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Merike Saarniit

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## *Implications of Reduced Financial Aid on Student Enrollment*

*by Merike Saarniit*

As long as the public commitment to the goals of large enrollment, equal opportunity, and the social benefits of higher education are agreed upon, government support of higher education along with low tuition and primary emphasis on direct student financial assistance is the logical system of financing higher education. However, as Dannells (1977) indicated, crisis of purpose in higher education and the lack of consensus on its aims as reflected in severely reduced public and government commitment to higher education have resulted in much controversy over how it should be financed. Current public and government sentiment emphasizes the private benefits of education, efficiency, balanced public budgets, and equity, and therefore supports a system of financing higher education that entails high tuition and limited governmental support.

In an era of no-growth and even decline and retrenchment, the public mood, reflected by the government, is one of self-doubt, conservatism, and retreat. Conclusions (Hechinger, 1977) have been drawn that not too few but too many are being educated, and there is little current enthusiasm to pay for the education of other people's children. The impending cuts in and massive "revamping" of federal student aid programs and wide public interest in tax credits as a "substitute program" for federal aid are clear indicators of the new public conservatism. This forces attention on the future of the stated objectives of financial aid not only in terms of providing access and choice but also in terms of retention.

The role that student aid has played in the retention of students was clearly evidenced by the Carnegie Council on Policy Studies in Higher Education (1978) as it compared the number of students who gave financial reasons for dropping out when student aid programs were less developed (28% in 1968 and 24% in 1972) to the number when aid was more accessible (8% in the study of the high school class of 1975).

Critical to the survival of many institutions of higher education will be increased support services to students with the objective of ensuring financial access. Institutions must be sensitive to the specific needs of students from various socioeconomic backgrounds and to the students' and the public's general feelings about and expectations of student financial aid. Now, more than ever, institutions must evaluate their advising systems, particularly financial aid counseling. College students need a great deal of rather intimate advice from professionals as they learn how to cope with the many-faceted stresses of college life. All too frequently, advising degenerates into details of registration or copying information from tax returns and, as Mayhew (1979) reports, advisors are unprepared to render other kinds of help the student might need. This lack of support may well result in the student's failure to remain enrolled thereby reflecting the institution's unsuccessful counseling of the student. The future tasks of a financial aid counselor must more and more involve assisting present as well as prospective students to cope with a full array of financial concerns.

At the time of this article's submission, Ms. Saarniit was Assistant Director of Student Aid at the University of North Carolina, Greensboro.

It is important to remember that access to higher education was originally intended to serve the aspirations of human beings to gain self-fulfillment. Students who manage to complete their course of study are often those who learn early the "how to" of staying in school. Often, particularly for disadvantaged students, as Morris (1979) indicated, this does not mean simply successful academic endeavors, but rather learning adjustments and socialization and obtaining the security of a sufficient level of financial support. With student aid decreasing, the institution must take on the responsibility of providing students with "how-to" skills in both acquiring and successfully managing additional resources to supplement or replace financial aid. These same skills would also serve students once they leave the institution.

#### *Purpose of Study*

In most cases, research is undertaken to find out "why something happened" after the event. This study, however, asks the question "what would happen if. . .?" and endeavors to examine the relationship of students' socioeconomic background and (a) the type of action they project they would take should sufficient student aid not be available to meet their needs; (b) what they believe the objectives of financial aid should be; and (c) their concerns regarding the availability and expectations of financial aid. It is hoped that this information would assist in determining the impact of financial aid on students' expectations of themselves and the institution.

#### *Method*

Approximately 4900 students received financial aid to attend the University of North Carolina at Greensboro (UNC-G) during the 1981-82 academic year. Seventy-five percent received federal Title IV aid. A "Student Expense Survey" was undertaken by the UNC-G Student Aid Office to assist in the development of viable student budgets for financial aid purposes. The survey was administered by the UNC-G Office of Institutional Research and mailed to eight hundred students. The student sample included both recipients and non-recipients of financial aid. The survey primarily asked questions about the amounts and types of expenses incurred for attendance at UNC-G. Students also provided demographic information.

The expense survey was used as the vehicle for this study by including the two following additional questions:

QUESTION: If the UNC-G Student Aid Office could not offer you as much financial aid in 1982-83 as you feel you need, which course of action would you be most likely to take? (Circle one)

1. I would find some extra money from my family, relatives or friends; and/or apply for scholarships available from churches and outside organizations; and/or borrow from a commercial lender (*not* student loans) so that I could continue my education at UNC-G.
2. I would try to cut down on my non-educational costs.
3. I would save as much as I could from summer or part-time jobs so that I could continue my education at UNC-G.
4. I would look for part-time employment while attending UNC-G full-time.
5. I would attend UNC-G part-time and work part or full-time.
6. I would move back with my parents and commute to UNC-G.
7. I would transfer to a less expensive school for 1982-83.
8. I would not be able to continue at UNC-G or any other college during 1982-83.
9. Other; specify \_\_\_\_\_

QUESTION: Which statement most closely resembles your general feelings about financial aid? (Circle one)

1. I believe that financial aid should be made available only to those who really need it, as well as scholarships to those who may not need it but do well in school.
2. I believe that financial aid should be in the form of scholarships based on high academic achievement only.
3. I believe that the government should have the responsibility of educating anybody who is qualified to attend college and who wants to do so because it is in this country's best interests to have a well-educated citizenry.
4. Need-based aid should be the form of work-study only so that students who need the money will appreciate the value of working for it and not get used to "free hand-outs" which they may come to expect after leaving school.
5. I believe that the responsibility for financing college should rest entirely on the student and his/her family. If they can't afford it, then the student should work and save money until he/she can afford it.

Other questions included in the expense survey which were analyzed in this study were as follows:

1. Which statement most clearly describes the extent to which you currently receive financial assistance from various sources which enables you to attend UNC-G this academic year? (Circle one).
  - a = I am supported entirely by myself or family.
  - b = I am supported mostly by myself or family with some assistance from UNC-G or other financial aid sources.
  - c = I am supported mostly by UNC-G or other financial aid sources with some support from myself or family.
  - d = I am supported entirely by financial aid from UNC-G or other financial aid sources.
2. How would you describe your standard of living while going to school? (Circle one)
  - a = Low
  - b = Moderate
  - c = Above Average
  - d = High

Limited interviewing was held with a subsample of students to elicit more specific responses regarding their expectations of the institutions and themselves as well as their fears of not being able to continue their education. This was done in the Student Aid Office with students who originally came to talk with the author regarding other financial aid problems.

#### *Results of the Study*

Tables 1, 2, and 3 compare and contrast the respondents' perceived standard of living, their general feelings on financial aid, and their methods and sources of financing their education.

As Table 1 demonstrates, most survey respondents considered themselves as living within a "moderate" standard of living regardless of the source of support for their living expenses. Aid recipients were more likely to list a "low" standard of living and those whose support came primarily from their families were more likely to list an "above average" or a "high" standard of living.

Table 2 clearly demonstrates the similarities and differences in the respondents' general feelings about what the purpose and scope of financial aid should be in relation to the source of their support to meet educational costs. Over half of all respondents indicated that they agreed with the current uses of financial aid, namely

that financial aid should be made available to those who clearly demonstrate need and that some merit scholarships should be available for those who demonstrate superior academic achievement regardless of need.

Comparing the respondents' general feelings about financial aid to their perceived standard of living brought somewhat different results. Table 3 demonstrates that a majority of those students who perceive their standard of living as "high" believe that financial aid should be made available to those who need it, with a small number believing that only work-study should be made available to those who need assistance.

The respondents who perceived their standard of living as "low" clearly indicated that financial aid should be available to those who need it, and that the government should be responsible for educating its citizenry. Surprisingly, a significant number indicated that financial aid should be in the form of work-study only. Compared to Table 2, none of those respondents who are entirely supported by financial aid believe that financial aid should be for academic achievement or work-study only nor that it should be entirely provided by the student and family.

There was no significant difference in the responses to "general feelings on aid" when compared to dependency status and educational levels.

Table 4 reveals that there were no significant differences in responses received from in-state and out-of-state students. It is assumed that because in-state student expenses are considerably lower than out-of-state student expenses, the in-state students are more likely to be able to supplement any financial assistance they receive with other money. This is suggested by the fact that a majority (75%) of in-state students indicated that some way or another they would attempt to obtain additional resources to stay enrolled at UNC-G full-time. Ten percent of the in-state respondents indicated that they might attempt to obtain additional resources to stay enrolled at UNC-G full-time. Ten percent of the in-state respondents indicated that they might attempt working part or full-time and continuing at UNC-G part-time. According to the survey, 15% of the in-state respondents would not enroll at any institution during 1982-83 if insufficient financial assistance was offered for enrollment at UNC-G. This response was most often seen from respondents who perceived their standard of living as "low." Also, since UNC-G already has relatively low tuition, the option of transferring to another institution was not indicated by any of the in-state respondents.

The out-of-state student respondents' results showed that 70.9% would attempt to obtain additional resources to stay enrolled at UNC-G full-time. Of those who felt they could not remain enrolled full-time due to financial restraints, most indicated they might attempt to remain enrolled at least part-time while being employed part or full-time. Another 14.5% indicated that they would no longer remain enrolled at UNC-G and either transfer to a less expensive institution (8.3%) (presumably a state institution in their home state) or cease college attendance entirely (6.2%).

Table 5 compares undergraduates' choices of alternate course of action by grade level. It is interesting to note that, generally, juniors and seniors were more likely than freshmen and sophomores to either cease full-time enrollment or drop out entirely. Juniors and seniors seemed less hopeful of saving money from summer jobs. Perhaps experience has shown them that summer employment opportunities for college students are not as plentiful or monetarily rewarding as freshmen and sophomores expect them to be.

#### *Students' Observations*

Students were encouraged to comment freely about financial aid on both the survey instrument and during interviews at the Student Aid Office. Most students ex-

pressed concern about the fact that there is not enough financial aid to meet all student needs. Many (25% of those who made observations) stated that more stringent "satisfactory academic progress" requirements should be used as a factor for determining aid eligibility. They also indicated that aid should be need-based and that they were dismayed by the number of students they knew who were getting aid but were just using it to "have a good time" while their own parents' taxes were paying for it. This finding bears on the current federal proposals to review, and possibly make more restrictive, the satisfactory academic progress requirements for eligibility for federal aid.

Most graduate students who had comments or were interviewed were very chagrined at the lack of financial assistance available to them. One typical remark was, "I have cut corners, lowered my standard of living, ignored my health care and as a result suffered while attempting to improve myself and make a lateral move within my profession. At this point I realize I must make a financial recovery before obtaining the master's which was my intended goal." Also, those with graduate assistantships stated that their salaries were too low (ranging between \$2,000-\$4,500 per academic year). They contended that "a graduate student with an assistantship, if paid enough, should not have to apply for further financial aid."

This survey and the interviews were held during the same time the Reagan Administration was proposing to ban graduate students from the Guaranteed Student Loan Program. A number of graduate students, both GSL recipients and non-recipients, expressed great dismay at this proposal.

Quite a number of students, both graduate and undergraduate, declared that their worries over financial problems took precedence over academic concerns. "I'm here to get an education but I wouldn't be here if I didn't have the financial aid I have. I thought I'd be able to squeeze by with my aid but I have found that I am very barely managing. I have found a few temporary jobs which got me through several severe crunches like past due utility bills, an emergency dentist visit, and the like, but even now I worry more about what I'm going to eat next week instead of the tests I will take. Unless I can be sure my financial circumstances will be better next year, I doubt that I'll be back in school — simply because of survival."

A few students interviewed were from very low socioeconomic backgrounds and they generally indicated that without full financial aid, enough for tuition, fees, room, board, and books, that they could not be enrolled. They also stated that their college experience was more than just studying. "Now I know what it's like to share a room with only one other person, have all I want to eat, and actually have a warm room all winter long. If I could get financial aid for summer school, I'd come just to not have to be at home. I really hope that by getting a degree that I won't ever have to live like I've lived most of my life again. I just pray that there will be enough financial aid for me to finish my education."

#### *Summary*

A study conducted by the Medical Foundation of Boston (Ingalls, 1982) which surveyed nearly 3400 students at 16 colleges and universities in Boston found that worry about finances was the problem cited most often. "The financial problem area is significant, because the study was done in the previous academic year (spring of 1981), when cutbacks in student aid were not as pronounced. I would imagine the problems are much more severe for students today," said Henry Wechsler, the Foundation's director of research, who conducted the study along with Mary Rohmand and Roberta K. Idelson, research associates.

Both a literature search and the results of the student survey at UNC-G indicate that institutions need to be prepared to help their students research and obtain viable sources of "outside financial assistance," that is, non-traditional sources of aid such

as private scholarships and part-time employment.

Most students, not having been faced with having to secure aid from non-traditional sources, may have the unrealistic expectations that "they'll find it if and when they need it."

Institutions should also be prepared to offer support services which will enable students to deal more efficiently with their finances. Examples include a centralized apartment/house-mate agency, food purchasing co-ops, and book exchanges. Workshops dealing with money management, obtaining outside sources of aid, and developing marketable skills for job hunting would be advantageous for both aid and non-aid recipients. Counselors should be sensitive to the fact that money-related problems may be the primary source of stress for students who come for counseling on academic or personal problems.

Institutions of higher education would do well to ensure that every effort is made to comply with their commitment to help their individual students achieve self-fulfillment.

NOTE: Tables 1, 2, 3 have the following statistics in each cell:

- Number of respondents
- Row percent
- Column percent
- Total percent

Table 1: Comparison of students' methods of financing their education to their perceived standard of living while enrolled:

PERCEIVED STANDARD OF LIVING:	SOURCE OF ASSISTANCE:				Row Totals
	Self & Family	Mostly self/ Some Aid	Mostly aid/ Some Self	Totally by aid	
1. Low	19	22	18	7	66
	28.8	33.3	27.3	10.6	17.1
	10.4	20.6	24.0	31.8	
	4.9	5.7	4.7	1.8	
2. Moderate	89	66	46	12	213
	41.8	31.0	21.6	5.6	55
	48.6	61.7	61.3	54.5	
	23.0	17.1	11.9	3.1	
3. Above Average	65	18	11	2	96
	67.7	18.8	11.5	2.1	24.8
	35.5	16.8	14.7	9.1	
	16.8	4.7	2.8	0.5	
4. High	10	1	0	1	12
	83.3	8.3	0.0	8.3	3.1
	5.5	0.9	0.0	4.5	
	2.6	0.3	0.0	0.3	
Column Totals	183 47.3%	107 27.6%	75 19.4%	22 5.7%	387 100.0%

Table 2: Comparison of students' general feelings regarding their philosophy of financial aid to their methods of meeting their educational expenses:

GENERAL FEELING ABOUT AID	SOURCE OF ASSISTANCE:				Row Totals
	Self & Family	Mostly self/ Some Aid	Mostly aid/ Some Self	Totally by aid	
1. Real Need/ Some Based on Merit	87	57	42	14	200
	43.5	28.5	21.0	7.0	53.9
	50.3	54.3	58.3	66.7	
	23.5	15.3	11.3	3.8	
2. Based on Academic Merit Only	8	3	3	0	14
	57.1	21.4	21.4	0.0	3.8
	4.6	2.9	4.2	0.0	
	2.2	0.8	0.8	0.0	
3. Government Responsibility to Educate All	31	29	18	7	85
	36.5	34.1	21.2	8.2	22.9
	17.8	27.6	25.0	33.3	
	8.3	7.8	4.8	1.9	
4. Aid in Form of Work-Study Only	39	16	8	0	63
	61.9	25.4	12.7	0.0	17.0
	22.5	15.2	11.1	0.0	
	10.5	4.3	2.2	0.0	
5. Student/Family Responsibility to Pay for Education	8	0	1	0	9
	88.9	0.0	11.1	0.0	2.4
	4.6	0.0	1.4	0.0	
	2.2	0.0	0.3	0.0	
Column Totals	173 46.8	105 28.2	72 19.4	21 5.6	371 100.0



Table 3: Comparison of students' perceived standard of living to their general philosophy of financial aid:

GENERAL FEELING ABOUT AID	PERCEIVED STANDARD OF LIVING :				Row Totals
	Low	Moderate	About Average	High	
1. Real Need/ Some Based on Merit	27	110	48	8	193
	14.0	57.0	24.9	4.1	53.3
	44.3	54.2	55.8	66.7	
	7.4	30.4	13.3	2.2	
2. Based on Academic Merit Only	2	6	5	1	14
	14.3	42.9	35.7	7.1	3.9
	3.3	2.9	5.8	8.3	
	0.6	1.7	1.4	0.3	
3. Government Responsibility to Educate All	18	50	15	0	83
	21.7	60.2	18.1	0.0	22.9
	29.5	24.6	17.4	0.0	
	5.0	13.8	4.1	0.0	
4. Aid in Form of Work-Study Only	13	32	15	3	63
	20.6	50.8	23.8	4.8	17.4
	21.3	15.8	17.4	25.0	
	3.6	8.8	4.1	0.8	
5. Student/Family Responsibility to Pay for Education	1	5	3	0	9
	11.1	55.6	33.6	0.0	2.5
	1.6	2.5	3.5	0.0	
	0.3	1.4	0.8	0.0	
Column Totals	61	203	86	12	362
	16.8	56.1	23.8	3.3	100.0

Table 4. Summary of responses for all students who answered "yes" or "uncertain" to "Do you expect to apply for financial aid in order to attend any college in 1982-83?" in regard to choices of alternate funding sources/courses of action if financial aid offered by UNC-G is not enough to meet expenses of attending UNC-G in 1982-83:

COURSE OF ACTION IF NOT ENOUGH AID:	STATE RESIDENCY:				ROW TOTALS	
	IN STATE		OUT OF STATE		Number	Col. %
	Number	Col. %	Number	Col. %		
1. Family	35	31.0	6	12.5	41	25.5
2. Cut Down	11	9.8	2	4.2	13	8.1
3. Save Summer	17	15.0	7	14.6	24	14.9
4. UNC-G Full-Time /Part-Time Work	12	10.6	9	18.8	21	13.0
5. UNC-G Part-Time /F or P-Time Wk.	12	10.6	7	14.6	19	11.8
6. Live at Home	2	1.8	0	0.0	2	1.2
7. Transfer	0	0.0	4	8.3	4	2.5
8. Drop Out	18	15.9	3	6.2	21	13.0
9. Other	6	5.3	10	20.8	16	10.0
COLUMN TOTALS	113	(70.2%)	48	(29.8%)	161	100.0

Table 5. Choices of alternate funding sources/courses of action for undergraduate students if they do not receive enough financial assistance from UNC-G to be able to attend UNC-G for 1982-83 based on grade level:

COURSE OF ACTION IF NOT ENOUGH AID	Freshman	Soph.	Junior	Senior	Row Totals
1. Family	10 27.8	11 29.7	14 23.7	9 16.4	44 23.5
2. Cut Down	4 11.1	1 2.7	4 6.8	4 7.3	13 7.0
3. Save Summer	11 30.6	12 32.5	7 11.9	8 14.5	38 20.3
UNC-G Full-time	5	4	6	6	21
4. /Part-Time Work	13.9	10.8	10.2	10.9	11.2
UNC-G Part-Time	1	0	5	12	18
5. /F or P-Time Wk.	2.8	0.0	8.5	21.8	9.6
6. Live at Home	0 0.0	1 2.7	2 3.4	2 3.7	5 2.7
7. Transfer	1 2.8	2 5.4	2 3.4	0 0.0	5 2.7
8. Drop Out	2 5.5	3 8.1	11 18.6	6 10.9	22 11.8
9. Other	2 5.5	3 8.1	8 13.5	8 14.5	21 11.2
COLUMN TOTALS	36 (19.2)	37 (19.8)	59 (31.6)	55 (29.4)	187 (100.0)

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