BEOG VALIDATION – WHAT IS THE EFFECT? (A Short Paper)

by Nancy A. Pittman

Financial Aid Offices throughout the country are now in their second year of the often discussed, much disliked and somewhat controversial process of Basic Educational Opportunity Grant Validation. With one year of validation completed, a study of its effectiveness should be considered.

At California Polytechnic State University, San Luis Obispo, for the 1978-79 school year, 1841 students out of a total enrollment of 15,592 were awarded a Basic Grant. Of the 1841 Basic Grants awarded, 89 required validation. This was 4.8 per cent of the total number, considerably less than the anticipated ten per cent suggested by the Office of Education.

A study of the 89 Basic Grants requiring validation disclosed some uninspiring and somewhat disheartening data. Eight of the 89 students never completed the validation process and are not included in the discussion hereafter. Of the 81 Basic Grant recipients who completed the validation process, 51 (63%) were dependent students. The male/female ratio was quite evenly divided with 52 per cent of the validated Grants belonging to females, and 48 per cent belonging to males. Fifty (62%) of the 81 Basic Grants cleared the validation process immediately, with no further correspondence with the student necessary on the part of the Financial Aid Office. Table 1 indicates the results of the other 31 Basic Grants which required one or more correction (s).

Nancy Pittman is a Student Affairs Assistant in Financial Aid at California Polytechnic State University (San Luis Obispo), and has worked in the area of financial aid for five years. During this time, the coordination of the Basic Grant Program has been a prime interest. She is currently a doctoral student in the Dept. of Educational Administration at Brigham Young University (Provo, Utah).

Data analysis assistance by Dr. John E. Groves, Computer Science and Statistics, California Polytechnic State University.

TABLE 1
Areas Requiring Changes for Basic Grant Validation

Number	Specific Area for Correction
0	Applicant's Status
7	Total Size of Household
10	Number in Postsecondary Education
14	Adjusted Gross Income
11	U. S. Income Tax Paid

It should be noted that the 14 (17%) Basic Grants requiring a correction of the adjusted gross income represented an understatement of $56,593 in that area. It is important to learn, however, that in one case an adjusted gross income of $0 was changed to $28,650. That amount alone represents a little over half of the total amount which was understated.

The 11 Basic Grants requiring changes in the amount of U. S. income tax paid represented 14 per cent of the changes required for those Basic Grants needing validation. Interestingly enough, the total amount overstated in this area was only $1,164. (Remember, an overstatement of taxes paid would be an advantage as families would have less income available.)

A more detailed examination of the Adjusted Gross Income section of the student eligibility reports is shown below in Table 2.

TABLE 2

	Required No Change in Adjusted Gross Income	Required Change in Adjusted Gross Income
Independent Students	27	4 (13% of Ind. Stu.)
Dependent Students	40	10 (20% of Dep. Stu.)

For dependent students, the Adjusted Gross Incomes were mis-stated on the SER's by these amounts:

Understated	Overstated
$ 3,006	$ 395
10,126	2,112
28,650	3,634
3,250	
12,617	$6,141 Total
58	
3,293	
$61,000 Total	

For the independent students, the Adjusted Gross Incomes were mis-stated on the SER's by these amounts:

Understated	Overstated
$ 502	$2,355
2,176	200
$2,678 Total	$2,555 Total

One significant aspect concerning the above figures is the fact that in all but one instance, the information was submitted to Basic Grants prior to the April 15 income tax filing deadline. Perhaps that fact is significant enough to recommend that no filing for this program may be done prior to the filing of the previous year's income tax return.

An interesting aspect of this study is the fact that with an overall total understatement of $54,982 in adjusted gross income and a total overstatement of $1,164 paid in U. S. Income Taxes, there was a decrease of only $2,768 in total dollars

awarded to students whose SER's were required to complete the validation process. Let us now compare that to the institutional cost of the validation process.

Tom Morris, Director of Financial Aid at California State University, Fullerton, addressed a letter to Sumner Gambee on October 27, 1978, indicating approximate institutional costs for a BEOG Student Eligibility Report to clear the validation process at CSU, Fullerton. An excerpt of his letter follows:

> We have kept a workload analysis on each BEOG validated and believe that we may have enough data to give us some idea of what is happening in this area. Here are the results:
>
> I. Data from 49 routine cases.
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> | | |
> |---|---|
> | 1. Average clerical time required | 5:50 min. |
> | 2. Average counselor time required | 11:23 min. |
> | 3. Average time required for all routine validations | 17:13 min. |
>
> II. Estimated average cost data per routine case.
>
> | | |
> |---|---|
> | 1. Clerical costs @ 5.25 per hour | $ .51 |
> | 2. Counselor costs @ 7.63 per hour | 1.45 |
> | 3. Total | $1.96 |

With these figures in mind, the approximate cost incurred to California Polytechnic State University, San Luis Obispo, for the 81 Student Eligibility Reports which completed the validation process was $158.76. This is assuming, of course, that all were routine cases. Additionally, it does not cover the partial validation costs for those eight students who elected not to continue with processing. At this institution, then, a savings of $2,768, less processing costs of $158.76, generated a total savings of $2,609.24. With thousands of institutions throughout the country involved in this validation process, the figures will certainly show a substantial savings for the federal government.