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Edwin B. Harris

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Treatment of Outside Awards by Institutional Aid Officers in Indiana

by Edwin B. Harris

Over the past few years, the treatment of outside awards by college financial aid officers has been questioned by some of the recipients and some of the sponsors of these awards. Outside awards can be described as financial assistance provided to college students by private or public agencies, foundations or organizations for the purpose of meeting educational expenses. These awards vary widely in amounts and are offered based on a range of criteria, often including academic achievement and financial need, selected by the sponsoring agency.

Problem

What is really at issue are the sometimes differing expectations and philosophies of the recipients, campus financial aid officers and agency representatives regarding how these outside awards should be treated. Student recipients often view these awards as a supplement, based on a completely separate application process, to the financial aid offered by their college. They do not expect that the outside award, if offered, will influence the institutional offer. Furthermore, most sponsoring agencies want their awards to have a direct impact on the student's ability to attend college. In short, they want their awards to make a difference. As a result, student recipients and agency representatives who find that these outside awards result in adjustments to institutional financial aid, and in particular gift aid, view these actions by aid officers as limiting the students' ability to attend college.

While wanting to cooperate with these external agencies and to encourage their continued support of students, financial aid officers are faced with a variety of demands which add to the complexity of this dilemma. These demands influence their expectations and philosophies regarding outside awards and often prevent total cooperation with the external agencies' wishes.

Purpose

The purpose of this article, therefore, is twofold. First, to outline the major factors which influence the decisions of aid officers in packaging outside awards. Second, the results of a recent research project aimed at identifying and understanding the different approaches to packaging outside awards in the State of Indiana are reported. In both cases, the information contained in the article adds to the relatively scant anecdotal and research literature devoted to this topic.

Influencing Factors

A variety of factors influence the philosophies of aid officers in packaging outside awards. First, most aid officers have been committed to using some form of equity packaging for years. Equity packaging is intended to insure that students receive consistent and equal shares of available aid resources based on financial need. Such procedures were promulgated to avoid situations where some students received all gift aid, while others received only self-help aid. The balance and equity in packages

Edwin Harris is Associate Director of Financial Aid at the University of Notre Dame.

which result from such an approach can be upset if some adjustments based on outside awards are not permitted.

Second, there is sometimes a perception outside higher education circles that institutional financial aid resources are unlimited. While institutions vary in the amount of aid resources they have available, all do have limited amounts. Financial aid is only one of many cost centers which are competing for the institutional dollars available. Furthermore, for many institutions, a significant increase in financial aid is directly linked to a significant increase in the tuition or other fees being charged. Outside awards, therefore, provide a real supplement to limited institutional aid dollars, and in some cases, delay otherwise necessary tuition increases.

Third, it must be understood that there are government regulations which govern some of the aid being distributed by institutions. Such regulations legislate against overaward situations, thereby requiring adjustments when a student, whose need has been fully met, receives an outside award. While these regulations only come into play when there is government sponsored aid involved, they can add to the confusion which sometimes surrounds the treatment of outside awards.

Finally, our system of higher education has fostered the concepts of access and choice for students aspiring to a postsecondary education. As costs increase all around us, higher education institutions face the challenge to remain affordable so that students of all income levels may attend. Outside awards again make it possible to spread limited institutional aid resources, thereby extending the overall impact of the total aid available.

Because of these and other issues, higher education institutions and agencies sponsoring outside awards may never totally agree on the appropriate treatment of outside awards. However, while the aid officers' motivations are institution specific, they are in essence no different than those of the representatives of sponsoring agencies. Both parties are attempting to achieve the same goal — providing an opportunity for students to further their education.

Method

In response to the needs of the financial aid and guidance communities in the State of Indiana, the Indiana Student Financial Aid Association (ISFAA) sponsored a research project in which the issue of the treatment of outside awards was explored. A mail survey was used to poll all postsecondary institutions' aid offices which hold membership in ISFAA. After one follow-up mailing, a 77% response rate resulted in a response pool which was very similar in makeup to the total population based on institutional control, institutional type and institutional size.

The specific questions which the research project was designed to address were the following:

1. Is the treatment of outside awards different for fully aided students than it is for partially aided students?
2. Are there differences between the state and national sample of institutions with regard to the treatment of outside awards?
3. What adjustments do institutions typically make in the case of outside awards?
4. What differences in the treatment of outside awards, if any, are related to the variables of institutional control, institutional type, institutional size, total undergraduate aid, total undergraduate institutional gift aid and total undergraduate outside gift aid?
5. What impact, if any, does knowledge of an outside award prior to a packaging decision have?
6. What items most affect factoring an outside award into a student's package?

An analysis of the survey responses, and comparisons of these data with those of the national survey (Higginbotham & Van Dusen, 1984) conducted by the College Scholarship Service (CSS) and National Association of Student Financial Aid Administrators (NASFAA), produces the findings listed below.

Results

With regard to the difference in treatment of outside awards between fully aided and partially aided students, there appears to be a slightly greater inclination to reduce self-help aid for partially aided students than for the fully aided students in the State of Indiana. As can be seen in tables 1 and 2 below, both public and private institutions reduce self-help aid slightly more often for partially aided than for fully aided students. Two-year institutions also seem to reduce self-help aid slightly more often for partially aided students.

Table 1: Adjustment of Awards for Fully Aided Students in Indiana

Type of Adjustment	Total	Control			Type	
		Public	Private	Prop.	2-year	4-year
Reduce Gift Aid	18%	20%	17%	17%	27%	16%
Reduce Self-Help	51	55	45	66	53	49
Reduce Combination	31	25	38	17	20	35
	100%	100%	100%	100%	100%	100%

Table 2: Adjustment of Awards for Partially Aided Students in Indiana

Type of Adjustment	Total	Control			Type	
		Public	Private	Prop.	2-year	4-year
Reduce Gift Aid	18%	16%	19%	17%	28%	15%
Reduce Self-Help	54	61	50	50	58	51
Reduce Combination	28	23	31	33	14	34
	100%	100%	100%	100%	100%	100%

A comparison of this study with data from the national sample of institutions shows a greater inclination in the state to reduce self-help when adjusting for outside awards. Table 3 below indicates that this tendency is true in the case of both fully aided and partially aided students. Moreover, this tendency is due to differences between state and national data for all types of sectors of institutions except the four-year private institutions.

In general, institutions make two types of adjustments in students' aid packages when an outside award is bestowed. The institution may either reduce the student's award by the full amount of the outside award (a requirement when the student is fully aided and has federal awards) or reduce the student's award by that portion of the outside award which is not applied against unmet need. In the case of partially aided students, table 4 illustrates that there is a slightly greater tendency in Indiana versus the nation to adjust awards "only by the amount of the overaward."

Table 3: State and National Comparison

Type of Adjustment	Fully Aided			Partially Aided		
	State	National	Difference	State	National	Difference
Reduce Gift Aid	18%	26%	8%	18%	20%	2%
Reduce Self-Help	51	41	10	54	46	8
Reduce Combination	31	33	2	28	34	6
	100%	100%		100%	100%	

Table 4: Adjustment of Awards for Partially Aided Students

Type of Adjustment	National	State	Public*	Private*	Prop.*	2-year*	4-year*
By Full Amount of Outside Award	31%	26%	16%	28%	50%	27%	22%
Only by Amount of Overaward	69	74	84	72	50	73	78
	100%	100%	100%	100%	100%	100%	100%

* This represents state data

Many of the variables examined in relation to the treatment of outside awards appeared to be insignificant. Total undergraduate aid, total undergraduate institutional gift aid, total undergraduate outside gift aid and institutional size showed little relationship to the treatment of outside awards. Institutional control and type, on the other hand, do appear to account for differences in the treatment of outside awards. While the largest percentage of institutions in all control groups and all type groups for both fully aided (table 1) and partially aided (table 2) students reduce self-help aid, there are important differences among groups. More public and proprietary institutions reduce self-help for fully aided students than do private institutions. For partially aided students, more public institutions reduce self-help aid than do private and proprietary institutions. Furthermore, for both fully and partially aided students, the emphasis on reducing gift aid is much greater for two-year institutions than it is for four-year institutions. As a result, institutional control and type appear to be related to institutional decisions on the treatment of outside awards.

Thirty-six percent of the responding institutions indicated that they reduce total need by the amount of the outside award when they have knowledge of the award prior to packaging as required by federal and some state regulations. This figure becomes even larger (55%) when adding a response category ("reduce gift and self-help aid in equal proportions") which has the same effect as reducing total need for federal and state aid. The only category of institution where this combination of responses did not account for at least fifty percent of the respondents is the two-year public institutions.

When asked to choose among a group of items which may affect factoring an outside award into a student's package, "type of aid in a student's package" (gift versus self-help) and "overall availability of financial aid resources at any institution"

were chosen by the greatest percentage of respondents. More interesting, however, is the fact that significant differences in response occurred based on institutional control. Public and proprietary institutions more often chose "availability of resources" while private institutions chose "type of aid" in most cases.

Table 5: Items Most Affecting the Factoring of Outside Awards

Items	Total	2-year Public	4-year Public	2 & 3 yr. Private	4-year Private	Prop.
Type of Aid Packaged (gift aid vs. self-help aid)	37%	20%	22%	50%	52%	17%
Source of Aid	17	10	22	50	16	17
Admissions Ranking	4	10	-	-	4	-
Ethnic Status	-	-	-	-	-	-
Availability of Institutional Financial Aid Resources	42	60	56	-	28	66
	100%	100%	100%	100%	100%	100%

Summary

It seems clear from the data outlined above that there is a greater tendency in the State of Indiana than in the nation as a whole to reduce self-help aid when an outside award must be factored into a student's package. This tendency appears to hold true for both fully and partially aided students across all control groups and type groups of institutions. While this research has not been designed to determine the cause of this patterned phenomenon, it is possible to identify some possible explanations.

First, this tendency in Indiana may reflect significant agreement among aid officers that students who compete for and receive outside awards should not be discouraged from obtaining outside resources. Therefore, the prevailing approach is toward factoring in these awards to reduce self-help aid whenever possible.

Second, the tendency (slightly greater for partially aided students) may reflect a recognition by aid officers that the relative amounts of gift aid in students' packages are declining. Based on this insight, attempts are being made, when reduction is necessary, to reduce self-help aid before gift aid.

Third, in the case of partially aided students, decisions to reduce self-help may reflect a sensitivity to the fact that these students are experiencing one burden already in having to find a means of meeting their financial aid shortfall. To penalize them further by reducing any small amount of gift aid they may have would result in additional burden.

It has been mentioned above that institutional control and institutional type were the two variables which seemed most important in institutional decisions about the treatment of outside awards. This was perhaps most apparent when trying to determine which items most affect factoring these awards into a student's package. Responses in this area seem to indicate that the majority of private institutions focus on the most effective use of their institutional funds (type and source of aid), while proprietary and public institutions make decisions based on the total funds available.

All in all, this research provides specific information for the financial aid and guidance communities in the State of Indiana. At the same time, however, it supports, and hopefully extends to a small degree, the study sponsored by CSS and NASFAA. If nothing more, it encourages further exploration into and discussion about the treatment of outside awards by the financial aid community.

References

Higginbotham, H.F. and W.D. Van Dusen, *The Financial Aid Profession at Work: A Report of the 1983 Survey of Undergraduate Need Analysis Policies, Practices, and Procedures*. New York: College Entrance Examination Board, 1984.