

Journal of Student Financial Aid

Volume 29 | Issue 2

Article 4

7-1-1999

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Recommended Citation

Brown Wright, Dianne A.; Stewart, Gregory; and Burrell, Charlotte (1999) "Financial Aid Application Technology Utilization by High School Students and Their Parents," *Journal of Student Financial Aid*: Vol. 29 : Iss. 2 , Article 4.
Available at: <https://ir.library.louisville.edu/jsfa/vol29/iss2/4>

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Financial Aid Application Technology Utilization by High School Students and Their Parents

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Historically, the financial aid area of higher education institutions has been slower to computerize than other college support areas, according to St. John (1985) and Shelley (1989). Major obstacles noted by these authors include inadequate funding, lack of knowledgeable staff, lack of training, and lack of time. St. John and Shelley note that, more recently, information management techniques in financial aid are changing as quickly as they are in other areas. Barnes (1994) noted this same trend, reporting that financial aid offices are one of the primary users of information and computer technology in postsecondary education institutions.

Technology use in financial aid offices to date includes the manipulation of large amounts of data in application processing, making awards, and keeping records, as well as accessing student information data files to mail award notifications and to credit financial aid to student accounts. Further, technology is available to assist financial aid administrators in calculating the specific costs of student attendance, performing need analysis, managing funds, and tracking documents (Shelley, 1989).

Concern now appears to be changing from administrative uses of technology within the financial aid office, to the accessibility of technology to students, parents, and guidance counselors through the Internet or CD-ROM. Floyd (1996) notes particular concern about the disparity of access to technology by students in lower income categories. Specifically, government studies show that 15% of lower-income families have access to computers in their home, compared with 36% of higher-income families (Floyd, 1996). This difference is attributed, in part, to the lack of computer training available to lower income youth and their families. For example, a family may have access to computers, but may not have the skills to take advantage of the technology. Expense has also been identified as a major constraint to access.

What Factors Influence Use of On-line Applications?

The use of information and computer technology by financial aid offices is widely documented. Less is known, however, about the collaborations of postsecondary institutions, secondary schools, and the public in terms of access to, and use of, available financial aid software systems. In addition, there is little data about who has access to available technology, who does not, and why.

The purpose of this research project was to study the use of on-line applications by high school students and their parents to apply for financial aid at private and public universities and community colleges in Ohio. This study was also designed to investigate student and parental awareness of, and planning for, financial aid for higher education; to determine the perceived value and cost effectiveness of on-line financial aid applications; and to explore public policy implications relative to the use of technology in applying for student financial aid. For purposes of this study, the definition of "on-line application technology" was the student's use of a computer to apply for financial aid using FAFSA Express or an institution's financial aid form.

Research Methodology

Based on an extensive review of related and available literature, we developed a profile of variables that predict utilization versus non-utilization of financial aid application software. These profile variables were used to design a survey instrument that was pilot-tested on a random sample of financial aid administrators in the selected population area to determine its content and construct validity. Based on the results of the pilot, the instrument was revised and administered to 39 financial aid administrators at Ohio postsecondary institutions in August 1997. Results obtained from the survey were combined with a document analysis of financial aid applications received by means of the Free Application for Federal Student Aid (FAFSA).

Working with selected campus financial aid administrators, school counselors, and the U.S. Department of Education, we identified where users were accessing on-line financial aid applications and determined obstacles to using this technology.

Findings

Of the 39 institutions, 19 responded to the survey, for a response rate of 49%. Eight of 13 (62%) financial aid administrators at private 4-year institutions responded; 7 of 13 (54%) at public 4-year institutions responded; and 4 of 13 (31%) at community colleges responded. Respondents were asked to indicate not only their institution type (i.e., private, public, two-year, four-year) but also the student headcount enrollment (i.e., less than 1,000; less than 5,000; less than 10,000; or 10,000 or more (see Table 1). Student headcount ranged from under 1,000 at a small private institution to well over 10,000 at 86% of the public institutions surveyed.

Respondents were asked to indicate what percentage of their institutions' students received some form of financial aid (i.e., grants, loans, and student employment). At private institutions, an average of 84% of the students received financial aid; at public universities, 66% received aid; and at community colleges, 56% received aid (see Table 1).

TABLE 1
Comparison of Type of Institution and Student Demographics

	Public		Community College		Private	
	N	%	N	%	N	%
Student Headcount						
Less than 1,000	0	0	0	0	1	13
Less than 5,000	1	14	1	25	7	88
Less than 10,000	0	0	1	25	0	0
10,000 or more	6	86	2	50	0	0
Average percentage of students receiving financial aid	\bar{x} = 66 SD = 15		\bar{x} = 56 SD = 11		\bar{x} = 56 SD = 11	

Note: Percentages may not total 100% because of rounding.

Among the institutions surveyed, there was a great difference in the availability of technology to students. Respondents were asked about the availability to high school students of interactive modes of accessing information about financial aid (see Table 2).

TABLE 2
Availability of Technology for Accessing Financial Aid Information by Type of Institution

Type of Technology	Public		Community College		Private	
	N	%	N	%	N	%
CD-ROM	0	0	0	0	2	25
Internet	6	86	2	50	8	100
Computer diskette	0	0	1	25	3	38

Twenty-five percent of the financial aid administrators at private institutions indicated the availability of CD-ROM in the financial aid counselor's office. No public universities or community colleges indicated such availability. Access to the Internet was reported by 100% of the private institutions, 86% of the public universities, and 50% of the community colleges. Computer diskette usage was reported by 38% of financial aid ad-

Perceived Advantages of the On-line Application Process

ministrators at private institutions and 25% at community colleges. None of the public institutions reported use of computer diskettes. Other responses included written brochures, e-mail, and data entry and transmission of initial electronic applications and re-submission of electronic applications for students.

The survey asked financial aid administrators about their perceptions of the advantages of the on-line financial aid application process. Responses included:

- faster turn-around time
- quicker [family] decision-making
- greater [student] access to information
- faster processing of forms
- less cost
- enhanced ability to validate the accuracy of data
- speed of transmission
- efficiency
- enhanced data management (i.e., fewer manual interventions)
- ease of use for students
- timeliness
- prevention of simple errors
- less paper handling

Financial aid administrators were also asked about their perceptions of the disadvantages of the on-line financial aid application process. Responses included:

- no signature page
- lack of data accuracy (especially parental financial information for dependent students)
- equality of access in terms of hardware and software
- software reliability
- data security
- more changes filed
- limited student access to technology (particularly economically disadvantaged students)
- cost to institution to install, maintain, and utilize software
- lack of personal touch
- [inability to respond to] questions
- applicants' lack of technical knowledge
- no immediate review of data for completeness
- having to store the FAFSAs at the institution

Cost Effectiveness

Of the eight respondents from private institutions, seven perceived the on-line application system as cost effective. One of these respondents specifically noted the absence of mailing costs, but observed there were added costs for paper, scanning equipment, and labor required to input data. One respondent did not perceive the system to be cost effective and stated that "additive technology does not reduce costs; replacement technology could."

**Availability of
On-line
Applications for
Financial Aid**

Five respondents from public institutions indicated that they perceived the on-line application system to be cost effective. One hoped that the system will reduce the number of phone calls to the office relating to the application process; another respondent indicated that an on-line system simplifies the flow of data, eliminates paper, reduces postage costs, and requires fewer staff to manage data and handle paper.

All of the respondents from public institutions perceived the system as cost effective, although one respondent was uncertain of its cost effectiveness.

Four of the community college respondents perceived the system to be cost effective. One respondent's institution had acquired hardware to run FAFSA Express and employed students to assist other students to use the system.

Only two of the eight respondents from private institutions indicated that students could apply for financial aid using on-line financial aid application technology at their institutions (see Table 3). One respondent said that students at the institution could look up information about their forms submitted via the Internet; a second hoped to implement an on-line system; and a third indicated that the institution has been moving in this direction.

TABLE 3
Availability of On-Line Application for Financial Aid,
By Type of Institution

Availability	Public		Community College		Private	
	N	%	N	%	N	%
Yes	4	57	3	75	2	25
No	3	43	1	25	6	75

Four of the seven respondents from public institutions indicated that students may apply for financial aid using on-line financial aid application technology at their institutions. Two others hoped to have such a system in place in the next few years. Another respondent indicated that, beginning in 1998-99, scholarships and employment for students in the upperclass years would be handled electronically. The same respondent also indicated that the institution's award letter was available on-line. Another respondent indicated that the institution's web site included access to the FAFSA and the capacity to download scholarship applications.

Three community college respondents indicated that students could apply for financial aid using on-line financial aid

**Interactivity
With Other
Campus Offices**

**Student and
Parent Usage
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Applications**

application technology at their institutions. One respondent indicated that the institution did not have this capacity.

Interestingly, as noted in Table 4, more families reported using technology to apply for financial assistance than had access to technology at the high school, according to the results shown in Table 3. A possible explanation might be that the student/family applied from home, from someone else's home, from a public library, or came to the college campus to apply.

None of the private or public four-year institutional respondents indicated that financial aid software on their campus was used interactively with other offices on the campus such as the admissions office, bursar's office, registrar's office, and campus resident life office. Only one of the community college respondents reported that financial aid software was used interactively with other offices on their campus.

Most of the public institutions that responded (80%) reported low usage (1-10%) of technology to apply for financial aid. One community college reported no usage, one reported low usage, and one reported moderate usage (11-50%). For private institutions, half (50%) reported low usage, and a third (33%) reported no usage. One private institution reported moderate usage (see Table 4).

**TABLE 4
Student/Parent Use of Technology for Aid Application,
By Type of Institution**

Percentage of Use	Public		Community College		Private	
	N	%	N	%	N	%
None	1	20	1	33	2	33
1-10	4	80	1	33	3	50
11-50	0	0	1	33	1	17

Note: Percentages may not total 100% because of rounding.

Equipment was reported as a barrier by the majority of private and community colleges (75% each) and by over half of public institutions (57%). Budget constraints were reported by half of the private and community colleges (50% each) and by more than a quarter of public institutions (29%). Over half of public institutions (57%) and almost two-thirds of private institutions (63%) reported staffing as a barrier. Only one community college (25%) perceived staffing as a barrier (see Table 5).

TABLE 5
Barriers to Use of Technology for Aid Application,
By Type of Institution

Percentage of Use	Public		Community College		Private	
	N	%	N	%	N	%
Staffing	4	57	1	25	5	63
Budget	2	29	2	50	4	50
Equipment	4	57	3	75	6	75

Major Policy Issues

At private institutions, perceptions of major policy issues included data integrity, security, and confidentiality; the development of integrated systems (e.g., with admissions) that require cooperative efforts and cannot proceed as a single departmental initiative; accessibility of software; cost allocation; resolving the electronic signature issue; uniformity of data across institutions; and ease of use.

Respondents from public institutions named many of the same issues. In addition, one respondent noted that "students and parents are afraid of paper application, let alone the computer version."

Two community college respondents listed policy issues as including the Family Educational Rights and Privacy Act, signatures, and security.

To facilitate increased use of technology, respondents from private institutions recommended action by state government to discourage out-migration; a "high tuition, high financial aid policy" for public institutions; and a Department of Education requirement that institutions make on-line applications available to students. One respondent suggested that the last recommendation be accomplished by 2001.

Public policy recommendations from community college respondents also included allowing use of on-line signatures. In addition, one respondent pointed out that the Department of Education is putting more and more information on the World Wide Web and that "colleges just have to catch up." Finally, one respondent recommended increased marketing of on-line application processing.

To improve information available to students about their financial aid, one institution sends disbursement notices to students by e-mail.¹ The e-mail message tells each aid recipient the

¹ Note that under 34 CFR 668.165(a)(2),(3), if an electronic notification is used, the recipient must be required to confirm receipt of the notice and the institution must maintain a copy of that confirmation.

amount disbursed, whether it was a credit to the student's account or a check payable to the student or parent, and when the check will be mailed. The institution's financial aid office also recently announced that award letters can be viewed via their web site.

Conclusion

One way financial aid administrators can prepare for the year 2000 is to endeavor to make technology available to serve all potential college students. In a unified effort to meet this goal, we should share with our colleagues what we learn about technological innovation.

Access is a critical issue for private, public, and community colleges alike. Enhanced accessibility to hardware is a major concern that merits the continued attention of leadership at all levels of the education enterprise.

Acknowledgement

This research project was supported by a grant from the National Association of Student Financial Aid Administrators.

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