may further saddle students with educational debt and at the same time increase the risk for our college if those students later default on state and federal loans (Interview with Participant Gilbert).

The Texas B-On Time Loan program can be deceiving to community college students for multiple reasons. The program was designed for traditional students attending four-year colleges. Community college students are more likely to attend part-time, require remedial courses, and work or manage family responsibilities. These students will not likely earn an associate's degree within the prescribed two years.

Furthermore, the loan program is promoted as an "interest free loan," but students are required to pay a fee equal to three percent of the amount of loan. Additionally, students who actually receive the loan forgiveness benefit must pay federal taxes on those benefits. The participants believed that the program was created in response to the public's demand for more financial aid funding to help families pay for college. However, state policymakers created yet another loan

program to supplement a system of financial aid in Texas, which is already heavily reliant on student loans. Here again, policy is incongruent with the actual financial aid needs of the students.

Unfunded Mandates

Closing the Gaps altogether avoids the issue of needed resources at community college financial aid offices and further ignores the gradual increases in the numbers of students who apply for financial aid every year. Community colleges have had to serve more students and stretch existing aid dollars, while maintaining or reducing their administrative budgets. All eight participants of this inquiry agreed that state policymakers have failed to make a commitment to the goals and stated objectives of the *Closing the Gaps* plan. The result is an unfunded mandate for community college financial aid offices.

There is no funding attached to *Closing the Gaps*. We already sometimes operate like a third world country. We do not have adequate staffing or appropriate technology resources to meet our existing demand (Interview with Participant Becky).

More than half of our processes are done manually. It will be very difficult to meet the goals to *Closing the Gaps* plan with the existing financial aid programs in the state and with the resources we currently have to deliver financial aid (Interview with Participant Hanna).

Colleges have been mandated to develop a Uniform Recruitment and Retention Strategy Plan, which specifies how we will contribute to increasing college enrollment. The plan must outline precisely how each college is going to contribute to its share of the 500,000 student enrollment growth. We are charged with creating special partnerships with area high schools to increase the rate of college-bound students these strategies include targeting seniors, juniors, low-income, under-prepared students, veterans, vocational

students, and special need students. In addition, the outreach and admission offices on campus rely heavily on the financial aid office to go off campus and conduct awareness events (Interview with Participant Gilbert).

The participants perceive that the *Closing Gaps* plan rightfully calls for more involvement of the financial aid offices. However, the needed resources required for the additional efforts are not forthcoming; thus, creating an unfunded mandate. Ironically, the very people who have expertise and access to key information, the financial aid officers, will be unable to provide this information because their offices are not provided with adequate resources.

Illusory Access for Highest-Need Students

Since its origins student financial aid has been primarily intended to provide low-income students access to a post-secondary education and afford them choice of institutions. In the past decade, there has been a dramatic shift in financial aid policy away from serving low-income to middle-income families. The participants of this inquiry identified four major developments that have created a financial aid environment with false illusions of greater access to higher education. First, a surge in programs based on academic merit has eroded available funds for need-based aid programs. Second, increased college costs coupled with inadequate increases in funding for need-based financial aid has created the highest-ever unmet need amounts for college students. Third, the 1997 Tax Relief Act, and ensuing tax-related measures, have shifted the source of funding for financial aid away from education agencies to taxing authorities and

begun to shift the net benefits from federal resources away from low-income students to those from middle and upper-middle income families. Lastly, in Texas, recent legislative measures couched under the *Closing the Gaps* plan, like the TEXAS Grant and Texas B-On Time Loan program, have already proven themselves illusory in the eyes of low-income students and the colleges that serve them. The result of these changes is that a larger percent of financial aid dollars is becoming unavailable to low-income students at a time when their need for financial aid is increasing because of rising college costs. The perceptions of the financial aid directors regarding these four major developments are further explained under the following headings:

1. Merit-based versus need-based aid
2. Increasing unmet need
3. Hope Scholarship tax credits
4. Shortcomings of the TEXAS Grant and Texas B-On Time Loan programs

Merit-Based Versus Need-based Aid

When making decisions about college, students from low-income families are more likely to be sensitive to tuition and aid than students from middle-and-upper-income families. Yet, merit-based financial aid programs have become increasingly popular among policymakers.

They are often an election-year darling of elected officials. The premise of merit-based aid is that students who work the hardest and take the most rigorous classes should be rewarded (Interview with Participant Hanna).

There is nothing inherently wrong with this view [merit based programs]. However, the growth in merit-based aid has come at the expense of need-based aid. The purpose of financial aid has begun to shift away from low-income students, who are the intended recipients of aid, to middle and upper-middle income families (Interview with Participant Yule).

Policymakers see merit-based aid as a better return on investment there is a reluctance to sink money onto a sinking ship (Interview with Participant Marty).

Sadly, the shift towards merit-based aid programs comes at a time when the state's low-income population which is heavily dependent on need based aid is growing (Interview with Participant Gloria).

The shift in policy away from need-based aid can have the affect of making the dream of college enrollment illusory again for low-income students. Financial aid has a positive influence on a student's decision to attend college. Still, students react differently to changes in tuition and financial aid. For instance, community college students are more sensitive to price than are students in four-year public institutions; this is probably because of the concentration of low-income and minority students in this sector (Heller, 2002). Need-based financial aid is intended to address this uneven reaction to prices by targeting funds towards those who are most price-sensitive. Moreover, the gap in college enrollment between low-income and middle-and-upper-income students is widening.

Increasing Unmet Need

Financial aid need is defined as the difference between the cost of attendance and the expected family contribution. Unmet need is the residual educational cost after all aid, including loans, has been awarded (ACSFA, 2001). Financial aid often does not meet the full need of students. This is especially the case for low-income students who tend to be more sensitive to levels of unmet need (ACSF, 2002). Participation rates are still closely associated with socioeconomic status. High school graduates from high-income families remain significantly more likely to attend college than their counterparts from low-income families (Gladieux & Swail, 1999). Moreover, *Access Denied* produced by the ACSFA asserts that unmet need has a greater impact on student enrollment than academic preparation. Critics of *Access Denied* rebut this assertion, stating that the study included students who were not academically prepared, and therefore, might not otherwise have enrolled in college.

The ACSFA responded with a second report *Empty Promises*, which again studied the impact of unmet need on enrollment but considered only students who were academically prepared for college. *Empty Promises* affirmed the ACSFA's earlier findings that low-income students who are academically prepared are adversely affected by unmet need. The study compared the enrollment rates between students from low-income and high-income families and found a large disparity between these two groups. Academically prepared low-income students enrolled at any college at a rate of 78 percent compared to 97 percent of

academically prepared high-income students. The study demonstrates the critical nature of financial aid for access to college for low-income students. The very lowest-income students face \$3,200 of unmet need even at the lowest cost institutions (ACSFA, 2002, p. 10). The participants of this study reported the following:

Every year inevitably there is a large number of students whose need we are unable to meet even after providing them the maximum amount of loan money and even with tuition being relatively affordable. The poverty rate among our population is great (Interview with Participant Cathy).

Need-based financial aid programs are essential to reduce unmet need and expand access especially for the population that the *Closing the Gaps* plan is attempting to target (Interview with Participant Cathy).

Need-based programs must grow if Texas is serious about increasing the college going rate of low-income minority students. These students already face large inequities in the level of education they receive in secondary school poor and wealthy districts have an unequal percentage of students they send to college each year. We can't afford to not provide low-income students with the financial means to assist them to pursue a higher education (Interview with Participant Marty).

Many Americans believe that if students work hard and take rigorous courses, they will have access to college. However, we now know that the high level of unmet need has a powerfully negative impact on the college-going behavior of high school graduates and especially of those who are from low-income families. Moreover, unmet need and the total work and loan burden represent a substantial financial barrier to low-income families and have an

important impact on enrollment and persistence to degree completion (ACSFSA, 2002, p 9). In the year 2002 alone, one-half of all college-qualified, low-and-moderate-income high school graduates will be unable to enroll due to record-high financial barriers. Over the current decade, 4.4 million of these high school graduates will not attend four-year colleges, and two million will not attend any college at all. For these students, the promise of a college education is an empty one (ACSFSA, 2002, p. v).

HOPE Scholarship Tax Credit

The Taxpayer Relief Act of 1997 created, among other tax-related benefits, the HOPE Scholarship tax credit. In 2005, it is estimated that students and families will receive 3.5 billion dollars in savings from HOPE Scholarship tax credits. HOPE Scholarship, and other tax-related programs, which are administered by the Internal Revenue Service, represent a significant new direction in federal policies for providing aid to individuals in higher education (Wolanin 2001).

The HOPE Scholarship tax credit introduces a new federal policy objective: To provide affordability to college for middle-income families, who are at the core of the tax base and registered voters. The premise of the new objective is that middle income families were being priced out of access to college because of significant increases in college costs. The result is that the federal policy objective has gradually shifted from access for low-income students to affordability for middle-income families. The tax credits generally benefit middle-

income families. They do not increase access for low-income students (Wolanin 2001). The notion that middle-income families have been squeezed out of affording a college education is not substantiated when considering the percent of their household income that is allocated for college costs. In 1972-1973, middle-income families spent 13 percent of their income to pay for a public four-year college education, and 16 percent in 1999-2000. By comparison, low-income families spent 42 percent of their income to pay for college in 1972-1973, and 62 percent in 1999-2000.

Moreover, in what may be characterized as a classic case of an unfunded mandate, colleges are consuming significant resources to administer the tax credits. The National Association of College and University Business Officers (NACUBO) estimated that institutional compliance with the full set of reporting requirements for the tax credits would cost institutions 137 million dollars in 1999. Institutions would be required to spend an estimated 2.4 million hours to produce the form 1098-T and provide it to the IRS for an estimated 21 million taxpayers annually. This added burden among colleges does not include the countless hours consumed in addressing students' questions about the tax credit requirements. The result is that colleges are incurring significant added costs with little or no positive affect on expanding access to their campuses.

The participants expressed concern that financial aid administrators were increasingly becoming a source of guidance on tax related issues for students and families.

I did not think that I had signed up to be a tax advisor. We do not have the training for my staff to answer tax related questions (Interview with Participant Cathy).

It's unreasonable to expect the financial aid office to answer even the most basic questions regarding taxes (Interview with Participant Gilbert).

We depend on work-study students and entry level employees to work the front counter. They do not even feel comfortable in doing their own taxes let alone responding to tax related questions from students. Now we are being asked to allocate resources to comply with reporting requirements with the IRS (Interview with Participant Becky).

The US Department of Education (ED) addresses these concerns from the financial aid community in the 2004-2005 *Federal Student Aid Handbook* (FSA Handbook), which it published for colleges regarding the level of knowledge ED expects financial aid administrators to have regarding an applicant's tax-filing status. In the Application and Verification Guide of the 2004-2005 FSA Handbook, page AVG-104, under the topic of "Conflicting Information," ED states:

We have already stated that financial aid administrators do not need to be tax experts when dealing with tax information from the student. Yet there are some tax issues even a layperson with some information about basic tax law can evaluate. Because conflicting data often involve such information, financial aid administrators must have a fundamental understanding of relevant tax issues that can considerably affect need analysis (2004-2005 FSA Handbook).

Since their inception in 1997, the tax credits have progressively become a larger source of federal financial aid for college. The result is that the Internal

Revenue Service has increased its direct oversight of colleges, which unwittingly reinforces a perception among financial aid officers that their responsibility to prevent institutional liability comes second only to their duty to deliver aid to students.

The rise of tax credits as a form of financial aid fosters an environment that pits low-income families against middle- and upper-middle income families. Providing additional assistance to middle-income families has gained political support, and any attempt to reverse the trend may be difficult. In an era of reduced federal and state resources, financial aid should be provided to students who would not otherwise be able to enroll in college. When disposable income is considered, low-income families are highly dependent on financial aid to help them pay for college. As mentioned earlier, for low-income families the percent of their income that goes to pay for college has increased from 42 percent in 1972-1973 to 62 percent in 1999-2000.

***Shortcomings of the TEXAS Grant and Texas B-On Time Loan
Programs***

In the 77th and 79th Legislative Sessions, the Texas Legislature created two, new financial aid programs, the TEXAS Grant and Texas B-On Time Loan program, respectively. These programs are closely tied to the state's *Closing the Gap* plan. The programs were unveiled with much fan fare and public promises that they would be available to all eligible students. In reality, they have fallen

short of the expectations of college administrators and the students who were the intended beneficiaries.

The TEXAS Grant was created with two major shortcomings: not enough money to meet the demand and an imposed Satisfactory Academic Progress (SAP) requirement that makes renewal grants illusive to more than one half of the students who receive a TEXAS Grant in their first year. Since its inception in 1999, the TEXAS Grant program has received annual funding of approximately 150 million dollars. This amount represents only five percent of the total federal and state funding for financial aid programs in Texas.

At the end of the 1999-2000 funding biennium, college financial aid administrators were unable to award their entire allocation of TEXAS Grants. This was due in large part because funds were not allotted to many campuses until after the academic year had already begun and financial aid awards were already in place. For community colleges, finding eligible students became more complicated because their open admission policies do not necessarily require students to document if they had graduated with the Recommended High School Program. Financial aid administrators frantically, and sometimes unsuccessfully, worked to find currently enrolled students who might be eligible to receive TEXAS Grants.

Legislators promoted the program in their districts and regions of Texas. Families were led to believe that money would be available for anyone who wanted to go to college and met the program's criteria (Interview with Participant Yule).

Many of our students weren't eligible [for the TEXAS Grant] they either did not take the recommended program or their transcripts did not indicate that they had completed the required courses. We had to manually review high school transcripts of existing students to determine eligibility (Interview with Participant Ron).

We created and distributed information fliers about the TEXAS Grant to get students to tell us if they thought they were eligible (Interview with Participant Becky).

By the end of the second funding biennium, policymakers were concerned that TEXAS Grant dollars would once again go unspent. Senator Rodney Ellis of Houston, who had championed the legislation to create the TEXAS Grant in 1999, responded by conducting a statewide public information campaign, which chastised financial aid administrators for not awarding all available grant dollars. The campaign resulted in an increased demand by the public for TEXAS Grants. Coincidentally, the Senator's campaign came at a time when more and more students were meeting the eligibility criteria for the grant program and institutions were beginning to realize decreases in their allocation for first-time grants. The law requires colleges to award renewal grants to currently enrolled students first, before funds could be converted into grants for new students. The THECB, provides the following guidance to college financial aid administrators:

The priority in making awards is to provide continued funding to recipients already enrolled in the program who are in college and are making progress towards their degrees. Because funding for awards to new students is limited, many students who meet the eligibility requirements will not be able to receive awards in 2003-2004 and in 2004-2005.

By the 2003-2004 biennium, most colleges were awarding renewal grants to two cohorts of eligible students and received a significant reduction in their TEXAS Grant allocation. Hence, the promise of the TEXAS Grant fizzled in 2003. This small program was touted to be a signature grant to meet the goals of *Closing the Gap*, but in only four years from its inception, TEXAS grant's impact in expanding access to higher education has been negligible.

The Texas B-On Time Loan program, which was created after the funding shortfall of TEXAS Grants was well publicized, creates a false hope for students. The legislature intended for the loan to be converted into a grant once a student graduates within the prescribed time frame, but the reality is that most students, and especially low-income nontraditional students who attend community colleges, will not meet this criteria and not receive any benefit from the grant. Hence, they will end up with yet another loan.

The Texas Be On-Time Loan Program is simply another loan program created because of the lack of funding for TEXAS Grant (Interview with Participant Hanna).

Most community college students will not complete their program of study in two years. Therefore, will end up with more student loan debt and less grant aid (Interview with Participant Marty).

The idea of rewarding students for completing their program [of study] in a timely manner is good. However, the requirements for those timeframes are unrealistic. There is no incentive to graduate early. Only those students who are academically prepared and who do not work will be able to take advantage of this program (Interview with Participant Gilbert).

At a time when we need more grant aid, the legislature created another loan program. Financial aid policy is shifting away from its original intent to assist low-income families who, without financial assistance, will not have the opportunity to participate in higher education. This comes at a time when the projected college enrollment of low-income students is expected to increase at community colleges. Moreover, the shift in student aid policy is incompatible with the mission of community colleges. Community colleges are often described as the people's college. In its 100 years of history, the community college system has been the path to higher education for many first-generation, low-income students. However, the new direction of student aid policy may adversely impact community college students and the very colleges that are educating significant number of low-income students.

Futile College Awareness Strategies

Many barriers exist which contribute to a student's ability to attend college including lack of information, inadequate counseling in elementary and secondary schools, student tracking, test requirements, school curriculum, lack of motivation, college cost, and cultural and family pressures. Colleges and universities and many organizations have engaged in multiple pre-college outreach strategies to include services that enhance academic preparation, public informational campaigns that are motivational in nature, face-to-face student mentoring activities, and financial aid awareness efforts. Each of these strategies

is a small part of the larger pre-college awareness exertion. No single strategy is a silver bullet.

The participants reported that financial aid offices are being asked to play a central role in the development and implementation of pre-college outreach, recruitment, and even community relations in an effort to disseminate information about financial aid. Despite the increased efforts to disseminate financial aid information, the participants expressed a sense of frustration because the increased efforts are not yielding the desired results. The following three headings further explain the perception of the participants regarding why in some cases these efforts have become futile:

1. Not from a lack of effort
2. Financial aid information is not reaching intended audience
3. Grant aid remains critical to enrolling low-income students

Not From a Lack of Effort

There are countless local, state, and national efforts across the country, which are aimed at getting college information in the hands of parents and students. The College for Texans Campaign strategic plan outlines the following four major strategies to educate and motivate local communities in Texas about going to college: (1) paid media and earned media; (2) awareness actions and curricular support (3) motivational actions (4) direct student and parent support. Further, Texas law (HB 1678) enacted by the 76th Texas Legislature requires public colleges and universities to develop and implement a Uniform Recruitment and

Retention Strategy (URRS) plan. The law requires institutions to develop a plan to identify, attract, enroll, and retain students who reflect the population of Texas. The plan specifically requires institutions to report activities aimed at reaching the *Closing the Gaps* enrollment goals. Analysis of the URRS plans of the participants' respective colleges revealed that financial aid is key to the outreach and recruitment efforts of each institution.

The college's steering committee developed strategies for increasing enrollment and financial aid information was identified as critical in the recruitment efforts (URRS plan for participating college).

The college is involved in the College for Texans campaign, college enrollment workshops, train-the-trainer workshops, GO Theaters, and GO Centers. The office of financial aid participated in the Financial Aid Saturday events, which were identified as a high priority for recruitment at area high schools (URRS plan for participating college).

The college identified more than one dozen target groups for recruitment and financial aid was specifically involved in that strategies for each target group (URRS plan for participating college).

Moreover, the institutions of this inquiry also participate in at least one of the national programs including Gaining Early Awareness for Undergraduate Programs (GEAR UP) and TRIO programs, which are aimed at increasing the college going rates among low income students. GEAR UP provides five-year grants to States and partnerships to provide services at high-poverty middle and high schools. The Texas Education Agency is the administrator of the GEAR UP state grant. GEAR UP grantees serve an entire cohort of students starting in the

seventh grade and follow the cohort through high school. GEAR UP partnerships supplement existing reform efforts, offer services that promote academic preparation and the understanding of necessary costs to attend college, provide professional development, and continuously build capacity so that projects can be sustained beyond the term of the grant.

The Federal TRIO Programs are educational opportunity outreach programs designed to motivate and support students from disadvantaged backgrounds. TRIO includes six outreach and support programs targeted to serve and assist low-income, first-generation college students, and students with disabilities to progress through the academic pipeline from middle school to post-baccalaureate programs. TRIO also includes a training program for directors and staff of TRIO projects and a dissemination partnership program to encourage the replication or adaptation of successful practices of TRIO projects at institutions and agencies that do not have TRIO grants.

Recently, at the national level, two efforts have further mobilized the financial aid community to promote college among families. The American Council on Education (ACE) initiated a campaign aptly named *College is Possible*, which engaged campus administration from the Presidents to the financial aid directors to inform students that they too can go to college, and that college is affordable to everyone. The National Association of Student Financial Aid Administrators (NASFAA) recently was awarded a grant by a national foundation to promote *College Goal Sunday* events in each state. College Goal

Sunday events promote college enrollment and provides students and families information on how to pay for college.

Clearly, no lack of effort exists on the part of the financial aid community to provide financial aid information and service to families. However, the participants expressed concerns that the information is not reaching those students who are “missing” as described in the *Closing the Gaps* plan. Many of the pre-college efforts seem to facilitate the process of getting financial aid information for people who are already on the path of going to college. In the end, the students and families who do not participate in the traditional pre-college efforts are being excluded and are not receiving information that could potentially change their respective lives.

Financial Aid Information is Not Reaching the “Missing” Students

Despite the increased attention to pre-college efforts at the state and national levels, and our increasing knowledge of the major factors that influence student enrollment, higher education is not making significant strides in increasing enrollment among the lowest income students. In 2002, 22 percent of Hispanics between 18 and 24 enrolled in college, compared to 31 percent and 39 percent of African-American and Whites respectively (Pardron, 2004).

We know that pre-college efforts are important, and we know that financial aid information is especially critical for low-income families. However, the pre-college outreach strategies being deployed are not successfully reaching the families with the greatest need for the information. The participants perceive

that the targeted groups of students are becoming out of our reach. Students are becoming increasingly skeptical about their ability to enroll in college.

The families that need to be at financial aid workshops are not present. We are not reaching the low-income non traditional students and these are the students who need financial aid the most (Interview with Participant Gilbert).

We must change the mindset of the students we are trying to reach. This is difficult to do because our culture values individuals who can pull themselves by their bootstraps. We must change this mindset and help them believe that education is an option for them (Interview with Participant Hanna).

We still believe in the notion that if we simply go out and provide information to students, then students will enroll. This is not necessarily the case. When I go out with the campus recruiter, very few students and families attend the events (Interview with Participant Yule).

Based on the research conducted for the College for Texans campaign, THECB staff selected parents of middle and high school students to be the target audiences for campaign activities. Extensive efforts have been implemented to target these two audiences including the creation of multiple advertisement messages, creation of dozens of GO Centers located in high schools to assist with mentoring and providing financial aid information to prospective college students. The participants perceive that many of these campaign strategies are missing the mark.

Much of campaign efforts like the Go Centers are good efforts, but they do not reach our students who are generally older. Our students are not necessarily on high school campuses (Interview with Participant Gloria).

We need to have a strategy to reach people who do not have a clue about where to begin and who are not on any particular path to college. We need resources that are not addressed in the *Closing the Gaps* plan. Many of the *Closing the Gaps* strategies are developed for traditional high school students they are not adequate for the types of students who are projected to enroll in community colleges (Interview with Participant Becky).

A recent study commissioned by the Tomás Rivera Policy Institute (TRPI) at the University of Southern California corroborates results from a Harris Poll commissioned by The Sallie Mae Fund in 2002, which revealed that financial assistance is a key predictor in determining college attendance among various ethnic groups. The TRPI follow-up study titled, *Closing the Financial Aid Information Divide*, is the largest study ever conducted on Latino parents and Latino youth on matters regarding financial aid (TRPI, 2004). The study measured responses of young adults who had attended college, known as college achievers, and those who did not attend or had dropped out of college, known as college potentials, and parents of both groups. Major findings of the study include:

More than half of Latino parents and 43 percent of Latino young adults could not name a single source of financial aid. Nearly three-quarters of Latino parents and Latino young adults did not name scholarships as a source of financial aid. Eighty-six percent did not name grants as a source of financial aid. Two-thirds of Latino parents did not receive any financial aid information before their

children left high schools. Seventy-five percent of College Potentials indicated that they would have been more likely to attend if they had better information on financial aid. In addition, 77 percent of College Achievers were least familiar with some financial aid options, compared to only 50 percent of College Potentials (TRIP, 2002).

There are ample pre-college programs across the country, yet college participation rates remain low for groups that have the highest need for these services. Financial aid money and information has a major impact on whether low-income students enroll in college (ACSFA, 2001). The participants perceive that we need to redress how we reach out to the “missing” students. Additionally, there needs to be a commitment on the part of the state to increase its investment in state aid programs to ensure that these students have the means to pay for college.

Grant Aid Remains Critical to Enrolling Low-Income Students

Low-income students attend college at half the rate of their high-income peers despite comparable academic qualifications. Students from the highest SES quartile, who were not academically qualified for college, were as likely to enroll in college (77 percent), as highly qualified students who were from the lowest SES quartile (78 percent). For students from low-income families, the availability of student financial aid directly influences their decision, and ultimately their efforts, to enroll in college (ACSFA, 2001).

In recent years, there has been a significant redirection of federal and state money away from need based to merit based programs. A quarter century ago, the Pell grant maximum award paid 84 percent of public four-year costs. In 1999-2000, the maximum award covered 39 percent of costs (Padron, 2004). The need based programs have given way to programs that are merit based or tax credits, neither of which are likely to benefit low-income students. Even after all the grant and loan aid is awarded, low-income students still have an annual unmet need of 3,200 dollars at public two-year institutions and 3,800 dollars at public four-year institutions; by comparison, high-income families confront an unmet need of 400 dollars (Pugh, 2000).

We know that low-income students are heavily dependent on student aid to enroll in college. We also know that states rely on the federal government to support funding for financial aid. States dedicate insufficient amounts of money for financial aid. Fifty-eight percent of state funding for need based aid derives from five states including California, Illinois, New Jersey, New York, and Pennsylvania. In Texas, only five percent of the need based aid is funded by the state. This trend is due in part because states have increasingly dedicated funds to merit based programs.

The participants of this inquiry did not advocate eliminating merit based aid programs altogether. They perceive that the state of Texas should achieve a balance between need based and merit based aid so that the goals of *Closing the Gaps* may be more attainable.

We need to have a mix of both types of programs [merit and need based] because not only poor people attend community colleges but if we are going to increase the number of low-income students who go to college the state needs to make a greater investment (Interview with Participant Gloria).

We promoted the TEXAS Grant program only to tell students that there were no funds available (Interview with Participant Yule).

The state needs to stop creating programs like the Texas B-On-Time and fund existing grant programs (Interview with Participant Hanna).

What good does it do to have *Closing the Gaps* if there is no commitment from the state to provide money, especially to low-income student that we want to enroll (Interview with Participant Becky).

The new financial aid policy favors the rich. The tax benefits are not financial aid programs; they do not benefit many of the students attending our college. Without a major commitment from our leadership in the state, there will not be equal access to education (Interview with Participant Marty).

The participants shared a common concern that financial aid information and financial aid dollars were not adequately being provided to the students and families who need it the most. Texas is missing the mark in addressing the needs of the “missing” students of the *Closing the Gaps* plan. The efforts appear to be futile. Still, the participants perceive that the state of Texas and the state’s community colleges may be able to achieve the enrollment goals of *Closing the Gaps*. The participants are hopeful, but yearned for new strategies for providing

financial aid information to students and additional resources; so, campus administrators could be dedicated to outreach efforts, rather than the status quo in which administrators are only able to partially participate in these important activities. However, even with new strategies and additional resources, efforts to advance the *Closing the Gaps* goals will continue to be futile, if the state does not make a greater investment in financial aid programs that serve the “missing” students. Significant investments in TEXAS Grants and other need based aid programs will help erode the perceptions of futility expressed by the inquiry’s participants.

Unsuitable Human Resources for Increasing Demand

The office of student financial aid is often the first point of contact for many students wanting to enroll at an institution. For students already enrolled, the financial aid office can become a lifeline as they face the annual or semi-annual quest for aid to pay their studies. The financial aid office should be a student-centered, non-threatening place for students to get assistance on how to finance their education. The participants of this study perceive that the financial aid office should reduce or eliminate financial barriers that might prohibit student participation in a program of study. The participants perceive that they are often a critical decision point for entering students who need some form of financial aid; hence, their interaction with students, prospective and currently enrolled, is an important part of the enrollment process. The participants identified four major functions of the financial aid office. They discussed how the projected increases

in enrollment will impact their ability to carryout these four critical functions with their existing human resources. The four major functions include:

1. Administration of multiple and complex programs,
2. Regulatory compliance,
3. Timely and accurate information, and
4. Community and outreach efforts.

Administration of Multiple and Complex Programs

In general, the financial aid office is responsible for administering programs funded by federal, state, institutional, and private sources. Multiple grants, government-subsidized and unsubsidized loans for students, parent loans, private loans, emergency loans offered by colleges, student employment, and need-and merit-based scholarships comprise the totality of the financial aid administered by the office. Each of the financial aid programs, and each of the corresponding funding sources, requires specific and sometimes competing procedures for the administration of the aid dollars. The result is that financial aid offices must navigate through a sea of program requirements and procedures first, before they can award financial aid dollars. To add to the complexity, community college financial aid offices must perform these functions while serving mostly non-traditional students who often time come to their office with personal circumstances that are beyond the realm of financial aid.

Unlike four-year institutions, community colleges generally face more complex operations because of the diverse student population we serve. Students on our campus often require more assistance in

completing the financial aid process. Many of them are first generation students (Interview with Participant Hanna).

We serve students who are single parents, recent immigrants for whom English is not their primary language, veterans, and students who are academically under-prepared. Sometimes these students come in and out of college, which creates additional administrative work especially if they left the institution on poor academic standing (Interview with Participant Cathy).

We not only have two semesters to make awards but programs at our college are offered around the clock until the end of the semester. We practically make awards to students all year long. What makes it challenging is that sometimes we get little guidance [from the US Department of Education] on how to administer financial aid to these short-term programs (Interview with Participant Becky).

For Academic Year 2001-2002, the eight participating community colleges administered more than 80.4 million dollars in grant aid from the federal government, 1.5 million dollars from state programs, and 4.9 million dollars in institutional grants. These grant dollars combine with an additional 18.3 million dollars in federal loans and 360.2 thousand dollars in state supported loans (TG, 2003). Collectively, the campuses administered an additional 2.9 million dollars in work-study funds from the federal government. These figures do not capture the total number of applications that the financial aid office must process and the totality of students with whom they interact annually.

The number of students receiving financial aid at our campus does not reflect the total number of applications we processed each year. The administration does not realize that we have to use resources to process files for every student who submits an application to us even if they do not actually enroll (Interview with Participant Marty).

Our college is experiencing a steady increase in the volume of financial aid applications we process each year. I am even seeing a lot more students apply for loans and this process [loan administration] is completely manual at our school (Interview with Participant Cathy).

The students [at community colleges] apply late in the year usually in July, August, and even as late as September. These students have a great need for financial need. Each semester we get into a “catch 22” situation. We need to make awards to these [late applicants] students so they do not get dropped. They typically do not have other means to pay for college and we do not get additional resources to process the surge of applications that come in late. We need to be prepared to serve these students. (Interview with Participant Becky)

To make matters more complex, state programs constitute only five percent of the total aid available to students in Texas. While the actual dollar amount available is minimal, the participants expressed concerns that the state programs are laborious to administer when compared to federal programs. The THECB prescribes rigid program requirements for each financial aid program, from the smallest program that serves a handful of students to the larger Texas Public Education Grant (TPEG) program.

There are too many small state programs, state exemption and waiver programs, which serve only a few students. We need a single program that is more appropriately funded. On my campus, each of my five staff is responsible for administering at least one state program. (Interview with Participant Gilbert).

Students and parents work on a separate timeline, which is in conflict with the state and federal application timelines. This [timeline] is also out of sync with many state programs and how they are funded (Interview with Participant Becky).

The state's definition of satisfactory academic progress, which determines a student's eligibility for grant assistance, is more rigid than the federal standard so we must monitor separate SAP criteria for students who receive state and federal aid (Interview with Participant Hanna).

The state programs have different criteria for reporting requirements than the federal government. The federal government reporting is highly automated while state reporting is not highly automated. (Interview with Participant Gilbert).

As financial aid offices dedicate more resources to manage more and increasingly complex programs, they will be less able to dedicate resources to meet the individual needs of the students who are projected to enroll in community colleges in the coming decades. Direct services to students, such as counseling, mentoring, and advising will yield to the administrative responsibilities that do not touch students. Community colleges will need to increase, rather than decrease, their resources dedicated to direct services.

Regulatory Compliance

Recognizing that institutions must strike a balance between serving the social, public mission of the college and safeguarding the use of taxpayer dollars, financial aid offices must continuously exercise good faith and judgment in their stewardship of federal and state financial aid resources. The financial aid directors ensure consistency in compliance with all federal and state statutes, regulations, and guidelines as well as institutional policies and procedures. They strive to maintain an audit-proof environment to minimize institutional liability. For community colleges, where financial aid is critical to most students, the

director is pressured to make compliance to federal and state regulations a high priority. This obligation will become more prevalent because the students projected to enroll per the *Closing the Gaps* plan will be increasingly dependent on financial assistance.

Financial aid is very complex; it not only entails awarding aid to students but managing many regulations to make sure we stay in compliance. This becomes even more challenging in a multi-campus college like ours because you have different financial aid directors at each college. You have to make sure everyone is interpreting the regulations in the same way. (Interview with Participant Ron).

Reconciling the federal and state programs is complex and requires a lot of time. I have days where all I do is dedicate time to this [reconciling] and do not see any students (Interview with Participant Cathy).

I spend most of my time making sure that we stay in compliance with the federal and state regulations. What our administration does not understand is that in order to stay informed of all the regulations, you have to be involved in the industry and attend conferences to make sure you are following the right rules. (Interview with Participant Gilbert).

What concerns me [regarding the regulations] is that we greatly depend on entry level staff and even work-study students to work the front counter at our different campuses. They are making decisions and interpreting the regulations. We provide training but sometimes that is difficult to accomplish. At times I take a leap of faith and hope they are doing the right thing (Interview with Becky).

Financial aid directors must be knowledgeable and comply with a plethora of regulations and guidelines to effectively administer the multitude of financial aid programs. The U.S. Department of Education's program review guide for

compliance officers includes numerous references to statutes, regulations, and guidelines, which provide information relative to the review of institutional administration of the federal student aid programs. These references, which apply only for the federal programs, include: Higher Education Act of 1965, as amended; Federal Registers; Code of Federal Regulations; Compilation of Federal Regulations; Federal Student Financial Aid Handbook; Counselor's Handbook; Dear Colleague Letters; Verification Guides; Audit Guides; The Blue Book (Accounting, Record Keeping, and Reporting by Postsecondary Education Institutions); ED Guide to Payment Management System; Delivery System Training Materials; Expected Families Contribution Formula; and Direct Loan Bulletins.

In any given year, the directors may be confronted with program reviews performed by the US Department of Education, state audits, internal audits, and program review visits from multiple guaranty agencies involved in the federal student loan programs. Moreover, directors must comply with reporting requirements for each of the federal and state aid programs administered by the campus.

The campus administration depends greatly on the financial aid director to ensure that the institution is not in violation of any regulation, which may compromise the institution's eligibility for financial aid funds. However, more and more regulations that are directed at other campus functions, such as admission and student retention, are being tied to financial aid eligibility. For

example, the 1998 amendments to the Higher Education Act prohibited colleges from compensating staff or external contractors based on the number of admission applications submitted to the college. At the time, colleges were beginning to procure the services of online service providers to increase the number of admission applications submitted electronically by students. The financial aid director soon became the person who informed the campus that compensation to service providers on a fee-for-application basis would violate federal law and jeopardize the college's ability to provide federal financial aid dollars to their students.

The financial aid office must oversee and manage a multitude of federal and state regulations. This takes time away from providing direct services to students. Additionally, financial aid directors are only able to prepare for the projected enrollment growth on a limited basis, at a time, when they should be focusing more time and resources on how they are going to serve tomorrow's students.

Timely and Accurate Information

The financial aid office is responsible for providing timely and accurate information to the administration, governmental agencies, and students and families. This requires providing information through secure and easily accessible medium. The participants perceive that their financial aid staff must be well trained, responsive, and skilled in technology.

Given the regulatory oversight of the financial aid office and its criticality to enrollment, the information provided must be accurate and precise. However, the participants reported a concern about their abilities to provide accurate information on a consistent basis due to inadequate human resources and training. As previously stated, financial aid programs and operations are complex, highly fluid, and pose a high risk to the institution from non-compliance with regulations.

Training is critical to ensure that financial aid administrators are fully knowledgeable of the regulations and procedures for each of the programs and are able to exercise informed interpretations of vague regulations while minimizing institutional liability. Staff must effectively communicate program requirements to students and families, campus administrators, off-campus agencies including the US Department of Education, THECB, and guaranty agencies. Financial aid staff must be able to reach a level of mastery of the regulations and program operations to be able to communicate effectively when counseling students and families.

Moreover, the financial aid offices are increasingly relying on technology to enhance their operations and provide timely information. The theme of technology is discussed later in this chapter. However, the participants expressed concerns that as technology becomes more prominent in the operations of the financial aid office, their training scope must expand to include use of new technologies.

Financial aid offices draw from a pool of entry-level professionals with limited experiences in highly prescriptive programs. Unfortunately, insufficient resources are provided to train new staff and enhance the knowledge base and competencies of senior staff.

This year my training budget was reduced greatly. I only received money to attend two industry meetings. I made a decision to attend the electronic conference by the Department [US Department of Education] and NASFAA [National Association of Student Financial Aid Administrators]. It really worries me that this is not enough for me to stay on top of the changes in the industry. Recently, I attended the electronic conference where a colleague and I discovered that we were incorrectly interpreting a regulation related to awarding aid for short-term programs. Luckily, we just received word that we are in compliance but this type of situation really worries me (Interview with Participant Becky).

Our front line employees who are responsible for communicating the regulations to students and families are often the least experienced (Interview with Participant Cathy).

For my campus training my entry-level staff is a major concern because we have multiple campuses. We cannot close our doors so we have to have multiple training sessions. This sometimes creates a problem because every training session takes a life of its own. What I thought was communicated effectively in one session is sometimes misinterpreted in another so for me it would be best to train everyone at the same time (Interview with Participant Gloria).

The participants were concerned that they were already experiencing these challenges before the enrollment growths are realized. They perceive that community colleges must provide a warm and professional environment through continuous training and improvement for all staff to foster positive working relationships with students, campus colleagues, and external agencies.

Community Outreach and Recruitment Efforts

The college financial aid office has become more critical to achieving a college's enrollment goals. For community colleges, which are projected to enroll increasing numbers of low-income students, financial aid plays an even greater role in successfully recruiting these students. Over the past decade, financial aid offices have experienced a growing demand by campus administration to provide financial aid information outreach and services in the community. The participants perceive that while their role had always included timely provision of financial aid information, their responsibilities in this area have greatly increased to meet these new demands:

We are required by our [campus] administration to conduct more financial aid awareness events on and off campus. The recruitment office requests that we present financial aid information at college nights with them (Interview with Participant Gloria).

The demand to provide financial aid awareness is so great that we have designated someone on staff to help coordinate all the awareness events (Interview with Participant Becky).

In addition to our existing efforts, we are being urged to support the campaign [College for Texans] activities (Interview with Participant Marty).

The role of the campus financial aid office has significantly evolved since its inception in the mid-Twentieth Century when its function was originally recognized as an individual office, which was specifically separated from the admission and registrar's offices. Its modern day importance to the viability of the institution has become more and more recognized among college presidents

and senior administrators. In exceptional cases, college presidents have become well informed about the operations, financial liability risks, and enrollment impacts of the financial aid office on their campus. When federal or state auditors find against a college, the president often becomes contiguously informed about the financial aid operations and resources are readily provided to remedy any discrepancies.

Still, the participants perceive that the community college financial aid office has not received the requisite level of senior administration commitment to resource capacity of the financial aid office.

Financial aid budgets are not usually a top priority on our campus (Interview with Participant Becky).

College presidents are more likely to reach out to financial aid directors at times of crises than at times of success. The administration's commitment to building the financial aid office should mirror their commitment to developing a college infrastructure appropriate for *Closing the Gaps* (Interview with Participant Marty).

To meet their respective goals of the *Closing the Gaps*, community colleges must build the resource capacity of the financial aid office, which requires a greater investment not only by the state, but also by the community college district and campus administration.

Inadequate Technology Resources

In today's business world, successful organizations have had to align business objectives and technology. Institutions of higher education have also become highly dependent on technology to meet the demands of today's student

body and faculty. All sectors of institutions have adequately infused technology to deliver instruction to a broader array of students. Smart classrooms, complete with computer projection systems, document cameras, video/DVD playback equipment, and Internet, are commonplace at most institutions.

The participants of this inquiry concluded that their respective institution has lagged behind in using technology to maximize student services. The participants perceive that this is especially true in the office of financial aid at their respective colleges. For this inquiry, the researcher has defined the utilization of technology for the distribution of financial aid to include those electronic processes, which facilitate the distribution of funds to students, and the administration of financial aid programs. These may include managing reporting requirements, electronic funds transfer, electronic awarding, and providing online award letters to students.

Technology for the Administration of Financial Aid Office

The participants perceive that financial aid offices serve multiple customers: students and families and on- and off-campus entities to include campus administration, governmental agencies, and financial institutions. Community colleges that are ill prepared to build a robust technology foundation will risk failing to meet the needs of their constituencies. The participants perceive that their technology is not adequate to meet their current demands, let alone those that will result from the projected enrollment growths.

We do not have the latest technology resources and therefore a high percentage of financial aid operations are conducted manually. Technology capabilities that are standard in four-year institutions including direct deposit, online awards, imaging systems are simply not available to us (Interview with Participant Cathy).

Most of us still have to manage our student loan disbursements with paper checks instead of the Electronic Funds Transfer process, which senior institutions have been using for more than a decade (Interview with Participant Hanna).

We have little or no IT support on staff. We rely on the institution's IT department, which often does not understand financial aid operations and our highly regulated environment, and therefore provides little if any direct support to us (Interview with Participant Becky).

I am the technology expert for my office and it's not good because I have to usually refer to all those manuals you see in that shelf (Interview with Participant Yule).

Technology is an essential tool in meeting the demands of a changing student body, which wants to interact with the financial aid office primarily, if not exclusively, through electronic means. The participants perceive that this new type of student body however continues to enroll late in the registration process, and begins to seek financial aid right before the start of the semester. The participants experienced an increase in the number of applications submitted during the months of August and September. However, these late applicants also expect to be served in a more rapid manner than yesteryear's students. Moreover, financial aid offices are experiencing larger numbers of students who apply for financial aid but do not receive any student aid. These applications must also be processed even though they are not accounted for in final reports on the college's

financial portfolio. Combined with the projected growth in enrollment at community colleges, the new demand for technology-based services, the late applicants, and surge in the total number of applications, make the use of technology to deliver student aid that much more critical for community colleges.

The participants perceive that they need technology to more effectively administer the financial aid programs. This includes streamlining the delivery of financial aid dollars and meeting the growing demands for reporting and compliance by all their customers.

Already, technology is necessary to meet the needs of our existing customers (Interview with Participant Becky).

We need technology to be able to maximize existing dollars. If we do not receive additional financial aid, we must create an automated packaging process that allows us to serve more students with the same amount of money (Interview with Participant Ron).

Among four-year universities, technology tools are routinely used to conduct financial aid packaging, the process by which a campus distributes available funds to eligible students. Many of the participating community colleges still make their financial aid awards manually and use batch-processing to complete the award process, which makes packaging efforts less efficient. Therefore, these colleges are unable to forecast and maximize the distribution of available funds.

I would want nothing more than to have a system to help me determine how to reallocate our financial aid monies to more students, in a more efficient manner (Interview with Participant Ron).

Financial aid offices are different than other campus offices in that we have to interact with so many different external customers, which makes the need for appropriate technology more pressing. We have to interact with the federal US Department of Education, the National Student Loan Data System, Texas Higher Education Coordinating Board, state comptroller, and multiple financial institutions and guaranty agencies involved in the student loan programs, and even the Internal Revenue Service (Interview with Participant Marty).

The external entities are already conducting business through the latest technologies. They are demanding that campuses interact with them with compatible technological systems and processes.

Moreover, the federal government is the largest source of financial aid funding, providing more than 60 billion dollars in grants, loans, and work-study awarded to students annually. The Federal Family Education Loan Program (FFELP) is the single largest form of financial assistance in the nation, accounting for approximately one-third of total financial aid dollars from all sources. FFELP is especially prevalent in Texas where it supplies more than 68 percent of all student aid.

As the total amount of financial aid dollars have increased to serve an escalating number of students, the larger financial aid community has become more automated through the use of new technologies and data standards. Some institutions have become wholly automated, streamlining electronically their entire student services operations from the admissions application to the disbursement of financial aid.

However, community colleges have lagged behind in implementing technology resources within their financial aid operations. This lack of adequate technology is exacerbated because the FFELP industry, which nationally provided nearly 40 billion dollars in academic year 2003-2004, is highly automated and employs the newest available technologies. A notable example of this is Electronic Funds Transfer (EFT), a technology-based solution in use among financial institutions, guaranty agencies, and US Department of Education for more than a decade. EFT is currently the best available technology for efficient, effective disbursement of loan dollars to students. Still, the participants acknowledged that their campuses either do not use EFT at all, or only recently began to employ EFT for loan disbursements.

A view of the themes through the theoretical models of attrition shows an inseparable tie between the needs to address student attrition and financial aid. Each of the five themes discovered in this inquiry provides a picture of the financial aid needs in community colleges if they are to enroll and graduate the projected enrollments of the Closing the Gaps plan. Ultimately colleges cannot claim success in meeting their projected enrollments if their students do not persist through their respective programs of study and earn the desired certificate or degree. Research informs us that student attrition encompasses multiple independent variables. The Advisory Committee on Student Financial Aid concluded that for low-income students, chief among those variables is student financial aid. Addressing the themes will help community colleges build a viable

financial aid environment, which in turn will help them achieve success in closing the attrition gaps.

Chapter Summary

This chapter presents the perceptions of eight financial aid directors regarding the financial aid needs of community colleges within the context of the *Closing the Gaps* plan. The analysis of the data revealed five major themes including: (1) Disconnect between financial aid policies and practices; (2) Illusory access for the highest-need students; (3) Futile awareness strategies and messages; (4) Unsuitable human resources for increasing demand and (5) Inadequate technology resources. Each theme contains sub-themes to further explain the perceptions of the financial aid directors.

Analysis of the data paints a bleak, if troublesome, picture about the financial aid needs at community colleges within the context of the *Closing the Gaps* plan. Community college financial aid offices lack adequate and well-trained personnel and robust technologies. They are hindered by incompatible or inconsistent governmental policies and institutional practices. They face a surge of enrollment growths from non-traditional and low-income students at a time when new investments in state resources for need-based financial aid are not forthcoming, and pre-college awareness strategies are yielding limited successes.

Absent improvements and renewed commitment by policymakers and campus administrators, community college financial aid offices will not be able to serve the projected increase among low-income students. Low-income

students who are highly dependent on financial aid to enroll in post-secondary education comprise the largest population of the project enrollment growths of *Closing the Gaps*.

CHAPTER FIVE: IMPLICATIONS AND RECOMMENDATIONS

Chapter Overview

The *Closing the Gaps* Plan, the state's master plan for higher education, is based on the premise that Texas must enroll and graduate more of its residents if it is to maintain its standard of living. The Higher Education Planning Committee, who authored the *Closing the Gaps* plan, wrote the following:

Texas must take bold steps for the future success of its people...Only by sharply reversing Texas' declining enrollment and graduation rates, and building excellence in education and research, can the state compete successfully with other states and nations...To accomplish these goals, institutions must work to use all of their resources efficiently...The people of Texas need to be resolved to support higher education in a manner that demonstrates the critical role it plays in improving the state and its people (p.01).

The plan stipulates that 500,000 additional students must be enrolled in post-secondary education by the year 2015. These "new" students are projected to come from low-income families. The plan further predicts that 60 percent of the total enrollment will occur at community colleges. Given current enrollment trends this study is based on the assumptions that the vast majority of the projected enrollment will be highly dependent on student financial aid, and that the current financial aid policies and practices at community colleges may be unsuitable to meet the demands of the projected enrollments.

This study captures the perceptions of eight community college financial aid directors regarding the needs of community colleges within the context of the *Closing the Gaps* plan. The researcher conducted personal interviews, observations, and analyses of pertinent documents. The analysis of these data revealed five major themes, which were discussed in Chapter 4: disconnect between financial aid policies and practice; illusory access for the highest-need students; unsuitable human resources for increasing demand; futile awareness strategies and messages; inadequate technology resources. From these themes, the researcher formulated implications and recommendations for further research, practice, and policy, which are presented in this chapter.

Good policy cannot be developed in a vacuum. There are implications for those who develop the policy and those who are asked to implement those policies. The implications of the projected enrollment of the *Closing the Gaps* plan, as discussed by the participants of this study are relevant to policymakers and practitioners alike. There exist a connection between these two critical groups and each has a role in meeting their responsibility for addressing these implications. The researcher presents the implications and recommendations that are most relevant for each group, but cautions that their redress cannot occur independent of the other group.

Implications for the Field: Policymakers

The implications most relevant to policymakers are those derived from two themes, the disconnect between policy and practice and illusory access for

highest need students. State and federal policies that drive financial aid, and therefore determine who receives that aid should be aligned with the actual and increasing demands for student aid. The *Closing the Gaps* plan states,

Texas' investment in students today with financial aid will mean a reduction in the need for financial aid in the future as students graduate and increase their level of income to support their children (p.1.1).

However, this statement does not reflect the body of the plan, which only sparingly offers financial aid strategies for achieving the enrollment and graduation goals of the plan. Goals one and two of *Closing the Gaps* include nine strategies for the state. Of these nine strategies only one strategy includes an action item that is specific to student aid, "Providing grants and scholarships to cover tuition, fees and books for every student with financial need (p.1.1)"

The Student Financial Aid Steering Committee (SFASC), which was created by the 78th Texas Legislature to study the student financial aid in Texas, wrote in its July 2004 report, titled *Preparing for the Emerging Texas*, "If the state successfully enrolls an additional 500,000 students by the year 2015...the amount of aid needed for Texas students will increase by approximately \$1.5 billion per year, from the current amount of \$3.3 billion to roughly \$4.8 billion (p.7)." The committee cautions that Texas cannot rely on the federal government, which already provides more than 75 percent of all aid awarded to students in Texas, to provide any substantial increases in aid in the coming years. "Because of record budget deficits projected by the Congressional Budget Office and Office

of Management and Budget, and the federal government's shift from an emphasis on domestic programs toward increased expenditures on national defense and homeland security, significant increases in federal student aid programs in the near future are highly unlikely, (p.16).”

To its credit, the Texas Legislature in consecutive legislative sessions created two financial aid programs, TEXAS Grant and Texas B-On-Time Loan program. These programs, which were discussed in Chapter Four, were established to increase access to postsecondary education. Policymakers were quick to praise the programs and especially the TEXAS Grant. However, funding for the programs has fallen short of expectations and sorely inadequate to meet the growing demand for aid for low-income students. For first year students, the amount of total TEXAS Grant aid available began to decrease almost as soon as the program was launched. In Fiscal Year 2003, the third year of the program, only \$85 million was awarded to first year students once the commitments to continuing grants were fulfilled. For fiscal year 2004, only 25 million was awarded in new awards. When compared to the 150 million dollars provided in its first year, TEXAS Grant has failed to live up to its expectations to assist students entering college.

In response to the public's demand for more financial aid funding to help families pay for college, state policymakers created yet another loan program to supplement a system of financial aid in Texas, which is already heavily reliant on student loans. The Texas B-On-Time Loan program has also suffered from

deficient funding and unrealistic requirements. Several community colleges have opted not to participate in this student loan program because the amount of aid available, coupled with new and incongruent eligibility requirements, make the program irrelevant to meet the needs of community college students.

The statewide motivational campaign, an element of the *Closing the Gaps* plan, is built on the premise that money should not be a deterrent to go to college. However, there has been no significant funding to institutions to support the strategies of *Closing the Gaps*. In 2004, the THECB campaign staff shifted its strategy to downplay the role of TEXAS Grant in the *Closing the Gaps* plan. Hence, the signature grant for the lone star state lost some of its shine.

The shortcomings of TEXAS Grant and the Texas B-On-Time Loan program, combined with three other major factors, have created a financial aid environment with false illusions of greater access to higher education. These factors include a surge in merit-based programs, increased unmet need, and a shift from traditional aid programs to tax credits. The increasing popularity of merit-based aid programs has shifted already scarce state and institutional resources away from need-based aid. The result is that all students compete for these resources and less funds are becoming available for those with the highest need. “A millionaire’s child can receive the award, as could the child of a migrant worker, as long as he or she meet’s the awards eligibility requirements, (p. 8)” cautioned the Student Financial Aid Steering Committee (SFASC). Need-based aid had a stronger influence on college participation than any other financial

variable (SFASC, 2004). Moreover, low-income families are already losing ground in terms of the proportion of student aid received. Through 1995, high-income families (above 75,000 dollars per year) received a 62 percent increase in federal aid dollars, compared to 22 percent for middle-income families (25,000 to 75,000 dollars) and 16 percent for low-income families (below 25,000 dollars per year) (Pugh, 2000).

As financial aid becomes increasingly illusive to low-income families, the continued increases in college costs have further hampered a college's ability to curb the unmet need of low-income students. Excessive unmet need prevents even highly qualified low-income and minority students from attending a four-year institution (ACSFA, 2002). Students enrolled at four-year public colleges face an average unmet need of 3,800 dollars. In contrast, high-income students have an average unmet need of 400 dollars at public four-year colleges. Even at two-year public colleges, low-income students confront an average unmet need of 3,200 dollars. Ironically, unmet need is higher for low-income students at two-year public institutions than for high-income students at four-year private institutions (ACSFA, 2002).

To make matters more troubling for low-income students, the Taxpayer Relief Act of 1997 further eroded student aid resources away from the low-income families. The Act's signature initiative, Hope Scholarships, includes non-refundable tax credits that generally do not benefit low-income students. Low-income families will not benefit from tax credits (Wolanin, 2001). The tax credits

do not increase access to postsecondary education. As with all tax credits families cannot benefit from it until the end of the tax year. Therefore, students must be able to pay for college out of their disposable income. Most low-income families (below 25,000 dollars) do not qualify at all because they pay no income taxes (Padron, 2004). Monies are being shifted away from low-income students at a time when middle and upper income families, who are full pay students, are increasingly enrolling at community college (McPherson & Shappiro, 1998). If these policy trends continue, community colleges will not be able to meet the aid demands of the projected enrollments. There is an incongruous relationship between state and federal policy and community college financial aid directors' efforts to provide aid to students.

Recommendations for Policymakers

Recommendation One:

Policymakers must once again make aid to low-income students the primary purpose of student financial aid resources. They must align existing and new financial aid policies with the actual and increasing needs of the projected student enrollments and the colleges that serve them.

Recommendation Two:

Policymakers must redirect the resources allocated for tax credits to need-based financial aid programs before tax credits become politically unrealistic to eliminate or otherwise phase out. As tax credits expand to allow favored constituencies to benefit more easily, dollars headed for the tax side will grow

over time, and the traditional student aid programs, which are much better vehicles for providing access and choice, will gradually wither away (McPherson and Shapiro, 1998).

Recommendation Three:

Texas must make a greater investment in financial aid programs to redress the enrollment barriers of unmet need, which as state previously, adversely affects college participation among low-income students. State aid represents only nine percent of all aid in Texas, and 60 percent of all financial aid recipients in Texas did not receive any state aid. The state of Texas must redress this imbalance.

Recommendation Four:

Federal and state policymakers must create a system of financial aid in which students are not heavily reliant on educational loans. The US Department of Education reported that through fiscal year 2002 that more than 275 billion dollars in federal student loans was outstanding. In fiscal year 2005, students and parents are projected to borrow more than 50 billion dollars in federal student loans alone. The federal student loans programs constitute the largest source of all student aid programs. In Texas the student loan landscape is stark, where loans comprise an estimated 68 percent of all financial aid in 2001-2002, compared to 56 percent nationally. State policymakers can help turn this tide by creating need-based grant assistance programs rather than new loans programs such as the Texas B-On-Time Loan program.

Student loans are a good investment for policymakers because they are less costly than grant aid. For students loan aid makes college affordable and attainable. However, with loan aid comes a risk of default and the consequences of student loan default can have a lasting adverse affect on the projected enrollments. At community colleges, more than 11 percent of the Texas students who entered repayment in 2001 defaulted, as compared to 6 percent of those students from four-year public institutions (TG, 2003). Students enrolled in short-term programs are almost twice as likely to default compared to those attending traditional baccalaureate programs.

Recommendation Five:

Policymakers must improve how they engage the financial aid profession in discussions involving policy development. Addressing the needs of the financial aid offices within the context of *Closing the Gaps* plan requires sound policy that is consistent with best practices in the field. Policymakers will benefit from seeking input from the practitioners. They should do so early and consistently.

Implications for the Field: Practitioners

Three themes, unsuitable human resources, futile awareness strategies and messages, and inadequate technology resources formulate the implications that are most relevant to the individuals in the field, including financial aid practitioners and senior administrators. These themes have a greater consequence

on the day-to-day operations of the financial aid offices. They also are the most practicable areas for expeditious changes absent acts of legislative bodies.

Community college financial aid offices perform four major functions including the administration of multiple and complex programs, ensure regulatory compliance, provide timely and accurate information, and perform community and outreach efforts. These responsibilities have compounded over the years and their magnitude is only expected to increase with the projected growth in student enrollment, new programs, changing eligibility requirements, and the rapid growth of fast track and distance learning programs offered by community colleges. Each of these responsibilities is at risk when community college financial aid offices maintain unsuitable human resources.

Participants of this study reported using work-study students to perform some key duties, including counseling students and ensuring regulatory compliance. In 2002-2003, 44.1 percent of students attending non-profit colleges in Texas received some type of need-based aid (SFASC, 2004). The percentage is likely to be higher at community colleges because of the high enrollment of low-income students. The result is that community colleges are becoming increasingly dependent on student aid funds for their revenue stream. These funds are at risk. Colleges that rely on work-study students, or other entry-level staff, to perform functions that are subject to regulatory compliance risk losing eligibility to participate in the federal and state financial aid programs. Moreover, as the demands of the projected enrollments materialize, colleges will be unable to

provide direct services to students. They will have no choice but to limit or eliminate their efforts dedicated to counseling students and conducting outreach efforts in the community. These cut backs will come at a time when the emerging student enrollments will require more direct assistance from the college financial aid offices.

In contrast, a close look at the *Closing the Gaps* plan reveals that financial aid offices will actually be required to be more involved in outreach efforts designed to recruit students into post-secondary education. *Closing the Gaps* calls for the implementation of the Uniform Recruitment and Retention Strategy plan, which requires all public colleges and universities to develop a campus-wide plan detailing how their institution will recruit and graduate their share of the 500,000 additional students. These institutional plans must provide specific strategies for recruiting new students. Those strategies must include helping students understand how they will pay for college. According to research conducted by Wirthlin Worldwide through Sherry Matthews Advocacy Marketing (Campaign strategic plan, retrieved from the www), paying for college was the highest concern among students and families. Subsequently, the Texas higher education community made the availability of financial aid the core message of the College for Texans motivational campaign. The financial aid community was then urged to become actively involved in outreach efforts in their respective communities and in statewide college awareness initiatives.

Moreover, community college financial aid offices with inadequate technology resources risk becoming frustrated in their efforts to meet the demands of the *Closing the Gaps* plan. Today's financial aid office must administer tens of millions of dollars in an environment that has become largely automated. Entities from the US Department of Education to financial institutions that provide much of financial aid that is available to students have made great strides in automating their processing systems. Colleges are being pressured to eliminate their manual processing and to make systems changes to conform to industry standards.

The pressure to automate is further exacerbated because of the increase in the total number of students who are applying for financial aid, and the realities faced by community colleges of serving large numbers of non-traditional students who tend to apply late in the application process. Community colleges face a need for technology resources that enable them to process large quantities of applications and make timely and accurate awards. Failure to provide this service presents a risk that those students will not enroll; therefore, institutions lose the revenue and students lose an opportunity to pursue a post-secondary education.

Recommendations for Practitioners

Recommendation One:

Campus administrators must establish effective human resource capacities for the financial aid office. Financial aid offices must be able to use proven staffing modules to maximize their operations. Resources must be dedicated to provide continuous training. Staff development plans must include ongoing

assessment of personnel knowledge and abilities, and rigorous training requirements should include regulatory compliance, effective customer service, and current technologies.

Recommendation Two:

Financial aid administrators must secure state-of-the-art application of technology to gain operational efficiency, maximize staff capacities, and minimize institutional risk. Senior administrators must support Information Technology resources within the financial aid office. This includes hiring one or more information technology experts on staff who are fully dedicated to automating the financial aid operations. The financial aid technology resources need must be fully integrated into the college-wide technology plan.

Recommendation Three:

Financial aid administrator must capitalize on available technologies that enable them to optimize packaging and awarding of available financial aid dollars to the projected enrollments. By using this forecasting tool, aid administrators will be able to perform analyses of how their existing financial aid dollars can be reallocated to students under different enrollment projection scenarios. This tool will be especially critical for awarding aid to additional students at times when funding for financial aid remains constant or, worse, is reduced.

Recommendation Four:

Financial aid administrators must act beyond the realm of the financial aid office. They must participate in critical discussions affecting policy development

before the policy is adopted. Policies affecting financial aid practices are developed on-and-off campus. Financial aid administrators have a responsibility to become knowledgeable about the different venues in which policy is developed, and become actively engaged in those processes.

Recommendations for Further Research

The original intent of federal and state financial aid policies is to create access to post-secondary education to those who would not otherwise have the means to enroll. The *Closing the Gaps* plan challenges the state to tackle the ambitious goal of increasing enrollment in Texas by 500,000 students. Community colleges are projected to bear the majority of that increase; they are projected to enroll 60 percent of all post-secondary education students by 2015. We know that student financial aid will be crucial in helping low-income students participate and succeed in post-secondary education.

This study set out to unveil the perceptions of eight community college financial aid directors regarding the financial aid needs of community colleges within the context of the *Closing the Gaps* plan. The researcher determined that community college financial aid directors have the experience to identify the financial aid needs of community colleges to meet the goals of the *Closing the Gaps* plan. However, in the course of this study, the researcher discovered several additional questions requiring further research, which community college financial aid directors will need to effectively meet the needs of projected student enrollments.

Research Questions

1. What are the implications to low-income families from the success or failure of community colleges achieving an optimal system of financial aid?
2. What is the appropriate balance between state and federal financial aid resources to ensure access to community colleges and what is the needed contribution from the state to reach that balance?
3. What do financial aid directors consider to be an optimal system of financial aid needed to meet the enrollment and graduation rates at community colleges?
4. What is the model technology plan(s) for community college financial aid offices?
5. How much longer can the federal government continue to invest critical resources on tax credits, which do not expand access to higher education?
6. How should the state's financial aid resources be recalculated to ensure an equal distribution to students enrolled at community colleges?
7. How meaningful is financial aid in reducing student attrition?

Appendix A: Site Participation Form

Please mail this form by September 30, 2003 to
Vickie Reyes
Texas Guaranteed
P.O. Box 83100
Round Rock, Texas 78683-3100

(800) 252-9743 Ext. 4632
Vickie.reyes@tgsllc.org

[Name of Participating Institution]
[Address of Participating Institution]

I have read your letter inviting our college to participate in the assessment for establishing a Center of Excellence in Community Colleges.

I have discussed your request with [name], Director of Financial Aid. I have advised [him/her] of the interview(s) which will be conducted.

This letter is my consent for you to contact and interview our financial aid director.

The data collected from the interviews may be included in the dissertation inquiry regarding the delivery of student financial aid in community colleges. Please circle one: Yes or No

[name of college president]

Date

Appendix B: College Participation Form

Dear President [name of college president]:

Texas Guaranteed (TG) and the Texas Association of Community Colleges respectfully invite your institution to participate in a needs assessment to establish a Center of Excellence in Community Colleges (The Center). As community colleges experience unprecedented enrollment growth student financial aid will be essential to increase student participation and success. The Center will support community colleges in meeting their enrollment and retention challenges through effective delivery of student financial aid. The assessment, which will include eight community colleges, will be conducted from October – December, 2003.

The student financial aid director at your institution will be requested to participate in a series of interviews. These interviews will yield information that will assist us in examining the implications that the Closing the Gaps plan will have on the delivery of student financial aid. During the interviews, we will also explore the potential value of The Center in providing research and training support to community colleges. The data collected from the needs assessment will be published and distributed to you in a final report in January 2004.

Moreover, the data collected from the assessment may be utilized in a dissertation study regarding the delivery of financial aid in community colleges which is being conducted by Vickie Reyes, TG's director of community and public affairs. Ms. Reyes is completing a doctorate in the Community College Leadership Program at the University of Texas at Austin. You may elect to participate only for purposes of The Center and not the dissertation inquiry.

Enclosed is an abstract that will provide you with additional details of the project. We look forward to [name of college]'s participation. We are optimistic that this project will augment our collective efforts to create viable financial aid policies and programs for all students. If you accept our invitation to participate, please submit the attached site confirmation form to Ms. Reyes. Upon your acceptance, she will contact [name], director of student financial aid at your institution.

Sincerely,

Milton G. Wright
TG President and CEO

Rey Garcia, Ph.D.
TACC Executive Director

cc: [name], Director of Financial Aid

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Vita

Virginia Murillo was born in El Paso, Texas on October 9, 1969, the daughter of Adalberto Murillo and Rosa Maria Murillo. After graduating from high school in El Paso, Texas in 1988, she moved to Austin, Texas. She began her educational and professional career at Austin Community College. In 1991 she transferred to the University of Texas at Austin where she received a Bachelor of Social Work in May 1994 and a Master of Science in Social Work in May 1995.

Vickie is a seasoned financial aid professional, with expertise in higher education policies and programs, specializing in the areas of student financial aid, academic counseling, and college recruitment.

After eight years at Austin Community College, she began a career at Texas Guaranteed Student Loan Corporation (TG). While at TG, she began her studies at the Graduate School of The University of Texas at Austin, Community College Leadership Program, in May 2001. She is currently serving as TG's Director of National Sales Operations.

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This dissertation was typed by the Virginia Murillo and converted to The University of Texas at Austin dissertation template format by Carole Errett.