



The Commission adopted two affordability reports in 2008. One report examined costs for students at a four-year public university who live on campus. The other examined costs for students living in their parent's home while studying at a community college. Costs were compared to trends in family income over the past 30 years. The resulting report showed how college costs are taking a much greater share of family income, with steepest increases occurring in the last five to ten years.

Commission staff found that it is difficult to assess how financial aid affects affordability. Many students are eligible for grants and loans from federal, state, and institutional sources, but it is difficult to determine how financial aid offsets the cost of a college education for students from different family backgrounds.

A variety of financial aid data are reported by the higher education systems and state and federal agencies, but inconsistencies in the presentation of data — such as differences in the way that figures are aggregated — make comparing the net cost of education difficult. For example, the California State University includes a breakdown of financial aid awards by student ethnicity, but the University of California does not include analysis by ethnicity in its reports. UC reports on aid packages by FTE and institutional expenditures in its annual report which CSU does not. It is not possible to combine data from the three segments to result in a comprehensive set of information that would inform research studies regarding trends in awards, variation of award levels by income, and estimating debt upon completion.

This report reviews the data available and identifies the next steps that that Commission should take to form a more complete picture of college affordability. The depth of research possibilities in merging financial aid and enrollment data will not be fully realized until staff has an opportunity to examine the variables in data. The following are a list of possible topics for examination:

- What financial aid patterns (EFC levels, parent income, trends in grant or loan awards) emerge among students who stop out or drop out from their studies?
- What correlations exist between institutional grant levels and persistence and graduation rates?
- How do family income and grant opportunities by income level relate to student debt level upon graduation?

Recent Reports on Affordability

Two recent CPEC reports compared student costs with family incomes and what students could earn during the school year to support their studies. These showed that for most families, incomes have not kept pace with the rising cost of a college education.

Costs for students living on-campus at CSU and UC are in *Who Can Afford it? How Rising Costs are Making College Unaffordable for Working Families* (June 2008). *Community Colleges: Still an Affordable Route to a Degree?* (September 2008), looks at costs for community college students living with a parent.

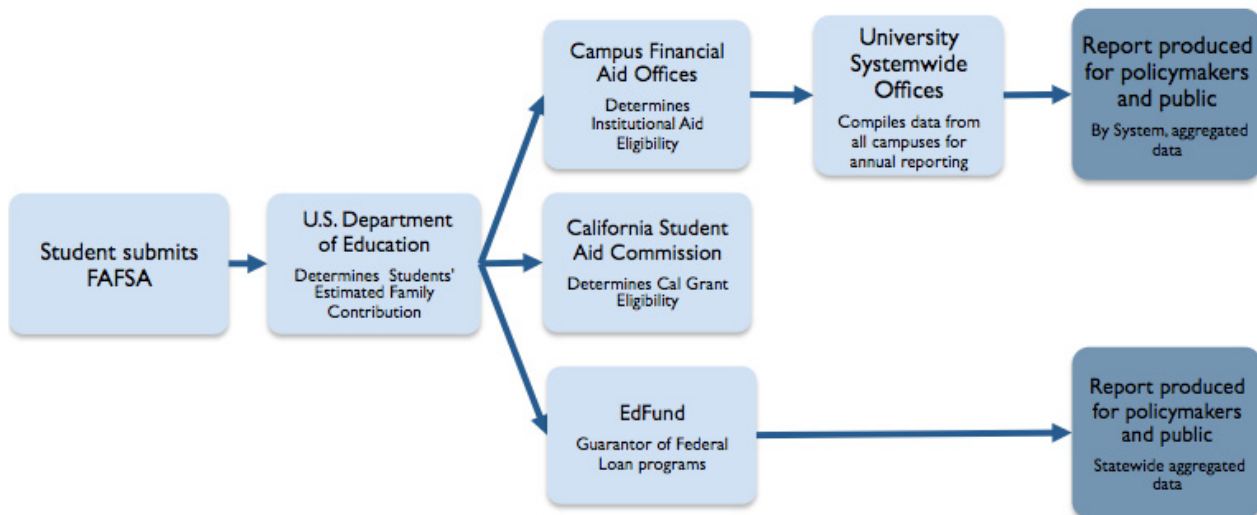
Both reports are available at www.cpec.ca.gov.

Data from Applications for Financial Aid

All financial aid data collection begins at a single point: the Free Application for Federal Student Aid (FAFSA). The U.S. Department of Education (USDE) determines a student's Expected Family Contribution (EFC), the amount the student will be required to pay for one year of education after financial aid packages are awarded. Following determination of EFC, the FAFSA student record data is sent to institutions identified on their form, where eligibility for institutional aid is determined. The USDE also sends the FAFSA data to the California Student Aid Commission, which establishes the award amounts for Cal Grants, and to EdFund, a guarantor of federal loan programs. The Student Aid Commission and EdFund are the only agencies that have access to data for all California students.

Each college or university listed on a student's form receives financial aid data for that student. Data are collected and managed by on-campus financial aid offices. The public colleges and universities annually report student aid data to the systemwide offices of UC, CSU, and the community colleges. Summaries of these data are used to produce informational reports for policymakers, researchers, and the public.

Flow of Information Collected from Student Aid Applications



Data Reporting

The systems each produce annual reports that show award levels, sources of aid, and the number of aid recipients. The systems are not required to use a uniform format in presenting the data. The Supplemental Report of the 2005 Budget Act requires the systems to report annually to the Legislature and the Governor on institutional aid programs.

Community Colleges. The community colleges system office annually receives student record data from each campus. The campuses are mandated to submit selected data elements. A few challenges identified by staff in the system office are likely symptomatic of the number of financial aid offices, and campus offices use different methods for data collection and sharing.

Another data challenge is differing classifications between the system's fee waiver policy and federal financial aid status as to whether a student is considered financially dependent or independent

of their family. The system office does not have data on unmet need for students and families, which creates a barrier to understanding how well the financial aid system addresses student need. The data are compiled annually in the *Report to the Legislature on Increases in Capacity and Participation for Student Financial Aid in the Community Colleges*.

California State University. CSU’s annual *Statistical Abstract: Academic and Support Programs* provides detailed tables and graphs showing award levels by award type, student income, ethnicity, campus, and other variables, for ten-year periods. Each campus sends student record data to the Chancellor’s Office for this report. Staff from the Chancellor’s Office explained that due to consistent data collection and reporting methods by campus financial aid offices, the process is smooth and data comes in without significant complications. This report, produced primarily for the Legislature and the Governor, does not provide a summary of analysis of financial aid awards by the variables included in the data.

Information in financial aid reports

	UC	CSU	CCC	EdFund
Breakdown of source of aid (federal, state, institution)	•	•	•	•
Breakdown of type of aid (grant, loan, work-study)	•	•	•	•
Total number of awards	•	•	•	•
Total dollars received	•	•	•	•
Breakdown of all aid programs		•	•	
Average award amount	•	•		•
Number of recipients by ethnicity		•	•	
Type of aid by ethnicity		•		
Type of aid by income bracket	•	•		
Type of aid by dependency status	•	•		
Type of aid by FTE	•			•
Average amount by FTE	•			•
Institutional grants by ethnicity		•		
Institutional grants by income	•	•		
Number or percent of fee waivers			•	•

CSU also publishes an institutional aid report as required by the Supplemental Report of the 2005 Budget Act. It does not include detailed accounts of state and federal aid awards.

University of California. The UC Office of the President annually releases two financial aid reports. The first, *Annual Report on Student Financial Aid*, is a detailed examination of all types of student aid, and includes tables, graphs, and analysis of trends. The intended audience for this report, as stated in the preface, is the university community.

UC also produces the report *Institutional Financial Aid Programs* to the Governor and Legislature, as required by the Supplemental Report of the 2005 Budget Act.

EdFund. This independent arm of CSAC produces an annual report that summarizes award levels at UC, CSU, the community colleges, and independent, four-year institutions. *California Trends in Student Aid* presents ten-year profiles of aggregated figures that include total dollars awarded and average award amounts, broken down by type of aid and by system of higher education. The EdFund report does not include descriptive information on students receiving the awards. Specifically absent are award amounts broken down by student ethnicity and family income.

Data from Student Surveys

Student survey data provides more information into how students are aided in paying for college. Survey studies can serve a useful purpose in identifying award levels offered, and showing how students are spending money, what their living accommodations are, how much they are working to supplement financial aid packages, and other information not captured in the FAFSA data. In addition, surveys can identify the amount of debt from other sources of borrowing, such as credit cards and home equity loans.

California Student Aid Commission — SEARS

The Student Expenses and Resources Survey (SEARS) collects student information from each system of higher education. The questionnaire is nine pages long for undergraduate students and 11 pages long for graduate students, covering demographics, living expenses, income and resources, paying for college, parental information, and student goals. The systems determine whether the survey is web-based or administered on paper. The average response rate for the 2006–07 SEARS was 28%. Three SEARS reports have been released since the initial report was produced for 2000–01.

Sample survey data, while useful in answering questions that raw data cannot measure, does have weaknesses. A well-stratified and substantial number of respondents are necessary to assure validity of the survey. Questions must be clear and easily answered. The SEARS surveying and reporting falls into some of the typical surveying pitfalls, which makes the data challenging for researchers to use without a forewarning list regarding its reliability. Commission staff believe there is great potential in the SEARS report as a research tool and suggests interagency collaboration to strengthen the survey and the report.

The SEARS report is intended for the use of legislators, legislative staff, the Governor, and policy advisors. At nearly 400 pages, the bulk of the report consists of numeric tables but it does not contain a summary of the data or address notable findings. Commission staff could play a valuable role by conducting more analysis of the SEARS data to provide additional information to legislators and the Governor. With access to the SEARS data, Commission staff would be able to lend analysis and summary of the data, and incorporate SEARS findings into broader research studies about college affordability.

National Center for Education Statistics — NPSAS

The National Postsecondary Student Aid Study is a sample study of students from undergraduate to graduate and first-professional levels, and from public and private two-year and four-year institutions. The NPSAS data set, available online at www.nces.ed.gov, can be used to examine financial aid award averages, award distribution, and to compare institutions and analyze trends over recent years. NPSAS is especially useful to researchers because its interface allows customized financial aid data regarding a specific state, segment of postsecondary education, or specific college or university. NPSAS is conducted roughly every four years, with a 2008 version being released soon.

NPSAS combines information collected from student interviews with data from FAFSA completion, campus information from the Integrated Postsecondary Education Data System (IPEDS), and federal borrowing information from the U.S. Department of Education. Combining information from these sources results in a powerful tool for evaluating the complexities of the financial aid system.

Although the response rate is high, with 90% of institutions and 65% of students participating in all three phases of the survey, and the survey methodology is credible, conclusions regarding California colleges cannot be drawn from NPSAS nationwide data. For example the sample size of public two-year community colleges is too small, and the California Community Colleges system is vastly different in cost, size, and mission from two-year institutions in other states.

Next Steps in Obtaining Student Aid Data

The Commission has not previously attempted to obtain student record financial aid data, but successfully doing such would be valuable to research studies in access, college affordability, and retention and completion rates. While Commission staff has used segmental financial aid reports as resources to inform research studies, staff are limited by the confines of what is presented in the reports. Commission staff believe that student record data that can be synchronized with enrollment data will offer insight to student circumstances regarding affordability and enrollment trends and would likely reveal pathways for system improvements.

Commission staff is working with the U.S. Department of Education to determine whether the Commission is qualified as a state agency that can use FAFSA data. The Higher Education Reauthorization Act of 2007 (S.1642, Part F, Sec. 473) has the following language regarding distribution of data:

Institutions of higher education, guaranty agencies, and States shall receive, without charge, the data collected by the Secretary using a form developed under this subsection for the purposes of processing loan applications and determining need and eligibility for institutional and State financial aid awards. Entities designated by institutions of higher education, guaranty agencies, or States to receive such data shall be subject to all the requirements of this section, unless such requirements are waived by the Secretary.

Commission staff is planning to work with CSAC to acquire disaggregated SEARS data. This data would allow staff to evaluate the spending habits of students according to many variables, including the college system they attend, family income, enrollment status, and whether they are dependent or independent. Obtaining the SEARS data would allow the Commission to provide better policy analysis to the Legislature and the Governor regarding college affordability and student financial aid issues.

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