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IMPACT OF NEW FINANCIAL AID TREND: ATTITUDES AND OPINIONS

by  
Rihab Ezzat Saadeddine

A Thesis

Submitted in partial fulfillment of the requirements for  
Master of Arts in Higher Education Administration  
of  
The Graduate School  
at  
Rowan University  
May 7, 2009

Approved by \_\_\_\_\_  
Dr. Burton R. Sisco

Date Approved May 7, 2009

## ABSTRACT

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IMPACT OF NEW FINANCIAL AID TREND: ATTITUDES AND OPINIONS  
2008/09  
Dr. Burton R. Sisco  
Master of Arts in Higher Education Administration

The purpose of this study was to assess the attitudes of administrators towards the new financial aid trend that was initiated by some well-endowed private universities, and its impact on colleges and universities. The study also explored personal attitudes towards need and merit based aid, and recommendations to improve students' accessibility and affordability in higher education.

Data analysis suggests that the majority of administrators have a positive attitude towards the general principle behind the new financial aid trend. However, they stated that this new trend is not broad and that it does not address the financial aid need of most students at other institutions. It was also reported that the new financial aid trend would not impact public universities, but would negatively impact small private universities. Furthermore, the study indicated that the majority of administrators agreed that eligibility for financial aid should be based on merit and need based aid, but with more emphasis on need aid. Administrators recommended that colleges and universities could increase students' accessibility and decrease educational costs, by having clear and defined

policies; offering pre-college programs; diversifying their revenue streams; joining services; adhering to the university's mission; and decreasing operational costs.

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I would like to give my special thanks and deepest gratitude to my Husband Issam whose patient, love, and support enabled me to complete this work. To my husband Issam and son Iyad I dedicate this work.

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## CHAPTER I

### INTRODUCTION

Higher education is a powerful tool for economic and social advancement. Each year, the federal government, state, higher education institutions and private sources provide billions of dollars to increase affordability and accessibility to colleges and universities; but still many college students, especially low-income students, have unmet needs and struggle financially through college. Policies and practices of the financial aid system are undermining accessibility and affordability by directing attention and resources away from needy students. Strategic financial aid policies are designed to guarantee fairness and equity for everybody.

#### Statement of the Problem

Providing access for low-income families has been threatened by the financial aid policies in the last decade. Replacing need aid by merit aid programs, grants by loans, and establishing tax benefits program provided support for middle and high income students rather than needy students and students of color (Long & Riley, 2007). In addition, sharp increases in tuition, which was disproportional with gains in financial aid packages, lead to large unmet need gaps in financial aid (“National Education,” 2007).

Recently, the decision of some highly selective private colleges and universities to expand their financial aid packages became a controversial issue that drew condemnation and applause (Strauss, 2008). Although, the institutions are trying to provide more affordable education for a larger student population, especially for low-income students,

they might cause a negative impact on smaller, less affluent universities. The policy might further undermine educational opportunities for the majority of needy students who do not attend these highly selective private institutions (Mathews, 2008).

### Purpose of the Study

The purpose of this study was to assess the attitudes of administrators towards the new financial aid trend that was initiated by some well-endowed private universities, and its impact on colleges and universities. The study also explored the attitudes of administrators towards need based financial aid and merit based financial aid, and their recommendations to improve accessibility and affordability for students in higher education.

### Assumptions and Limitations

There are at least three major assumptions in this study. The first assumption is that the administrators are knowledgeable about the controversy of the new financial aid trend. The second is that participants in this study answered the survey and interview questions truthfully. The third is that the survey instrument is valid and reliable. The effectiveness of this research was confined to the accessible population of 62 administrators at Rowan University, NJ ("Administrative Offices," 2008). The major limitation in this study was the convenience sample of the group who participated in the interview; only those who accepted participated in the interview. Another limitation is that the study was conducted at one state supported public university in the state of New Jersey. Therefore, the results of this study may not be applicable to some other universities. Finally, the findings may have been affected through potential researcher bias.

## Operational Definitions

1. Access: The opportunity to attend Rowan University without being hindered by tuition rates and family income.
2. Administrator: An employee who has an administrative role in the divisions of academic affairs, student services, or university advancement at Rowan University, and starting from a director position hierarchically upwards to a university president.
3. Attitudes: A pattern of responses that are measured by a Likert scale that was used in the survey instrument of this study.
4. Educational Costs: The costs that an undergraduate student has to pay while attending a college or university, including tuition, fees, books and living expenses.
5. Financial Aid: Any student aid other than family or self-support that assist undergraduate students in paying their educational costs at Rowan University.
6. Merit Based Financial Aid: Financial aid that is awarded to undergraduate students at Rowan University based on their academic achievements regardless of socioeconomic background.
7. Need Based Financial Aid: Financial aid that is awarded to undergraduate students at Rowan University, who come from a low socioeconomic background.
8. Needy Students: Students who cannot afford to attend Rowan University without financial support.
9. Senior Administrator: An administrative officer at Rowan University who holds a high rank, starting from associate provost until the university president.
10. Students: Undergraduate students attending public or private four-year colleges and universities, such as Rowan University.

## Research Questions

This study addressed the following research questions:

1. What are the attitudes of administrators at Rowan University towards the new financial aid trend initiated by some well-endowed private colleges and universities?
2. What are the attitudes of administrators towards the impact of the new financial aid trend on colleges and universities?
3. What are the attitudes of administrators towards need based financial aid and merit based financial aid?
4. How variant are participants' attitudes towards the current and new financial aid trend given their different ethnicities, job titles, highest degrees attained, and years of working?
5. What are the opinions of selected administrators at Rowan University regarding the new financial aid trend initiated by some well-endowed private colleges and universities?
6. What recommendations do selected administrators have to improve accessibility and affordability in higher education institutions?

## Overview of the Study

Chapter two provides a brief history of the changes in financial aid policies and strategies during the last two decades, and the effect of such policies on higher education institutions, students, and society as a whole. In addition, the literature review provides information about merit and need based financial aid, loans, state grants, and federal grants. It discusses some factors that lead to an increase in educational costs and substantial increase in the socioeconomic inequity in the accessibility of students to

highly selective institutions. It also addresses the controversy behind the new financial aid strategies that are initiated by well-endowed private colleges and universities; and their impact on students, higher education institutions and financial aid policies.

Chapter three provides a detailed description of the methodology used in the data collection and data analysis procedures. The chapter describes the context of the study, the population and the sample selection, the characteristics of the participants, the instrumentation used to collect information from the participants, and how the data were collected and analyzed.

Chapter four presents a report of data and the results of the survey that were obtained using Statistical Package for Social Sciences (SPSS) computer software, and through content and narrative analysis of the interview data. In this section, data are provided to answer the research questions that were provided in the introduction of this study.

Chapter five provides a summary of the findings, discussion, conclusions, and recommendations for practice and future research.

## CHAPTER II

### REVIEW OF LITERATURE

#### Undermining Accessibility and Affordability

Higher education is becoming more socially and economically stratified. In recent years, the access rate to higher education of low socioeconomic students decreased by about half (Astin & Oseguera, 2004). Providing college access for students from low-income families has been threatened by changes in financial aid policies; increases in admissions competition between higher education institutions; and cultural capital knowledge about the value of attaining education from a highly selective university and strategies to gain admission into these institutions (Astin & Oseguera, 2004). In addition, using tuition reductions to charge students different prices for the same education; replacing need aid by merit aid programs, grants by loans, and establishing the tax benefits program provided support for middle and high income students rather than needy students and students of color (Long & Riley, 2007). Furthermore, excluding home equity in financial aid calculations allowed students from middle-income families to qualify for federal need aid (Long & Riley, 2007). Instead of increasing affordability and accessibility, universities are continuously using such strategies to fulfill their enrollment needs, raise their academic profile and ranking, and enhance their prestige (Baum, 2007).

In the past 25 years, there has been a substantial increase in the socioeconomic inequity in the accessibility of students to highly selective institutions (Astin & Oseguera, 2004). The rate of overrepresentation of students from high-income families increased

from 84 to 120%; the rate of under-representation of students from moderate-income families increased from 19 to 36%; and the rate of under-representation of needy students remained the same at 50% (Astin & Oseguera, 2004). As a result, an increase in the number of wealthy students in highly selective universities was at the expense of students from middle-income families. According to Astin and Oseguera (2004), students with highly educated parents have 500% more chance in having access to highly selective institutions than first generation students.

In 2004, only 43% of needy high school graduates immediately enrolled in a higher education institution, in comparison to 75% of more affluent high school graduates (Long & Riley, 2007). The persistence for a college degree is another issue facing needy students; less than 50% of qualified needy high school graduates will have graduated from college in 2012, in comparison to 80% of students from high-income families (Tilghman, 2007). The increased educational costs and decreased need aid are limiting the educational opportunities for low and moderate-income students, depriving them from socioeconomic mobility. In 2004, the U.S. Census Bureau found that college graduates earned 75% more than high school graduates (Long & Riley, 2007). In addition to financial rewards, college graduates are more likely to empower their society, be charitable, healthier, and independent (Sweetland, 1996).

During 2005-06, \$135 billion in financial aid was provided to many of the 17 million students in higher education institutions (Baum, 2007). Despite enormous financial contributions, the financial aid system did not succeed in narrowing the gaps in enrollments and educational opportunities between students from middle and upper class families and those from modest income families. In fact, the enrollment rates of high



achieving needy students are similar to those of the least academically successful students from most affluent families (Baum, 2007). Thus, the problem of accessibility and affordability is not only in the high tuition rates, fees, and availability of funds, but also in how the funds are allocated.

Recently, the decision of some highly selective private colleges and universities to expand their financial aid is a controversial issue that has drawn condemnation and applause. Many scholars and analysts believe that Harvard and other highly selective universities failed to play a positive influential role as leadership institutions concerning financial aid strategies. Critics insist that although these highly selective universities are helping some needy students, they are putting pressure on smaller universities with limited financial resources and endowments to follow a similar strategy (Day, 2007). This will increase tuition and educational costs in competing universities. Providing accessibility and affordability for needy students is a crucial economic and social equity issue. However, providing political and financial support requires attitude change, greater efficiency in higher education, and shared responsibility and accountability.

#### Continuous Increase in Educational Costs

Higher education and the economy are strongly associated. A downfall in economy leads to diminished funding to higher education institutions (“National Education,” 2007). In response, universities either increase tuition or reduce enrollments to lessen the effect caused by state budget cuts. Recently with decreased state funding, tuition became an important revenue source for higher education institutions. Higher tuition and bad financial aid strategies diminished access and educational opportunities for needy students and minority ethnic groups. Student enrollment increases during harsh

economic periods because of low job market; a time they can least afford to pay high tuition (“National Education,” 2007).

After the 2001 recession, state support for higher education decreased 8.6%; decline of federal and state funding to higher education, caused an increase in tuition that affected affordability and accessibility of low income families to attend colleges and universities especially private ones (Block, 2008). According to the College Board, the costs at a public four year institution, after adjusting for inflation, increased by 270% from 1976 to 2005 (Long & Riley, 2007); and in 2007, college education including tuition, room, and board increased by 6%, with an average of \$13,589 for public colleges and \$32,307 for private colleges (Boccella, 2008). In addition, sharp increases in tuition are disproportional with gains in financial aid packages, leading to large unmet need gaps in financial aid (“National Association,” 2007). As a result, needy students work more hours, take less credits, have lower academic achievement, and have less chance to complete their degree successfully (“National Education,” 2007).

Today, most scholarships, except those that are offered by well-endowed universities, are considered to be unfunded aid, meaning that they are not funded by the university’s endowment (Raymond, 2007). As a result, tuition costs increase in order to compensate for the lost revenue to these unfunded scholarships. Furthermore, the increase in tuition discounting caused an additional loss in net revenue, that lead to a decrease in spending on vital student services. Universities should find new ways to decrease their educational costs by decreasing outrageous salaries for famous professors, lessening the competition for best facilities, and diminishing the resources invested on recruiting the brightest students (Raymond, 2007).

## Federal Grants and Tax Benefits

The gap between college costs and grant aid is continuously growing. The total federal aid is decreasing; during 1996-97, federal aid was 66% of total funds spent on higher education, it then decreased to 58% during 2006-07 (“National Association,” 2007). Pell Grants, which is the largest federal need aid program is not meeting the needs of needy students. According to the National Association of Student Financial Aid Administrators (2007), 20 years ago, Pell Grants used to cover 52% of the average price at public universities and 21% at private universities, but during 2006-07, it declined to 32% and 13% respectively. As a result, congress established two new grant programs in 2006. The first program is the Academic Competitiveness Grants, which provides an additional financial support for Pell Grants students who had at least a B average in their high school (Baum, 2007). The second program is the SMART Grants that provide additional support for Pell Grants students that are majoring in mathematics, engineering, science, and selected languages (Baum, 2007). However, these additional programs do not assist students who are not qualified for Pell Grants, even if their incomes are not high enough to pay their tuitions.

In addition, increased complexity of the financial aid system also decreases accessibility for the academically unprepared and needy students. In 2000, 850,000 qualified students did not receive federal financial aid because they failed to complete the required forms (Long & Riley, 2007). Furthermore, the current tax deductions programs are not well designed to assist needy students, since only families who pay taxes are qualified for such programs. More than 40% of deduction benefits are given to families with incomes between \$100,000 and \$160,000 (Baum, 2007).

## State Grants

In 1993, Georgia established the Hope Scholarship program (Helping Outstanding Students Educationally) which provided free education, including tuition and fees, for some Georgia high school students (Long & Riley, 2007). In order to qualify for this scholarship, students should have at least a B average in high school and should attend a state university at Georgia. Other states that offer similar merit aid programs are Florida, Michigan, Georgia, South Carolina, and Mississippi; their programs that are based on high school grades, test scores, or program reward activities (Long & Riley, 2007). On the contrary, California, New York, Illinois, Ohio, Indiana, Texas, New Jersey and Pennsylvania provide the largest need aid programs (Long & Riley, 2007). In 2006, the Annual Survey Report of the National Association of State Student Grant and Aid Programs (NASSGAP) found that during the last decade, state non-need aid programs increased by 348%, while state need aid programs increased by only 99% (Long & Riley, 2007). These merit aid programs became very popular and at the same time very controversial.

Opponents affirm that merit aid programs seriously undermined accessibility and affordability, by directing attention and resources away from needy students. They provided evidence that these programs benefit students from middle and high-income families and not needy students; and decreased students' enrollment from certain racial and ethnic groups (Baum, 2007). For example, in Florida, White and Asian American students qualify for the merit based Bright Futures Scholarship at a much higher rate than African Americans and Latinos (Finken, 2004).

Instead of being based on students' financial needs, merit aid programs are granted based on academic achievement or on standardized tests.

Although problems in academic preparation exist among students from different social and economic background, it is a prominent problem among the needy students and especially among Black and Hispanic students (Long & Riley, 2007). Students from middle and upper class usually attend good schools and tend to have higher grades and higher scores on standardized tests than needy students who usually attend poorer schools (Finken, 2004). Finally, opponents insist that merit aid programs work against the purpose of higher education to expand educational opportunities and accessibility to everyone, as was stated in the *Higher Education Act* of 1965.

On the contrary, supporters believe that increases in merit aid did not reduce need aid. Longanecker (2002) affirms that although merit aid increased by a greater percentage than need base, certainly, the actual money spent by state to fund need aid programs is much more than that spent on merit aid. For example, between 1995 and 2005, Washington increased its merit aid by 200%, which reflected an increase of about \$2 million; and increased its need aid by only 43%, but this reflected an increase of \$24 million, which is more than 10 times the increase in merit aid (Longanecker, 2002). Although merit aid target students from middle and high income, many low-income students benefit from these programs. Finally, Longanecker (2002) claims that sometimes it is difficult to distinguish between merit aid programs and need aid ones. For instance, in 2001, California increased its grant that was established to help needy students. However, this aid can also be considered a merit aid, because to qualify for this aid, students need to fulfill certain academic standards. Data show that although this aid

targets the needy students, it is not distributed proportionally to the students with the highest need, especially since there is a significant correlation between economic status and academic achievement (Longanecker, 2002).

Proponents also affirm that merit aid programs increase enrollments and encourage students to study in their state universities. Merit aid programs guarantee high school students affordable education if they have good grades. Furthermore, supporters like Finken (2004) believe that effective merit aid programs should be based on grade point average and not on test scores as a criterion for eligibility; because needy and minority students would be eliminated.

#### Loans

During 2006-07, approximately \$131 billion in financial aid was given to students through work-study, federal loans, grants, deductions and federal tax credits (Strauss, 2008). In 2007, states contributed \$72.1 billion for higher education (Long & Riley, 2007). Institutional aid, which is provided by higher education institutions, is also an important source that increased in the last 15 years. Based on federal data (2006), 17% of all college students received institutional grants, 18% were rewarded with state grants, and 28% were given federal aid grants (Long & Riley, 2007). Each year, federal government, state, institutions and private sources provide billions of dollars to increase affordability and accessibility to colleges and universities; but still many students have unmet needs and struggle financial through college. In 2007, students borrowed about \$18 billion from state and private sources (Strauss, 2008). Almost all needy students have some degree of unmet need (Long & Riley, 2007).

The highest average of unmet need is that of full time students from lowest

income families who are attending a public institution (Long & Riley, 2007). As a result, students are increasingly taking loans to pay for their educational expenses. Student debt levels have increased tremendously; more than 65% of students graduate with a debt of \$15,500 at a public university, and \$19,400 at a private university (“National Education,” 2007). According to the Project on Student Debt, an average student loan has doubled in the last 13 years (Boccella, 2008). Ten years ago, less than half of college students had loans, but today almost two thirds of college students have loans (Boccella, 2008).

Students take loans from many different sources: federal government, banks and other private sources. There are many government loan programs, the Federal Stafford Loan Program that is the largest one, Perkins Loan that provides loans on the basis of financial need, and the Parent Loan for Undergraduate Students (PLUS) that provides loans to parents (Long & Riley, 2007). Although loans make higher education accessible and affordable for many students, they burden the students with debt that might become unmanageable in the coming future.

In addition to loans, many students accumulate credit card debts; others have to work extra hours to pay their educational expenses. In 2005, approximately 24% of undergraduate students paid their tuition by using their credit cards (Long & Riley, 2007). Students are the future of our country; if they graduate with huge debts and loans, they will not be able to build themselves and develop the economy.

#### Altering the Focus of Financial Aid Strategies

The GI bill was a very effective financial aid policy that was established after World War II. It tremendously increased college enrollment, and accessibility and affordability, by removing financial barriers to college attendance. During the 1960s and

1970s, accessibility and equity of American higher education was greatly enhanced by a substantial increase in financial aid, introduction of need aid, and major increases in federal aid that accompanied *Higher Education Act* of 1965 (Astin & Oseguera, 2004). In the late 1980s, the United States experienced low employment, high federal deficits and inflation (Day, 2007). Student enrollment decreased due to graduation of baby boomer generation and poor economic conditions. Decreased funding, economic challenges, and decreased enrollment drove colleges and universities to increase their tuition and change their financial strategies (Day, 2007). Increases in tuition caused students migration from private universities to cheaper public universities. Small private universities began to provide merit based financial aid to fill their classes, achieve their strategic enrollment mission, attract the best students, improve student body diversity, and increase their academic ranking (Day, 2007). As a result, universities and colleges committed their resources to fund merit aid programs and scholarships and provided discount tuition to high achievers, while neglected need aid programs.

Furthermore, financial aid policies are usually based on the human capital theory, which suggests that society gains economic benefit from investments in people (Sweetland, 1996). Rewarding high academic achievers is very popular. Students believe that they are entitled to benefits, such as being awarded financial aid, from obtaining a certain level of academic performance. The public also believes that education has an economic purpose. Many businesses, industries and occupations pay higher wages for students graduating from highly selective universities than to those who did not graduate from highly selective universities. Economic and career rewards drove ambitious students to apply in large numbers to highly selective universities that have very limited slots. As



a result, these universities became more selective accepting only one student for every 10 or more applicants (Frank, 2005). These highly selective universities do not have to provide merit based financial aid because they can attract the brightest students with highest SAT or ACT scores. Small regional universities aggressively compete for best students with high SAT or ACT scores in order to boost their academic profile and attract top students and distinguished faculty (Frank, 2005). Merit aid can be an important tool to recruit high achievers; hence, these universities have the tendency to replace need aid with merit aid or increase their tuition. In addition, many universities abandoned need blind admissions and considered the ability to pay as part of the admission decision (Astin & Oseguera, 2004). These policies decreased the accessibility, affordability and equity of American higher education. Finally, needy students from less educated families tend to score lower on SAT or ACT scores, thus they are disadvantaged in competing for access to highly selective universities (Astin & Oseguera, 2004).

In 1998, Princeton University declared that it would increase its financial aid for students from middle and low-income families; it decided to replace loans by grants for students whose family income is less than \$40,000, and eliminated the home equity value to students whose family income is below \$90,000 (Gose, 1999). Princeton admitted that it initiated this new financial aid strategy because it had been losing highly qualified applicant to best public institutions (Gose, 1999). The financial aid changes cost the university approximately \$6 million a year (Gose, 1998). The new financial aid strategy pressured many private universities like Stanford University, Yale University, Swarthmore College, and Massachusetts Institute of Technology to increase their own financial aid packages (Gose, 1999). In order to sustain their academic reputation, many

universities started to use financial aid as a tool to enroll and compete for best students, and to provide generous merit aid to highly qualified applicants (Astin & Oseguera, 2004). Eighty percent of Princeton's aid is paid through its endowment; to compete with Princeton's approach many less affluent universities had to increase their tuition or decrease the number of students who received financial aid (Gose, 1998).

#### Merit Aid versus Need Aid

Merit based financial aid programs, are programs that provide financial assistance for college students who achieved certain academic standards. Need based financial aid is provided for college needy students, regardless of their academic achievements. Merit aid and need aid provide two different public purposes. Merit aid motivates and rewards exceptional students to advance the knowledge power of the society; need aid is very important for the progress of society because it guarantees fairness and equity for everybody (Longanecker, 2002). In 1965, President Johnson established the *Higher Education Act* that guaranteed everyone the right for personal progress through higher education.

The merit aid, which is offered by institutions and states, is growing rapidly in comparison with the need based financial aid that is offered through federal, state and institutional grants. Strong competition among universities to attract the brightest students and improve their ranking caused a tremendous increase in merit aid. This strategy is controversial because it has undesirable negative impacts on higher education institutions and their students. As Troutt (2006) explains that, many colleges are literally buying students with high SAT scores to improve their ranking or to maintain their position as an attractive higher education institution. At many institutions, more than 90%

of merit based financial aid is unfunded; thus, very few universities can offer merit aid without depleting resources from other important educational areas (Raymond, 2007).

Merit aid can undermine the diversity on college campuses, which is very vital for students' learning experience and institutional success. It also decreases affordability and accessibility for needy students. In 1993, 90% of states' grants were given as need based financial aid, while only 73% were given on the basis of need in 2004 (Baum, 2007). In general, public universities invest only 10% of their tuition and fee revenues on need aid, while more than 60% of institutional aid is provided to students who can afford to pay their tuition (Baum, 2007). In the last eight years, institutional merit aid increased 212%, while need aid increased only 47% (Marklein, 2007). In 2003-04, only 20% of merit aid was given to families with income less than \$33,350, while 30% was given to families that made more than \$92,400 a year ("Improving college aid," 2006). Students from middle-income families, who do not qualify for need-based aid, depend on merit aid programs. In 2002, a study done by U.S. Education Department found that 170,000 qualified high school students could not afford higher education each year ("Improving college aid," 2006).

Although the state and federal government are interested in providing equity and fairness, they are also interested in educating their people. Better-educated people are more committed to the social and economic development of society (Sweetland, 1996). As a result, policy makers became interested in merit aid to encourage high academic standards and appeal to high achievers. Attracting best students will increase the prestige and academic ranking of the institutions, and will provide better-educated citizens and better prepared workforce for the state (Sweetland, 1996).

Higher education administrators should better understand the advantages of merit and need aid. Both programs are beneficial if they are well planned and implemented. Merit-need combination can help universities achieve their particular educational goals while supporting needy students (Nelson, 2003). Designing programs that offer both need and merit aid can increase academic expectations, reward achievement, motivate students that are interested in special areas, like music, theater, math, and science, create more diversified campuses by recruiting students from different racial, ethnic, or geographic backgrounds, and increase accessibility and affordability for needy students (Nelson, 2003). In addition, scholarship awards do not have to be huge, this will enable universities to reward talented students and at the same time provide financial support for needy students (Nelson, 2003). Unfortunately, many colleges and universities are using merit aid for different reasons, such as competing for and attracting top students.

As Raymond (2007) explains that the leader institutions with greatest endowments and resources will continue to control financial aid policies, and that they have sufficient financial resources that enable them to provide both merit and need based aid for their students. However, less endowed universities and colleges, which cannot afford such practices, will be pressured to employ similar tactics.

#### New Trends in Financial Aid

By 2015, the number of undergraduate students will increase by more than 2.6 million students; students of color will constitute three quarters of this increase (Long & Riley, 2007). In addition, an increase in the number of students from low and middle-income families and an increase in non-traditional students will be observed. As a result, educators are re-examining the effectiveness of merit aid programs. Highly selective

universities such as Harvard and Princeton, which do not provide merit aid programs, decided to expand their generous need based financial aid packages.

Harvard, a very selective institution, accepted only 1650 freshmen students from 27,000 applicants (Block, 2008). Only high academic achievers are admitted. Recently, Harvard expanded its financial aid packages to even include students whose families incomes are between \$120,000 and \$180,000. These students have to pay only 10% of their families' income instead of paying approximately \$46,000 per year including tuition, room and board (Boccella, 2008). Last year, Harvard's endowment of \$35 billion increased by \$6 billion, its new financial aid policy will cost \$22 million ("College discount," 2008). Yale also decided to use part of the earnings from its \$22.5 billion endowment to be more affordable for families with income up to \$200,000 (Lehecka & Delbanco, 2008). It is also replacing loans by grants.

Princeton's huge endowment and alumni contribution enabled it to establish a generous need aid program. In 2001, Princeton University established the no loan financial aid policy that replaced all loans with grants. It also provides full financial aid packages for students below a certain income level. In 2005-06, Princeton provided \$68.93 million to 2,405 students in the form of need aid (Tilghman, 2007). Using Early Estimator, to find out how much a student will pay for his/her education, is a relatively cheap way to expand university's applicant pool. Through the Princeton University Preparatory Program (PUPP), Princeton reaches out for disadvantaged bright students in local high schools to help them achieve skills needed to be admitted to selective universities (Tilghman, 2007).

Several colleges and universities are also trying to change their financial aid policies. Amherst for example, decided to convert all loans to grants to provide affordable education to its students (Swidey, 2007). By doing this, Amherst will be more diverse and more selective because it would have a wider pool; students from low or middle-income families who did not apply before will be motivated to apply now.

Smith College is making similar changes in its financial aid program. Twenty five percent of the students at Smith are from low income families (Block, 2008). Smith College does not rely heavily on test score for evaluating students' success and for admissions purposes, since there is a correlation between SAT scores and students' income (Block, 2008).

Blackburn College reduced its tuition by 15% and provided students with on campus job opportunities to reduce their educational expenses (Block, 2008). As a result, 75% of its students are from low income families (Block, 2008). George Washington University in Washington D.C. decided to transfer one third of the merit aid resources into need aid. Similarly, Hamilton College in Clinton, N.Y. replaced all merit based financial aid with need aid (Marklein, 2007). Finally, many universities are replacing their loans with grants to increase affordability. For example, Williams College, Colby College, Bowdoin College, and Davidson College substituted their loans with grants.

#### Controversy Over the New Financial Aid Policies

Harvard, Yale, University of Pennsylvania, Duke, Williams, Amherst, Haverford and Swarthmore initiated a new approach to make education more affordable to a larger student population and to compete for best students (Block, 2008). This new financial aid approach has become a very controversial issue in higher education.

Affluent universities can afford to provide generous financial aid packages because they have huge endowments and low enrollment rates of needy students. Although this new approach helps some needy students, it will do little to help more than 75% of students who attend public universities, most of which have limited financial resources. A very small number of low-income students are benefiting from this new financial aid approach. For example, Yale students are generally wealthy with very high scores on standardized tests. Approximately 60% of students do not apply for financial aid because they are wealthy enough to be able to pay their tuition (“Today’s college,” 2008). In 2004-05, only 15% of students who applied for financial aid came from families making less than \$60,000 a year (“Today’s college,” 2008). Thus, a very small number of low-income students are benefiting from this new approach to make education more affordable.

Harvard and the other highly selective universities defended the new initiative by stating that higher education in America is very diverse and that there is no single approach that will work for every university (Mathews, 2008). Their initiative will inspire universities with similar resources to expand their financial aid to address the accessibility and affordability issue. These highly selective universities claim that they want to ensure that no student will be discouraged from enrolling for financial reasons. They initiated these new financial aid policies as a recruitment strategy to improve accessibility, admission equity, affordability, and diversity of the student body. In addition, they claim that they initiated new financial aid packages partly in response to the pressure by Senator Charles Grassley. Grassley is an Iowa Republican who wrote

legislation requiring universities with endowments greater than \$500 million to use at least 5% on students' benefit to offset the increasing tuition rates (Strauss, 2008).

Less affluent universities and colleges are pressured by Harvard's new financial approach because they are unable to compete with its generous financial aid program, especially since they have fewer resources and higher enrollment rates of needy students. They would be forced to increase tuition and transfer need based funds to merit based financial aid to compete for the best students who are attracted by financial packages given by highly selective universities (Strauss, 2008). Universities and colleges would end up spending more money on attracting the brightest middle and upper class, and less money to make education more affordable and accessible to needy students. In response to Harvard's new financial aid policy, some flagship universities are going to increase fundraising to provide more merit based financial aid ("College discount," 2008).

For example, in New York City, NYU and other private universities are being pressured by families, the government, and other highly selective universities like Harvard to increase student financial aid (Luxenberg, 2008). Columbia University, a New York Ivy institution, said that it would increase student aid and replace loans with grants. It will even provide \$5,000 in tuition aid annually for student whose family income is about \$150,000 (Luxenberg, 2008). Similarly, smaller private universities, like Pace University and St. John's University are increasing their student financial aid by 21% and 9% respectively (Luxenberg, 2008).

Critics believe that leader institutions could have a better impact on higher education by using their power and resources to address the problem of increasing educational college costs (Boccella, 2008). Affluent universities could increase



accessibility to their institutions by following new and different approaches; for example, they could use their money in a more productive way by helping elementary and secondary schools better serve their needy students, or swaying Congress to give more financial aid (Strauss, 2008).

Harvard's new policy does not have a great impact on providing accessibility for the majority of students who come from low-income families, because they only constitute 8% of Harvard students. Instead, most of the financial aid will be provided for students who could afford to pay their tuition. As Raymond (2007) claims that students from low income families usually do not attend very good high schools, work part time, score less on SAT and do not participate in extra curricular activities. These circumstances prevent needy students from being admitted to Harvard and other highly selective universities.

Highly selective universities can do more to help needy students afford educational costs. These new financial aid policies will do little to help more than 75% of students who attend public universities, most of which have limited financial resources. In response to Harvard's new financial aid policy, some flagship universities are going to increase fundraising to provide more merit based financial aid ("College discount," 2008).

Furthermore, universities usually avoid enrolling low achievers from low-income families because they lower the institutions' academic ranking and drain their revenues. In 2006, many highly selective universities experienced a decline in the number of students that are eligible for Pell grants and who are usually from a modest background (Lehecka & Delbanco, 2008). This issue might be exacerbated by the new financial aid

trend that is driving universities to compete for best students. Colleges and universities should abandon these financial aid practices and invest their resources on improving their students' academic profile and experience (Day, 2007). This will help them to become more selective, allow them to decrease tuition discounts and increase their revenues.

#### Summary of the Literature Review

Educators and policy makers should no longer ignore the ineffectiveness and unfairness of the financial aid system. Current financial aid strategies work against the purpose of higher education to expand educational opportunities and accessibility to everyone, as was stated in the *Higher Education Act* of 1965. The tax deduction program, merit based financial aid, shifting grants into loans, high tuition rates and fees, and competition between universities for best students, negatively impacted accessibility and affordability for needy students. Unmet financial need for needy students is also decreasing students' retention and affecting students' experiences.

Aid programs should be simpler and more targeted to increase educational opportunities and both academic preparation and retention of needy students. Financial need should not be a limiting factor for any student to participate or succeed in higher education. An effort should be made to increase need aid and outreach programs to mitigate high tuition rates. Universities should use their tuition revenue and endowment earnings to financially support students from modest families.

Students from low-income families are believed to constitute the larger share of college student population in the near future. A change in financial aid policies should take place to address the needs of college students especially those from low-income

families; and to insure that no student will be discouraged from enrolling for financial reasons.

Recent expansion of financial aid strategies by several highly selective universities became a controversial topic in higher education. Although beneficiary in some aspects, such financial aid approaches are believed to undermine the affordability and accessibility for the majority of needy students and pressure less affluent universities and colleges to follow similar strategies. No research has been done on the impact of the new financial aid strategies on higher education. Therefore, it is very important to study the effect of the new financial aid trend on smaller private and public higher education institutions and their students.

## CHAPTER III

### METHODOLOGY

#### Context of the Study

The study was conducted at Rowan University, in Glassboro, NJ. Rowan University is a selective, medium-sized public university that was founded in 1923 as a school to train elementary teachers. In 1992, the \$100 million gift from Henry and Betty Rowan provided the financial support for the development and growth of the institution. In 2007, the Rowan Foundation market value was about \$176 million.

Rowan University offers 57 undergraduate majors, 38 master's degrees, a doctoral program in educational leadership, seven teacher certification programs, and 19 graduate certification programs ("Fact sheet," 2008). The average class size is 20 students and the student/faculty ratio is 15 to 1. The university enrolls more than 10,000 students ("Fact sheet," 2008). Approximately, 77% of Rowan students are white, 54.7% are female ("Research Brief," 2008). During the academic year 2007-2008, the total undergraduate educational cost including tuition, fees, room and board was \$19,310 for in state and \$26,618 for out of state ("Fact sheet," 2008).

In 2007, the average SAT score for entering students was between 1090-1260; entering students were ranked in the top 21% of their high school class ("Fact sheet," 2008). Approximately 70% of Rowan students receive some form of financial aid, such as grants and loans or scholarships.

## Population and Sample Selection

The target population for this study was all administrators at state supported public universities and colleges in the NJ. The accessible population was administrators at Rowan University, in Glassboro, NJ. The participants were chosen based on their professional positions. The accessible population was administrators who work in the divisions of academic affairs, student services, or university advancement at Rowan University. Their administrative positions ranged from directors to senior administrators. It was assumed that these participants were knowledgeable about financial aid strategies, and that they could provide useful insights and understandings about this issue.

There were a total of 62 administrators at Rowan University working in the students affair, academic affair, and university advancement offices (Appendix F). The accessible population consisted of 15 senior administrators, eight deans, nine associate/assistant deans, and 30 directors. A total of 43 administrators were surveyed and 18 administrators interviewed.

## Instrumentation

A cross-sectional design survey and a structured interview technique were the methodologies that were used in this study for data collection. The survey instrument was developed based on an extensive review of the literature review sources to specifically target the research questions for this study. The Survey Instrument (Appendix C) consists of two parts: Background Information and New Financial Aid Questionnaire. Part one, collected demographic information; part two, consisted of 39 statements that were directed towards quantitative methodologies, and were designed to address the research questions.

The survey questionnaire was designed to explore the attitudes of administrators towards the need-based aid and merit based aid; towards the new financial aid trend initiated by some well-endowed private colleges and universities. By doing so, the researcher also hoped to find personal attitudes towards the impact of the new trend on well-endowed, small private, and state supported public universities and colleges, as well as its impact on students' access. A five level Likert scale (from 1 strongly disagree to 5 strongly agree) was used in this survey to allow the participant to choose the response, from a five ordered response levels, that best represents his or her level of agreement to a statement.

A structured interview was followed to accumulate necessary information on a range of questions related to the research questions. Interviewing was designed to have a better understanding of the attitudes of administrators towards the new financial aid trend and its impact on higher education. The interview schedule (Appendix E) consisted of eight questions. The first question dealt with the attitudes of the administrators towards the new financial aid trend. The second, third, and fourth questions dealt with its impact on colleges and universities. The fifth question dealt with administrators' attitudes towards need based financial aid and merit based financial aid. The last three questions dealt with administrators' recommendations to improve students' affordability and accessibility into higher education. The interview questions were adapted from various literature sources to specifically target the research questions for this study. A qualitative method was used in order to validate, explain, and interpret the methodology.

Following the approval from the Institutional Review Board of Rowan University (Appendix A), a pilot test of the survey instrument and interview was conducted in

December 2008. Four administrators at Rowan were randomly selected and asked to participate in the interview and survey in order to test the survey and interview schedule's readability and face validity; check for clarity; find out the amount of time it took to complete the survey questionnaire and the interview; find out if there were any problems with the data collection process. Based on the feedback, the survey instrument and the interview schedule was edited and revised for clarity. The Cronbach's Alpha reliability coefficients for the first 20 survey items and for the last 19 items, respectively, were 0.606 and 0.556, indicating a fairly stable and consistent instrument.

#### Data Collection

Quantitative and qualitative research through the use of a survey instrument and an interview schedule were the methods employed in collecting data for the study. The survey instrument (Appendix C); Background Information and New Financial Aid Questionnaire, and the interview schedule (Appendix E) were designed specifically for this study. The researcher used Rowan University phone directory and website to obtain a list of the survey and interview population. Data were collected during the months of January and February 2009.

Administrators at Rowan University were personally contacted by the phone or through email to solicit their cooperation and determine their willingness to participate in the study. Forty-three of the 62 administrators at Rowan University were willing to participate in the survey. Administrators, who accepted to participate in the survey, were visited in their offices and provided with a cover letter (Appendix B), and the survey instrument (Appendix C). The survey instruments were then collected a week later. The

cover letter provided an explanation of the research to the participants and requested their participation.

Eighteen of the 62 administrators who agreed to be surveyed and interviewed were visited in their offices and provided with a cover letter (Appendix B), and the survey instrument (Appendix C). The survey instruments were then collected during the interview, which took place after a week or two from the initial visit. Participants were interviewed separately in their offices on campus. Participants were given the opportunity to ask questions prior to signing the consent form (Appendix D) and participating in the interview. All participants consented. A copy of the consent form was provided to each of the participants. Participants were interviewed and tape-recorded for about a half-hour.

#### Data Analysis for Quantitative Data

Results of the study that were obtained using Statistical Package for Social Sciences (SPSS) computer software. The survey items were summarized. Tables, frequencies and mean comparisons were used to analyze the responses of the participants to the survey questionnaire. Demographic characteristics were collected and summarized for the purposes of describing the participants and dividing them into comparison subgroups. Specifically, gender, age, race/ethnicity, educational background, job position, and years of work were collected for the survey population.

The independent variables in this study included gender, age, race/ethnicity, educational background, job position, and years of work. The dependent variables were the attitudes that the administrators had towards the new financial aid and its impact on higher education; their attitudes towards need and merit based financial aid. The impact of the independent variables on the dependent variables was studied using cross-tabular



analysis obtained through SPSS. Chi square and descriptive statistics (frequency, mean, and standard deviation) were used to examine the data in regards to the research questions.

#### Data Analysis for Qualitative Data

The method of content analysis was used to analytically determine the properties of textual information that were collected during the interviews. The data are organized into workable units; the presence of certain words or concepts within texts was identified through conceptual content analysis (McMillan, 2007). The most important structures of the communication content were detected by the frequencies of most used keywords (McMillan, 2007).

In order to provide a meaningful reading of the content, collected data were read, reviewed, coded, and broken down into different categories (Sisco, 1981). The categories allowed the data to be summarized and reported in an accurate manner. The categories were then revised in order to avoid redundancy; each category was unique in terms of the theme it addressed. Finally, the researcher quantified and analyzed the presence, meanings and relationships of concepts within the categories, then made inferences about the messages within the texts (Sisco, 1981).

## CHAPTER IV

### FINDINGS

#### Profile of the Survey Sample

The participants for this study were from the offices of academic affairs, student services, and university advancement at Rowan University, Glassboro, NJ, in January 2009. Of the 62 administrators, 43 participated in the survey, yielding a return rate of 69.4%. Eighteen of the 43 participants were interviewed. There were 23 females (53.5%) and 20 males (46.5%). Thirty-three were White non-Hispanic (76.7%), and 10 were from historically under-represented population (23.4%). Seventeen had doctoral degrees (39.5%), 22 had masters degrees (51.2%), and four had bachelors degrees (9.3%). The majority of subjects were between the ages of 41 and 60 (55.8%), 25.6% were 61 or older, and 18.6% were under the age of 40.

Table 4.1 lists the job titles of the surveyed administrators. The majority of participants were directors (65.1%) who worked in the academic affair office, student affairs, or university advancement offices. This table also contains demographic data of the surveyed participants on the years of working experience as administrators in higher education, as measured at the end of the 2007-2008 academic years. The majority of the subjects (44.2%) had 21 or more years of experience as administrators in higher educational institutions.

Table 4.1

*Job Title and Years of Working Experience (N=43)*

|                                       | <i>Frequency</i> | <i>%</i> | <i>M</i> | <i>SD</i> |
|---------------------------------------|------------------|----------|----------|-----------|
| Job Title                             |                  |          | 1.95     | 1.479     |
| Director                              | 28               | 65.1     |          |           |
| Associate/Assistant Dean              | 6                | 14       |          |           |
| Dean                                  | 4                | 9.3      |          |           |
| Senior Administrators                 | 5                | 11.6     |          |           |
| Number of Years of Working Experience |                  |          | 3.60     | 1.482     |
| 1 to 3                                | 5                | 11.6     |          |           |
| 4 to 10                               | 7                | 16.3     |          |           |
| 11 to 15                              | 7                | 16.3     |          |           |
| 16 to 20                              | 5                | 11.6     |          |           |
| 21 or more                            | 19               | 44.2     |          |           |

#### Analysis of Survey Data

Research Question 1: What are the attitudes of administrators at Rowan University towards the new financial aid trend initiated by some well-endowed private colleges and universities?

The majority (93%) of the participants agreed/strongly agreed that fair and equitable financial aid policies are important for socio-economic mobility (see Table 4.2). About 65% of participants agreed/strongly agreed that financial should be available to talented students regardless of ability to pay tuition, and 51.2% indicated that families earning more than \$120,000 should be eligible for financial aid. Furthermore, 51% of the surveyed administrators reported that educational institutions with the greatest endowments influence financial aid policies in higher education.

An overall look at the administrators' responses dealing with their attitudes towards the new financial aid trend indicates that the majority are either not knowledgeable or undecided about the new trend (46.5%), and 33% of the participants

stated that the new financial aid policy is a good policy. More than half of the participants (51.1%) disagreed that changes in financial aid policies in well-endowed universities will have minor impact on students in other universities. Forty-two percent indicated that this new trend would not make education affordable to many needy students.

Table 4.2

*Attitudes Towards the New Financial Aid Trend*

| Statement  | Strongly Agree |      | Agree    |      | Undecided |      | Disagree |      | Strongly Disagree |     |
|--|----------------|------|----------|------|-----------|------|----------|------|-------------------|-----|
|  | <i>f</i>       | %    | <i>f</i> | %    | <i>f</i>  | %    | <i>f</i> | %    | <i>f</i>          | %   |
| Fair and equitable financial aid policies are important for socio-economic mobility.<br><i>N</i> =43, <i>SD</i> =.900, <i>M</i> =4.37                                    | 23             | 53.5 | 17       | 39.5 |           |      | 2        | 4.7  | 1                 | 2.3 |
| Financial aid should be available to talented students regardless of the ability to pay tuition.<br><i>N</i> =43, <i>SD</i> =1.142, <i>M</i> =3.49                       | 6              | 14.0 | 22       | 51.2 | 5         | 11.5 | 7        | 16.3 | 3                 | 7.0 |
| In general, families earning more than \$120, 000 should be eligible for financial aid.<br><i>N</i> =43, <i>SD</i> =.944, <i>M</i> =3.33                                 | 3              | 7.0  | 19       | 44.2 | 10        | 23.3 | 11       | 25.5 |                   |     |
| Current financial aid policies are mostly used to help needy students.<br><i>N</i> =43, <i>SD</i> =.888, <i>M</i> =3.21  |                |      | 22       | 51.2 | 8         | 18.6 | 13       | 30.2 |                   |     |
| Education institutions with the greatest endowments and resources influence financial aid policies in higher education.<br><i>N</i> =43, <i>SD</i> =.954, <i>M</i> =3.26 | 2              | 4.7  | 20       | 46.5 | 8         | 18.6 | 13       | 30.2 |                   |     |
| New financial aid policies that were initiated by some well-endowed private universities are good policies.<br><i>N</i> =43, <i>SD</i> =.868, <i>M</i> =3.09             | 2              | 4.7  | 11       | 25.6 | 20        | 46.5 | 9        | 20.9 | 1                 | 2.3 |
| Current financial aid policies are fair and equitable.<br><i>N</i> =43, <i>SD</i> =.899, <i>M</i> =2.95  | 1              | 2.3  | 13       | 30.3 | 12        | 27.9 | 17       | 39.5 |                   |     |
| The new financial aid trend will make education affordable to many needy students.<br><i>N</i> =43, <i>SD</i> =.924, <i>M</i> =2.84                                      |                |      | 13       | 30.2 | 12        | 27.9 | 16       | 37.2 | 2                 | 4.7 |
| Today, financial aid policies are mostly used to recruit talented students.<br><i>N</i> =43, <i>SD</i> =.880, <i>M</i> =2.81   |                |      | 13       | 30.3 | 9         | 20.9 | 21       | 48.8 |                   |     |

Changes in financial aid policies in well-endowed universities have minor impact on students in other universities.  $N=43, SD=.958, M=2.81$

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Research Question 2: What are the attitudes of administrators towards the impact of the new financial aid trend on colleges and universities?

The majority of the surveyed administrators indicated that the new financial aid trend improves students' access to the well-endowed private universities (65.1%); positively impacts the image of the well-endowed private universities that are offering generous financial aid packages (58.2%). Although 48.8% of participants reported that the new financial aid trend has caused small private universities to offer more merit based aid to compete for students, the same number (48.8%) were undecided/unknowledgeable about this issue (see Table 4.3).

An overall look at the responses towards the current financial aid policies indicates that the majority (51.2%) reported that tuition discounting is an acceptable practice in order to fulfill institutional enrollment needs, and the majority of 46.5% indicated that increased admissions competition among colleges and universities has limited access for students from low income families.

About 65% of the participants were indecisive or unknowledgeable about whether less affluent universities have increased tuition in order to be able to offer more generous financial aid packages to compete for talented students. Also, a large number of participants (between 60.5% and 48.8%) are indecisive or unknowledgeable about whether the new financial aid trend has a negative impact on the higher education system; has caused a change in financial aid policies at state supported public universities, and/or

caused them to increase their merit based aid; improves students' access to smaller private universities, and /or has caused them to increase their need based aid.

Table 4.3

*Attitudes Towards the Impact of New Financial Aid Trend*

| Statement   | Strongly Agree |     | Agree    |      | Undecided |      | Disagree |      | Strongly Disagree |     |
|---|----------------|-----|----------|------|-----------|------|----------|------|-------------------|-----|
|   | <i>f</i>       | %   | <i>f</i> | %    | <i>f</i>  | %    | <i>f</i> | %    | <i>f</i>          | %   |
| The new financial aid trend improves students' access to the well-endowed private universities.<br><i>N</i> =43, <i>SD</i> =.823, <i>M</i> =3.58  | 3              | 7.0 | 25       | 58.1 | 9         | 20.9 | 6        | 14.0 |                   |     |
| The new trend positively impacts the image of the well-endowed private universities that are offering generous financial aid packages.<br><i>N</i> =43, <i>SD</i> =.797, <i>M</i> =3.53   | 3              | 7.0 | 22       | 51.2 | 13        | 30.2 | 5        | 11.6 |                   |     |
| Tuition discounting is an acceptable practice in order to fulfill institutional enrollment needs.<br><i>N</i> =43, <i>SD</i> =.794, <i>M</i> =3.42  | 2              | 4.7 | 20       | 46.5 | 15        | 34.9 | 6        | 14.0 |                   |     |
| The new trend has caused small private universities to offer more merit based aid to compete for students.<br><i>N</i> =43, <i>SD</i> =.550, <i>M</i> =3.47   |                |     | 21       | 48.8 | 21        | 48.8 | 1        | 2.3  |                   |     |
| Increased admissions competition among colleges and universities has limited access for students from low-income families.<br><i>N</i> =43, <i>SD</i> =.854, <i>M</i> =3.28   | 1              | 2.3 | 19       | 44.2 | 15        | 34.9 | 7        | 16.3 | 1                 | 2.3 |
| Currently, universities are spending more money to attract talented students from middle and upper income families than to increase affordability for students from low-income families.<br><i>N</i> =43, <i>SD</i> =.804, <i>M</i> =3.21 |                |     | 19       | 44.2 | 14        | 32.6 | 10       | 23.3 |                   |     |
| The new financial aid trend motivated students from low-income families to apply to well-endowed private universities.<br><i>N</i> =43, <i>SD</i> =.882, <i>M</i> =3.28   | 2              | 4.7 | 17       | 39.5 | 16        | 37.2 | 7        | 16.3 | 1                 | 2.3 |
| Lack of accessibility of students to highly selective institutions has increased socioeconomic inequity.<br><i>N</i> =43, <i>SD</i> =.868, <i>M</i> =3.23   | 2              | 4.7 | 16       | 37.2 | 15        | 34.9 | 10       | 23.3 |                   |     |

|  |   |     |    |      |    |      |    |      |   |     |
|--|---|-----|----|------|----|------|----|------|---|-----|
| Changes in financial aid policies have threatened college access for students from low-income families.<br><i>N=43, SD=.895, M=3.23</i>  | 2 | 4.7 | 16 | 37.2 | 16 | 37.2 | 8  | 18.6 | 1 | 2.3 |
| Less affluent universities have increased tuition in order to be able to offer more generous financial aid packages to compete for talented students.<br><i>N=43, SD=.613, M=3.35</i>  | 2 | 4.7 | 12 | 27.9 | 28 | 65.1 | 1  | 2.3  |   |     |
| The new trend has caused a change in financial aid policies at state supported public universities.<br><i>N=43, SD=.636, M=2.98</i>  |   |     | 8  | 18.6 | 26 | 60.5 | 9  | 20.9 |   |     |
| Due to the new financial aid, many small private universities have increased their need based financial aid.<br><i>N=43, SD=.655, M=3.00</i>   |   |     | 9  | 20.9 | 25 | 58.2 | 9  | 20.9 |   |     |
| The new financial aid trend has caused state supported public universities to increase their merit based financial aid.<br><i>N=43, SD=.710, M=3.14</i>  | 1 | 2.3 | 11 | 25.6 | 24 | 55.8 | 7  | 16.3 |   |     |
| The new financial aid trend has a negative impact on the higher education system.<br><i>N=43, SD=.722, M=2.95</i>  | 1 | 2.3 | 7  | 16.3 | 24 | 55.8 | 11 | 25.6 |   |     |
| The new financial aid trend improves students' access to smaller private universities.<br><i>N=43, SD=.708, M=3.30</i>   | 1 | 2.3 | 16 | 37.3 | 21 | 48.8 | 5  | 11.6 |   |     |
| Universities with limited endowments are likely to transfer need-based aid to merit based aid to compete for best students who are attracted by new financial aid packages given by highly selective universities.<br><i>N=43, SD=.673, M=3.29</i> |   |     | 18 | 41.9 | 20 | 46.5 | 5  | 11.6 |   |     |
| The new financial aid trend has minor impact on students' access to state supported public universities.<br><i>N=43, SD=.961, M=3.07</i>   | 2 | 4.7 | 14 | 32.6 | 13 | 30.2 | 13 | 30.2 | 1 | 2.3 |

Research Question 3: What are the attitudes of administrators towards need based financial aid and merit based financial aid?

An overall look at the responses towards merit aid indicates that the majority of participants (88.4%) agreed/strongly agreed that it is used as a tool to compete for high academic achievers, and 69.8% indicated that competition among universities to attract the most talented students has resulted in increases in merit based aid (see Table 4.4). Although, 69.8% disagreed/strongly disagreed that merit aid should replace need aid to fulfill an institution's enrollment needs and raise its academic profile and ranking, 53.5% disagreed/strongly disagreed that it undermines the diversity on college campuses.

An overall look at the responses towards need aid indicates that 86% reported that need based financial aid increases access for students. However, 67.4% indicated that financial aid should be available to all needy students regardless of their academic achievement. In addition, the majority of participants indicated that the educational opportunities for low and middle-income students have been limited by increase in educational costs and decreases in need aid (79.1%), and that their eligibility has been limited by current financial aid policies (83.7%).

Approximately 63% were undecided/unknowledgeable about whether the eligibility standards for merit aid have been expanded in small private universities. About 72.1% agreed/strongly agreed that eligibility for financial aid should be based equally on merit and need based financial aid in order to expand educational opportunities and accessibility to qualified students. However, equal number of participants (34.9%) agreed and disagreed that higher education institutions should allocate equal amounts of money for need aid and merit aid.



Table 4.4

*Attitudes Towards Need Based Aid and Merit Based Aid*

| Statement  | Strongly Agree |      | Agree    |      | Undecided |      | Disagree |      | Strongly Disagree |     |
|--|----------------|------|----------|------|-----------|------|----------|------|-------------------|-----|
|  | <i>f</i>       | %    | <i>f</i> | %    | <i>f</i>  | %    | <i>f</i> | %    | <i>f</i>          | %   |
| Merit aid is used by higher education institutions as a tool to compete for high academic achievers.<br><i>N</i> =43, <i>SD</i> =.754, <i>M</i> =4.16  | 14             | 32.6 | 24       | 55.8 | 3         | 7.0  | 2        | 4.7  |                   |     |
| Need based financial aid increases access for students.<br><i>N</i> =43, <i>SD</i> =.872, <i>M</i> =4.05   | 12             | 27.9 | 25       | 58.1 | 3         | 7.0  | 2        | 4.7  | 1                 | 2.3 |
| Current financial aid policies limit eligibility for students from middle-income families.<br><i>N</i> =43, <i>SD</i> =.737, <i>M</i> =3.93  | 7              | 16.3 | 29       | 67.4 | 4         | 9.3  | 3        | 7.0  |                   |     |
| Increases in educational costs and decreases in need-based aid limit the educational opportunities for low and moderate-income students.<br><i>N</i> =43, <i>SD</i> =1.012, <i>M</i> =4.02   | 16             | 37.2 | 18       | 41.9 | 3         | 7.0  | 6        | 14.0 |                   |     |
| Eligibility for financial aid should be based equally on merit and need based financial aid in order to expand educational opportunities and accessibility to qualified students.<br><i>N</i> =43, <i>SD</i> =.964, <i>M</i> =3.70 | 7              | 16.3 | 24       | 55.8 | 4         | 9.3  | 8        | 18.6 |                   |     |
| Competition among universities to attract the most talented students has resulted in increases in merit-based aid.<br><i>N</i> =43, <i>SD</i> =.879, <i>M</i> =3.88  | 11             | 25.6 | 19       | 44.2 | 10        | 23.3 | 3        | 7.0  |                   |     |
| Eligibility for financial aid based on need has been limited in state supported public universities.<br><i>N</i> =43, <i>SD</i> =.856, <i>M</i> =3.51  | 3              | 7.0  | 23       | 53.5 | 10        | 23.3 | 7        | 16.3 |                   |     |
| Currently, the eligibility standards for financial aid based on merit have been expanded in small private universities.<br><i>N</i> =43, <i>SD</i> =.522, <i>M</i> =3.33   |                |      | 15       | 34.9 | 27        | 62.8 | 1        | 2.3  |                   |     |
| Higher education institutions should allocate equal amounts of money for need based and merit based aid.<br><i>N</i> =43, <i>SD</i> =.961, <i>M</i> =3.07  | 3              | 7.0  | 12       | 27.9 | 13        | 30.2 | 15       | 34.9 |                   |     |
| Merit based aid undermines the diversity on college campuses.  | 1              | 2.3  | 8        | 18.6 | 11        | 25.6 | 22       | 51.2 | 1                 | 2.3 |

$N=43, SD=.892, M=2.67$

|   |   |     |   |      |   |     |    |      |   |      |
|---|---|-----|---|------|---|-----|----|------|---|------|
| Financial aid should be available to all needy students regardless of academic achievement. | 3 | 7.0 | 9 | 20.9 | 2 | 4.7 | 24 | 55.8 | 5 | 11.6 |
|---|---|-----|---|------|---|-----|----|------|---|------|

$N=43, SD=1.161, M=2.56$

|  |  |  |   |     |    |      |    |      |   |      |
|--|--|--|---|-----|----|------|----|------|---|------|
| Need based aid should be replaced by merit based aid programs to fulfill an institution's enrollment needs and raise its academic profile and ranking. |  |  | 3 | 7.0 | 10 | 23.3 | 24 | 55.8 | 6 | 14.0 |
|--|--|--|---|-----|----|------|----|------|---|------|

$N=43, SD=.782, M=2.23$

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### Inferential Statistics

Research Question 4: How variant are participants' attitudes towards the current and new financial aid trend given their different ethnicities, job titles, highest degrees attained, and years of working?

A Pearson Chi-Square was calculated to determine if there were any significant relationships between demographic variables and attitudes towards current financial aid policies and new the financial aid trend. Group differences were calculated in terms of gender, age, ethnicity, highest degree attained, current job title, and years of working. No statistical significance was found between males and females on their attitudes towards the current financial aid policies and the new financial aid trend.

The Pearson Chi-Square calculation indicated that there were three survey items with statistical difference when ethnicity was compared to the attitudes towards impact of the new financial aid trend (see Table 4.5). They are as follows: the new financial aid trend has caused small private universities to offer more merit based financial aid to compete for students ( $\chi^2(43) = 29.697, p = 0.01$ ); new trend improves students' access to well endowed private universities ( $\chi^2(43) = 25.540, p = 0.043$ ); new trend has minor

impact on students' access to state supported public universities ( $\chi^2(43) = 40.851, p = 0.004$ ).

Table 4.6 shows two survey items that discuss the impact of new trend on well-endowed and state supported universities. These two survey items were statistically significant when compared to administrators' current titles. They are as follows: the new financial aid trend motivates students from low income families to apply to well endowed private universities ( $\chi^2(43) = 32.477, p = 0.009$ ); the new trend has caused state supported public universities to increase their merit based financial aid ( $\chi^2(43) = 21.968, p = 0.038$ ).

Two survey items that discuss current financial aid policies and one that discusses the impact of the new financial aid trend were statistically significant respectively when compared to administrators' highest degree attained, years of work in higher education, and age. They are as follows: increases in educational costs and decreases in need aid limits the educational opportunities for low and moderate income students ( $\chi^2(43) = 15.716, p = 0.015$ ) (see Table 4.7); less affluent universities have increased tuition in order to be able to offer more generous financial aid packages to compete for talented students ( $\chi^2(43) = 23.286, p = 0.025$ ) (see Table 4.8); increased admissions competition among universities has limited access for students from low income families ( $\chi^2(43) = 26.507, p = 0.047$ ) (see Table 4.9).

Table 4.5

*Correlation between Attitudes Towards Impact of New Trend by Ethnicity (N=43)*

| Survey Items   | Ethnicity              | Agree/<br>Strongly<br>Agree | Undecided | Disagree<br>/<br>Strongly<br>Disagree | Chi-Square Test |           |          |
|--|------------------------|-----------------------------|-----------|---------------------------------------|-----------------|-----------|----------|
|  |                        | <i>f</i>                    | <i>f</i>  | <i>f</i>                              | $\chi^2$        | <i>df</i> | <i>p</i> |
| The new financial aid trend has caused small private | African American       | 3                           | 0         | 0                                     | 29.697          | 10        | 0.01*    |
|  | Hispanic-Others        | 1                           | 0         | 0                                     |                 |           |          |
|  | Asian-Pacific Islander | 0                           | 1         | 1                                     |                 |           |          |

|  |                        |    |    |    |        |    |        |
|--|------------------------|----|----|----|--------|----|--------|
| universities to offer more merit based financial aid to compete for students.                            | Puerto Rican           | 1  | 0  | 0  |        |    |        |
|  | Central/South America  | 2  | 0  | 0  |        |    |        |
|  | White, Non-Hispanic    | 13 | 20 | 0  |        |    |        |
| The new financial aid trend improves students' access to well endowed private universities.              | African American       | 2  | 1  | 0  | 25.540 | 15 | 0.043* |
|  | Hispanic-Others        | 0  | 1  | 0  |        |    |        |
|  | Asian-Pacific Islander | 2  | 0  | 0  |        |    |        |
|  | Puerto Rican           | 1  | 0  | 0  |        |    |        |
|  | Central/South American | 1  | 1  | 0  |        |    |        |
|  | White, Non-Hispanic    | 22 | 5  | 6  |        |    |        |
| The new financial aid trend has minor impact on students' access to state supported public universities. | African American       | 1  | 0  | 2  | 40.851 | 20 | 0.004* |
|  | Hispanic-Others        | 0  | 1  | 0  |        |    |        |
|  | Asian-Pacific Islander | 2  | 0  | 0  |        |    |        |
|  | Puerto Rican           | 1  | 0  | 0  |        |    |        |
|  | Central/South American | 2  | 0  | 0  |        |    |        |
|  | White, Non-Hispanic    | 10 | 11 | 12 |        |    |        |

\*Correlation is significant at the 0.05 level (2-tailed)

\*\*Correlation is significant at the 0.001 level (2-tailed)

Table 4.6

*Correlation between Attitudes Towards Impact of New Trend by Current Title (N=43)*

| Survey Items   | Current Title         | Agree/<br>Strongly<br>Agree | Undecided | Disagree/<br>Strongly<br>Disagree | Chi-Square Test |           |          |
|--|-----------------------|-----------------------------|-----------|-----------------------------------|-----------------|-----------|----------|
|  |                       | <i>f</i>                    | <i>f</i>  | <i>f</i>                          | $\chi^2$        | <i>df</i> | <i>p</i> |
| The new FA trend motivates students from low-income families to apply to well-endowed private universities.  | Director              | 15                          | 7         | 6                                 | 32.477          | 16        | 0.009*   |
|  | Assistant/Associate   | 0                           | 6         | 0                                 |                 |           |          |
|  | Dean                  |                             |           |                                   |                 |           |          |
|  | Dean                  | 1                           | 1         | 2                                 |                 |           |          |
|  | Senior Administrators | 3                           | 2         | 0                                 |                 |           |          |
| The new FA trend has caused state supported public universities to increase their merit based financial aid. | Director              | 7                           | 15        | 6                                 | 21.968          | 12        | 0.038*   |
|  | Assistant/Associate   | 1                           | 4         | 1                                 |                 |           |          |
|  | Dean                  |                             |           |                                   |                 |           |          |
|  | Dean                  | 1                           | 3         | 0                                 |                 |           |          |
|  | Senior Administrators | 3                           | 2         | 0                                 |                 |           |          |

\*Correlation is significant at the 0.05 level (2-tailed)

\*\*Correlation is significant at the 0.001 level (2-tailed)

Table 4.7

*Correlation between Attitudes Towards Current Policies by Highest Degree Attained*  
(*N=43*)

| Survey Item   | Highest Degree Attained | Agree/ Strongly Agree | Undecided | Disagree | Chi-Square Test       |           |          |
|---|-------------------------|-----------------------|-----------|----------|-----------------------|-----------|----------|
|   |                         | <i>f</i>              | <i>f</i>  | <i>f</i> | <i>X</i> <sup>2</sup> | <i>df</i> | <i>p</i> |
| Increases in educational costs and decreases in need aid limits the educational opportunities for low and moderate-income students. | Bachelors               | 2                     | 2         | 0        | 15.716                | 6         | 0.015*   |
|   | Masters                 | 16                    | 1         | 5        |                       |           |          |
|   | Doctorate               | 16                    | 0         | 1        |                       |           |          |

\*Correlation is significant at the 0.05 level (2-tailed)

\*\*Correlation is significant at the 0.001 level (2-tailed)

Table 4.8

*Correlation between Attitudes Towards Impact of New Trend by Years of Working*

| Survey Items  | Years of Working | Agree/ Strongly Agree | Undecided | Disagree | Chi-Square Test       |           |          |
|---|------------------|-----------------------|-----------|----------|-----------------------|-----------|----------|
|   |                  | <i>f</i>              | <i>f</i>  | <i>f</i> | <i>X</i> <sup>2</sup> | <i>df</i> | <i>p</i> |
| Less affluent universities have increased tuition in order to be able to offer more generous financial aid packages to compete for talented students. | 1 to 3           | 1                     | 4         | 0        | 23.286                | 12        | 0.025*   |
|   | 4 to 10          | 0                     | 7         | 0        |                       |           |          |
|   | 11 to 15         | 3                     | 3         | 1        |                       |           |          |
|   | 16 to 20         | 1                     | 4         | 0        |                       |           |          |
|   | 21 or more       | 9                     | 10        | 0        |                       |           |          |

\*Correlation is significant at the 0.05 level (2-tailed)

\*\*Correlation is significant at the 0.001 level (2-tailed)

Table 4.9

*Correlation between Attitudes Towards Current Policies by Age (N=43)*

| Survey Items  | Age             | Agree/ Strongly Agree | Undecided | Disagree/ Strongly Disagree | Chi-Square Test       |           |          |
|---|-----------------|-----------------------|-----------|-----------------------------|-----------------------|-----------|----------|
|   |                 | <i>f</i>              | <i>f</i>  | <i>f</i>                    | <i>X</i> <sup>2</sup> | <i>df</i> | <i>p</i> |
| Increased admissions competition among universities has limited access for students from low-income families. | between 21 & 30 | 0                     | 4         | 1                           | 26.507                | 16        | 0.047*   |
|   | between 31 & 40 | 1                     | 0         | 2                           |                       |           |          |
|   | between 41 & 50 | 5                     | 6         | 1                           |                       |           |          |
|   | between 51 & 60 | 8                     | 3         | 1                           |                       |           |          |
|   | 61 or more      | 6                     | 2         | 3                           |                       |           |          |

\*Correlation is significant at the 0.05 level (2-tailed)

\*\*Correlation is significant at the 0.001 level (2-tailed)

### Profile of Interview Sample

Ten of the interviewed participants were male (55.6%), and eight were female (44.4%). The majority were above 51 years old (77.7%). Fifteen were White non-Hispanic (83.3%), and 3 were from historically under-represented population (16.8%). Nine participants had doctoral degrees and nine had master's degrees.

Table 4.10 lists the job titles of the interviewed administrators. The majority of participants were directors (44.4%) who worked in the academic affair office, student affairs, or university advancement offices. This table also contains demographic data of the interviewed participants on the years of working experience as administrators in higher education, as measured at the end of the 2007-2008 academic years. The majority of the subjects (72.2%) had 21 or more years of experience as administrators in higher educational institutions.

Table 4.10

#### *Job Title and Years of Working Experience (n=18)*

|                                       | <i>Frequency</i> | <i>%</i> | <i>M</i> | <i>SD</i> |
|---------------------------------------|------------------|----------|----------|-----------|
| Job Title                             |                  |          | 2.56     | 1.653     |
| Director                              | 8                | 44.4     |          |           |
| Associate/Assistant Dean              | 3                | 16.7     |          |           |
| Dean                                  | 4                | 22.2     |          |           |
| Senior Administrators                 | 3                | 16.7     |          |           |
| Number of Years of Working Experience |                  |          | 4.33     | 1.188     |
| 4 to 10                               | 3                | 16.7     |          |           |
| 11 to 15                              | 1                | 5.6      |          |           |
| 16 to 20                              | 1                | 5.6      |          |           |
| 21 or more                            | 13               | 72.2     |          |           |

## Analysis of Interview Data

Research Question 5: What are the opinions of selected administrators at Rowan University regarding the new financial aid trend initiated by some well-endowed private colleges and universities?

An interview was conducted to answer this research question and to gain a better understanding of the selected administrators' opinions regarding the new financial aid trend. The first five interview questions were designed to answer the research question.

Interview Question 1: What is your attitude towards this new financial aid trend?

An overall look at the responses dealing with participants' opinions indicates that the majority of the interviewed administrators see the new trend as positive (see Table 4.11). Ten of the 18 participants are supportive of the new trend. One administrator indicated, "It makes a lot of sense, especially since they have the resources. I support their ability to recruit the best students and provide financial aid." Another administrator commented, "It is a good policy, because they are trying to do it to remove the financial barrier to accessibility. It suits their mission well." Finally, one participant explained, "It is a good financial aid policy. Whenever anybody, regardless of their income background, gets aid to go to school, I think that is good."

On the other hand, four of the 18 interviewed administrators are against this new trend. One administrator explained, "I disagree with it, because it is not going to help the majority of students. It might also place a political and financial pressure on other institutions that do not have that kind of financial abilities to do the same." Another administrator indicated, "I am cautious and skeptical about this new trend. I am primarily interested in supporting students who have a real need of financial aid." Only three of the

18 participants gave neutral opinions regarding the new financial aid policy. One participant explained, “I think it cuts both ways. It is useful for the families who want to go to the top tier institutions. But what I worry about, is the ripple effect it has on the institutions that can not do that.” Four of the 18 participants indicated that the current economy might prevent the well-endowed universities from offering such generous financial aid packages.

Table 4.11

*Administrators’ Opinions Towards the New Financial Aid Trend*

| Category  | Subcategory   | Frequency | Rank |
|---|---|-----------|------|
| Supportive of new financial aid policy                | Good policy   | 10        | 1    |
|   | They can afford such policies                                       | 5         |      |
|   | It suits their mission  | 4         |      |
|   | It will help recruit best students                                  | 3         |      |
|   | It rewards high achievers   | 3         |      |
|   | Income value differs with geographic location                       | 2         |      |
| Against new financial aid policy                      | Disagree with it  | 4         | 2    |
|   | It might have a negative ripple effect on other institutions        | 4         |      |
|   | Instead should focus on students who have real financial needs.     | 4         |      |
|   | It is a political thing   | 2         |      |
| Current economy could impact the financial aid policy | Economy might negatively affect the financial aid trend             | 4         | 2    |
|   | Universities might not be able to offer such financial aid policies |           |      |
| Neutral attitude                                      | It is a gray issue  | 3         | 3    |
|   | It cuts both ways   |           |      |
| Insufficient knowledge                                | Not knowledgeable   | 1         | 4    |

Interview Question 2: What is the impact of the new financial aid trend on the well-endowed and highly selective colleges and universities?



The majority of the interviewed administrators, 11 of the 18 administrators, indicated that the new trend would have a positive impact on the well-endowed universities (see Table 4.12). One administrator said, “I think it will have a positive impact, because it might help them get more students. Some of the students, who are from the middle income families, can now afford to go to such universities.” Another administrator commented, “They will now be successful in recruiting a more diverse student body in terms of both socioeconomic and ethnicity. Thus, bring new values to their institutions.”

Only three of the 18 participants stated that the new financial aid trend might not impact the well-endowed universities. One participant explained, “It will not make a big difference, because it will continue to skew the demographic to the white population from upper middle class families and very wealthy families.” Three of the 18 participants stated that the current economy might negatively impact the new trend. One administrator explained, “After the economic crash we have a different story. Some of the endowments appear to have lost twenty percentage of its value. Thus, they might not continue to offer such generous financial aid packages.” Four of the participants stated that they did not have enough information to comment on this issue. One administrator indicated, “I do not really know. It is hard for me to look at it from Harvard’s point of view, because it is a very different institution from Rowan University.”

Table 4.12

*Administrators’ Opinions Towards Impact of New Trend on Well-Endowed Universities*

| Category        | Subcategory                  | Frequency | Rank |
|-----------------|------------------------------|-----------|------|
| Positive impact | Might affect them positively | 11        | 1    |
|                 | More students applying       | 5         |      |
|                 | More selective               | 4         |      |

|  |   |   |   |
|--|---|---|---|
|  | More diverse student body   | 7 |   |
| Insufficient knowledge                                     | Not qualified to answer<br>Not knowledgeable                                  | 4 | 2 |
| No impact  | Might not change things<br>No great impact                                    | 3 | 3 |
| Current economy could impact the well-endowed universities | Might not be able to offer generous aid<br>Might change financial aid polices | 3 | 3 |

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Interview Question 3: What is the impact on the new financial aid trend on small private colleges and universities?

An overall look at the responses dealing with participants' opinions indicates that the majority (13 of 18 administrators), stated that the new financial aid trend might have a negative impact on small private universities (see Table 4.13). One administrator indicated, "It will affect them negatively. They will have tougher time to be able to recruit the best student. Now, the elite privates are undercutting them almost infinitely in price, and they can not compete with the price offered by public universities." Another administrator commented, "I think it will absolutely have a negative impact on smaller private universities. They will try to offer merit based financial aid to attract high achievers. If they do not have the means to do that, they have to find alternate revenues or have to fold." One administrator indicated, "There probably might be reallocation from need based aid into merit based aid which will exacerbate the problem of supporting needy students."

On the other hand, three of the 18 interviewed administrators stated that the new trend would have no impact on small private universities. One administrator explained, "I do not think that the new trend will have any impact of small private universities. Many

private schools are usually small ones. They are in a different category from the highly endowed university.” Only two participants stated that they did not have enough information about this issue. Five of the 18 participants reported that the current economy might negatively impact small private universities. One participant explained, “Especially with the change of the economy, the mid tier universities might go out of business.” Another administrator indicated, “Small private universities will be in trouble, especially since their endowments are not going to grow in the next several years.”

Table 4.13

*Administrators’ Opinions Towards Impact of New Trend on Small Private Universities*

| Category                            | Subcategory  | Frequency | Rank |
|-------------------------------------|--|-----------|------|
| Negative impact                     | Might affect them negatively   | 13        | 1    |
|                                     | Might be pressured to create new revenues to give more merit based aid | 10        |      |
|                                     | Might not afford such policies   | 10        |      |
|                                     | Might have difficulties to recruit best students/fewer students        | 5         |      |
|                                     | Might be priced out of the market                                      | 2         |      |
|                                     | Provide less need based aid  | 2         |      |
| Current economy could impact policy | Endowment could go down  | 5         | 2    |
|                                     | Student cannot afford to pay tuition                                   |           |      |
| No impact                           | Might not affect them  | 3         | 3    |
|                                     | Different category   |           |      |
|                                     | Small number of students go to well-endowed                            |           |      |
| Insufficient Knowledge              | Do not know  | 2         | 4    |
|                                     | Not knowledgeable  |           |      |

Interview Question 4: What impact would such trend have on state supported public universities such as Rowan University?

The majority of the interviewed administrators, 12 of the 18 administrators, stated that the new trend would have no impact on state supported public universities (see Table 4.14). One administrator indicated, “I do not believe that we are competing with Harvard.

We are in a different category.” Another administrator commented, “Public universities will not be influenced by the new trend, because their student population is of different caliber and expectation.”

Only four of the 18 participants reported that the new financial aid trend might have a negative impact on public universities. One participant explained, “It will have a negative effect. I think that Rowan University cannot give too much merit-based aid because it does not have money. As a result, it might lose some qualified students to the well-endowed universities.” Another administrator indicated, “Public institutions will be pushed both ways to increase need based financial aid to fulfill their mission, and offer merit based aid to attract good students. This will affect them negatively because they do not have the money.” Seven of the 18 participants stated that the current economy might impact public universities. One administrator explained, “If I am right, if there are fewer privates because of the bad economy, then more qualified students are going to wind up going into public universities.” Another administrator indicated, “Economy will make it worse for students to afford education, as a result public universities will be negatively affected by the economy.” Two of the participants stated that they did not have enough information to comment on this issue.

Table 4.14

*Administrators’ Opinions Towards Impact of New Trend on Public Universities*

| Category  | Subcategory   | Frequency | Rank |
|-----------|---|-----------|------|
| No impact | No effect   | 12        | 1    |
|           | Rowan University is not competing with the well-endowed universities/different category | 7         |      |
|           | Rowan University has different student population                                       | 4         |      |
|           | Rowan University has different mission  | 2         |      |

|  |  |   |   |
|--|--|---|---|
| Current economy could impact public institutions | Economy might have bigger impact than the new financial aid policy   | 7 | 2 |
|  | Positive impact: More students might attend public universities because they might not afford to attend small privates | 5 |   |
|  | Negative impact: endowment might go down   | 2 |   |
| Negative impact                                  | Might affect them negatively   | 4 | 3 |
|  | Might lose students to well-endowed universities   | 3 |   |
|  | Might be pressured to offer merit based aid  | 1 |   |
| Insufficient knowledge                           | Do not know  | 2 | 4 |
|  | Not knowledgeable  |   |   |

Interview Question 5: If you have to choose between providing financial assistant to a needy student or to a talented student, which one will you choose? And why?

In general, 16 of the 18 participants indicated that it is equally important to have both merit based financial aid and need based financial aid to ensure everybody gets education (see Table 4.15). As one participant explained, “This issue is not black or white. They are both important.” Another explained, “There should be a balance between need based aid and merit based aid. I think there is value in both of them.” One administrator indicated, “I would accommodate both need based and merit based aid, because every student has the right to be supported.”

However, nine administrators explained that if they have to choose between the two they will place more emphasis on need based financial aid. One administrator indicated, “I will put more resources on the needy students because you can make a bigger force. Students coming from poor families, it is not their fault. And it will be bad to deny them help.” Another participant explained, “I will help the needy students as long as they are academically qualified. We have to know the circumstances, whether the students are average because they do not have enough support and could not get there, or

because they do not care.” Finally, one interviewee explained, “If I have to choose, I would help the needy student. Because if you are talented you are going to find other ways to get into schools and you would have more options.”

Six administrators indicated that they would place more emphasis on merit based financial aid. One administrator indicated, “The priority should be given to merit and then need. Because merit students have demonstrated that they are academically able and they have met the required standard.” Another administrator indicated, “I like to reward people for what they accomplished. I will give more resources to academically high achievers, because they want to achieve.”

Table 4.15

*Administrators’ Opinions Towards Need and Merit Based Financial Aid*

| Category  | Subcategory  | Frequency | Rank |
|---|--|-----------|------|
| Both equally important to ensure everybody gets education | Should have both of them   | 16        | 1    |
|   | Divide up the money  |           |      |
|   | Balance between both of them   |           |      |
|   | Split money between them   |           |      |
|   | Accommodate both   |           |      |
| Both, but emphasis on need based aid                      | Majority of financial aid should go to needy students                                  | 9         | 2    |
|   | Provide financial support to needy students as long as they are academically qualified | 7         |      |
|   | Our mission is to make all students academically better                                | 6         |      |
|   | Many needy students might not have the support to excel                                | 4         |      |
|   | High achievers usually have many opportunities at other universities                   | 3         |      |
| Both, but emphasis on merit based aid                     | Majority of financial aid should go to high achievers regardless of the ability to pay | 6         | 3    |
|   | Students who work hard should be rewarded  | 4         |      |
|   | Attract good students/ improve ranking   | 3         |      |
|   | High achievers demonstrate their capabilities  | 2         |      |
|   | Many needy students are not exposed to right education and might not succeed           | 2         |      |
| Insufficient knowledge                                    | Not knowledgeable  | 1         | 4    |

Research Question 6: What recommendations do administrators have to improve accessibility and affordability in higher education institutions?

The last three interview questions were designed to answer this research question and to better understand the participants' recommendations to have fair and equitable financial aid policies, to improve students' accessibility, and to decrease educational costs.

Interview Question 6: What recommendations do you have for higher education institutions to have fair and equitable financial aid policies?

Participants stated that in order to have fair and equitable financial aid policies, universities and colleges should offer variety of programs, provide both merit-based financial aid and need-based financial aid, underscore need-based financial aid, and have clear and defined policies (see Table 4.16). Administrators identified diversified programs with the highest frequency and emphasis on merit-based aid at the lowest frequency. One administrator described diversified programs, "universities should offer variety of programs which are focused on providing a diverse student body that is academically qualified." Another administrator said, "there should be something for every student. Fair and equitable programs should include students from all income levels." One administrator described fair and equitable financial aid, "there should be guidelines and policies that are understandable to people. Money should be uniformly distributed among students. It is not a good policy to favor one on the other, because both merit aid and need aid have merits." Finally, one participant explained, "I will really separate a very large percentage, maybe 70 or 80%, to make sure that all students who have minimum qualifications and happen to be in financial need receive money."

Table 4.16

*Administrators' Recommendations Towards Fair and Equitable Financial Aid*

| Category  | Subcategory  | Frequency | Rank |
|---|--|-----------|------|
| Variety of programs for all students                                | There should be something for every student<br>Include students from all income<br>Middle income students should be included | 7         | 1    |
| Offer both merit and need based aid                                 | Equity in distribution of resources<br>Need both merit and need<br>Equal emphasis on both<br>Keeping a balance               | 6         | 2    |
| Both but emphasis on need   | Majority distributed based on need<br>70-80% of money given to needy students  | 5         | 3    |
| Clear and defined policies that adhere to the institution's mission | Policies that are clear for people<br>Financial aid policies based on the university's mission                               | 4         | 4    |
| Both but emphasis on merit  | Based on merit regardless of the ability to pay  | 2         | 5    |
| More state and federal support                                      | The state and federal government should provide more aid   | 2         | 5    |

Interview Question 7: What recommendations do you have for leaders in higher education to improve students' access into higher education institutions?

Administrators, who were interviewed, reported that in order for universities and colleges to improve students' accessibility into higher education, they should offer pre-college programs, provide affordable education, and grant easier transfer from community colleges (see Table 4.17). Administrators identified pre-college programs with the highest frequency and easier transfer from community colleges at the lowest frequency. An administrator explained the importance of pre-college programs, "universities should initiate programs that increase access, such as GEAR Up program. Bring students to campus to experience college. Also, help teachers to have a better understanding of career options, explain the different programs offered by the university,



and encourage students.” Another administrator underscored the importance of affordability to improve students’ accessibility. “I think the biggest issue is cost. I would like to see the state recognize that higher education is an important dynamic that keeps the wheels of the state turning. Universities should develop other revenue streams, such as offering online classes, building their endowments, offering summer schools, and campus conferences.” Finally, one administrator indicated the importance of pre-college programs, “in addition to providing financial aid, universities should have programs to improve students’ preparation, because you do not want students to come to college and they are not fully prepared. We should go to the high schools and talk to students and try to get them to start preparing and developing their skills.”

Table 4.17

*Administrators’ Recommendations Towards Improving Students’ Access*

| Category                                | Subcategory   | Frequency | Rank |
|---|---|-----------|------|
| Pre-college programs                    | Out reach programs  | 23        | 1    |
|   | Campus visits   |           |      |
|   | Summer programs   |           |      |
|   | Diversity programs  |           |      |
|   | Informing high school students, teachers, and parents different academic and career options |           |      |
| Affordable education                    | Lower tuition   | 12        | 2    |
|   | More federal support  |           |      |
|   | More state support  |           |      |
|   | More financial aid  |           |      |
|   | More private donors   |           |      |
| Diversification of revenue resources    |   |           |      |
| Easier transfer from community colleges | Flexible admission policies   | 3         | 3    |
|   | Initiate programs like Stars Program  |           |      |

Interview Question 8: What recommendations do you have for administrators in higher education to decrease education costs?

Administrators, who were interviewed, reported that universities and colleges could decrease educational costs by diversification of revenue streams, cutting personnel and joining services, maintaining quality services, adhering to the university’s mission, and decreasing operational costs (see Table 4.18). Administrators identified diversification of revenue streams with the highest frequency and decreasing operational cost at the lowest frequency. One administrator explained the importance of joining services and cutting personnel to decrease costs, “some universities are extremely ineffective with too much of personnel and yet not accomplishing what they should be accomplishing. They should consolidate work that is spread out into different departments into one” Another administrator underscored the importance of diversification of revenue streams. “We can reduce cost by offering online courses and summer schools.” Another explained, “Universities should find alternate revenue resources by getting grants to alleviate tuition for a specific program, and getting more money from private donors.” Finally, one administrator indicated the importance of adhering to the university’s mission, “Broadly speaking, administrators should look into the university’s mission, and not trying to be everything to all people. I think we make a big mistake by trying to serve everyone and trying to be the best in everything. It is not realistic.”

Table 4.18

*Administrators’ Recommendations Towards Decreasing Educational Costs*

| Category                           | Subcategory  | Frequency | Rank |
|------------------------------------|--|-----------|------|
| Diversification of revenue streams | Seeking private donors<br>Offer summer school<br>Offer online classes<br>Develop professional development and adult programs<br>Grants to alleviate tuition for specific | 11        | 1    |

|  |   |   |   |
|--|---|---|---|
|  | programs  |   |   |
|  | Look for alternative revenue resources  |   |   |
| Cutting personnel and joining services | Eliminate programs<br>Consolidate services<br>Get rid of some programs<br>Scaling down<br>Fewer administrators<br>Join services and pull resources together     | 7 | 2 |
| Maintaining quality services           | Cannot decrease educational costs because costs are increasing<br>It is important to provide decent services<br>It costs what it does to offer decent education | 7 | 2 |
| Adhering to the university's mission   | Getting down to the basics<br>Be limited to the institution's mission<br>Do not try to be everything to all people  | 6 | 3 |
| Decreasing operational costs           | Less expensive buildings<br>Go green  | 5 | 4 |

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## CHAPTER V

### SUMMARY, DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

#### Summary of the Study

The purpose of this study was to assess the attitudes of administrators towards the new financial aid trend that was initiated by some well-endowed private universities, and its impact on colleges and universities. The study also explored their attitudes towards need and merit based financial aid, and their recommendations to improve accessibility and affordability for students in higher education. The study was conducted at Rowan University, a medium-sized public university, in Glassboro, NJ. The accessible population was 62 administrators who work in the divisions of academic affairs, student services, or university advancement at Rowan University. Their administrative positions ranged from directors to senior administrators.

Quantitative and qualitative research, through the use of a survey instrument and an interview schedule, were the methods employed in collecting data for the study. The survey instrument and the interview questions were developed based on an extensive review of the literature review sources to specifically target the research questions for this study. The survey instrument collected demographic information and was designed to explore the attitudes of administrators towards the new financial aid trend initiated by some well-endowed private colleges and universities and its impact on higher education. The survey also explored their attitudes towards need-based aid and merit based aid. A

five level Likert scale (from 1 strongly disagree to 5 strongly agree) was used in this survey. The structured interview was designed to better understand administrators' opinions and their recommendations to improve students' affordability and accessibility into higher education.

Following the approval from the Institutional Review Board of Rowan University, a pilot test was conducted in December 2008 to check the survey and interview schedule's readability, face validity, and clarity. Data were collected during the months of January and February 2009. Administrators at Rowan University were personally contacted by the phone or through email. Of the 62 administrators, 43 participated in the survey, yielding a return rate of 69.4%, and 18 participated in an interview.

The Statistical Package for Social Sciences (SPSS) computer software was used to analyze quantitative data. The survey items were summarized. Frequencies, percentages, and mean comparisons were used to analyze the responses of the subjects to the survey. Chi square and descriptive statistics (frequency, mean, and standard deviation) were used to examine the data in regards to the research questions. The method of content analysis was used to analytically determine the properties of textual information that were collected during the interviews. The data were then broken down into different categories and quantified to make inferences about the messages within the texts.

### Discussion of the Findings

Research Question 1: What are the attitudes of administrators at Rowan University towards the new financial aid trend initiated by some well-endowed private colleges and universities?

An overall look at the administrator's responses dealing with their attitudes towards the new financial aid trend indicates that a large number of participants (46.5%) are not knowledgeable about the new financial aid trend. However, the majority of participants who are knowledgeable have a positive attitude towards the new trend. Prior research by Lehecka and Delbanco (2008), Swidey (2007), Tilghman (2007), Mathews (2008), and Block (2008) confirmed this finding. In addition, more than half of participants agreed that financial should be available to talented students regardless of ability to pay tuition, and that families earning more than \$120,000 should be eligible for financial aid.

A large number of surveyed participants indicated that this new trend would not make education affordable to many needy students. The findings are consistent with Raymond (2007), and Lehecka and Delbanco (2008), who reported that although this new approach helps some needy students, it will do little to help the majority of needy students who attend other universities. These studies also indicated that approximately 60% of the students who attend the well-endowed universities do not even apply for financial aid because they are wealthy enough to be able to pay their tuition.

Furthermore, more than half of the surveyed administrators reported that educational institutions with the greatest endowments influence financial aid policies in higher education, and that changes in financial aid policies in well-endowed universities will have an impact on students in other universities. Similarly, many scholars and analysts, such as Day (2007), Raymond (2007), and Boccella (2008) argue that the leader institutions with greatest endowments and resources would continue to control financial aid policies. Critics believe that leader institutions could have a greater impact on higher

education by using their power and resources to address the problem of controlling increasing educational college costs. Finally, the majority of the subjects indicated that fair and equitable financial aid policies are important for socio-economic mobility. Similarly Astin and Oseguera (2004), Long and Riley (2007), stated that there has been a substantial increase in the socioeconomic inequity in the accessibility of students low-income families to higher education institutions.

Research Question 2: What are the attitudes of administrators towards the impact of the new financial aid trend on colleges and universities?

The majority of the surveyed administrators indicated that the new financial aid trend improves students' access to the well-endowed private universities, and positively impacts their image. The findings are consistent with the studies done by Swidey (2007) and Mathew (2008), who noted that the new financial aid trend would address the accessibility and affordability issue at the well-endowed universities.

The majority of the participants were indecisive or unknowledgeable about the impact of the new trend on other colleges and universities. However, a quarter of the surveyed administrators disagreed that the new trend negatively impact higher education. This finding contradict the studies conducted by Strauss (2008), and Lehecka and Delbanco (2008), who stated that this new financial aid trend would negatively pressure less affluent universities and undermine their students' accessibility. In addition, a large number of participants agreed that less affluent universities are likely to transfer need-based aid to merit based aid, and increase tuition to compete for talented students. These findings are consistent with the work done by Strauss (2008).

About half of participants reported that the new trend has caused small private universities to offer more merit based aid to compete for students. These findings are consistent with the work done by Luxenberg (2008) and Strauss (2008) who noted that less affluent universities would be influenced and pressured to offer more merit aid to compete for best students. A large number of administrators disagreed that the new trend has caused changes in financial aid policies at public universities, and agreed that it has minor impact on students' access to public universities. The literature review mainly discusses the impact of the new financial aid on less affluent private universities, but does not discuss its impact small state supported universities.

An overall look at the responses towards the current financial aid policies indicates that more than half of administrators indicated that tuition discounting is an acceptable practice in order to fulfill institutional enrollment needs. These findings contradict the work by Long and Riley (2007), who claim that using tuition reductions to charge students different prices for the same education provide support for middle and high-income students rather than needy students and students of color. On the other hand, many administrators indicated that increased admissions competition among colleges and universities has limited access for students from low-income families. These findings support the research of Troutt (2006), Frank (2005), Astin and Oseguera (2004), and Raymond (2007), who claim that strong competition among universities to attract the brightest students and improve their ranking caused a tremendous increase in merit aid. This strategy has undesirable negative impacts on higher education institutions and their students because very few universities can offer merit aid without depleting resources from need aid that is crucial for needy students.



Research Question 3: What are the attitudes of administrators towards need based financial aid and merit based financial aid?

An overall look at the responses towards merit aid indicates that the majority of participants stated that it is used as a tool to compete for high academic achievers, and that competition among universities to attract the most talented students has resulted in increases in merit based aid. These findings are consistent with the study by Day (2007), who claims that universities began to provide merit based financial aid to fill their classes, achieve their strategic enrollment mission, attract the best students, improve student body diversity, and increase their academic ranking. Although, the majority of participants disagreed that merit aid should replace need aid to fulfill an institution's enrollment needs and raise its academic profile, more than half disagreed that it undermines the diversity on college campuses. However a study done by Baum (2007) stated that merit aid programs undermine accessibility and affordability, by directing attention and resources away from needy students and decrease students' enrollment from certain racial and ethnic groups.

An overall look at the responses towards need aid indicates that the majority reported that need based financial aid increase access for students. However, a large number of participants do not agree that financial aid should be available to all needy students regardless of academic achievement. In addition, the majority of participants indicated that the educational opportunities for low and middle-income students have been limited by increase in educational costs, decreases in need aid, and by the current financial aid policies. These findings support the work done by Astin and Oseguera (2004), Long and Riley (2007), Baum (2007), who claim that instead of increasing

accessibility and affordability for students from low and middle income families, universities are replacing need aid by merit aid, grants by loans, and increasing their tuition to fulfill their enrollment needs.

Finally, the majority agreed that eligibility for financial aid should be based equally on merit and need based financial aid in order to expand educational opportunities and accessibility to qualified students. However, during the interview, the majority of administrators explained that if they had to choose between the two they would place more emphasis on need based financial aid for several reasons: public universities' mission is to help all students; needy students usually lack the support system to excel academically; and that talented students have the credential and thus have many options at other universities.

Research Question 4: How variant are participants' attitudes towards the current and new financial aid trend given their different ethnicities, job titles, highest degrees attained, and years of working?

Administrators from different ethnic background had different views on whether the new financial aid trend has caused small private universities to offer more merit based financial aid to compete for students; new trend improves students' access to well endowed private universities; new trend has minor impact on students' access to state supported public universities. In addition, administrators holding different job titles had different views on whether the new financial aid trend motivates students from low income families to apply to well endowed private universities; the new trend has caused state supported public universities to increase their merit based financial aid. Finally, administrators' educational background and age influenced their attitudes towards the

current financial aid policies. Administrators had different views whether increases in educational costs and decreases in need aid limits the educational opportunities for low and moderate income students; increased admissions competition among universities has limited access for students from low income families.

Research Question 5: What are the opinions of selected administrators at Rowan University regarding the new financial aid trend initiated by some well-endowed private colleges and universities?

An overall look at the responses dealing with participants' opinions indicates that the majority of the interviewed administrators see the new trend as positive. They support the well-endowed universities' abilities to provide financial aid to their students and remove the financial barrier to accessibility. Especially since, they have enormous resources to implement such policies. Prior research by Lehecka and Delbanco (2008), Swidey (2007), Tilghman (2007), Mathews (2008), and Block (2008) confirmed these findings. The majority also reported that the new trend would have a positive impact on the well-endowed universities. They stated that the well-endowed universities would be successful in recruiting a more diverse student body in terms of both socioeconomic and ethnicity. The findings are consistent with the study done by Swidey (2007), who noted that the well-endowed universities would be more diverse while providing affordable education to their students.

Conversely, interviewed administrators indicated that the new trend might place political and financial pressure on other institutions that do not have the kind of financial abilities to do the same. The findings are consistent with Strauss (2008), Luxenberg (2008), Gose (1999), and Raymond (2007) who explained that less affluent universities

would be pressured because they are unable to compete with the generous financial aid program, especially since they have fewer resources and higher enrollment rates of needy students. In addition, interviewed administrators stated that it is not going to help the majority of needy students at other institutions. This finding supports previous research conducted separately by Lehecka and Delbanco (2008), and Block (2008), who reported that a very small number of low-income students are benefiting from this new financial aid approach.

Administrators stated that the new trend would have no impact on state supported public universities. They explained that public universities are in a different category from the well-endowed universities, and that their student population is of different caliber and expectation. However, they noted that the new financial aid trend might have a negative impact on small private universities because they would have difficult time recruiting the best students. They reported that private universities might increase their merit based financial aid to attract high achievers. These findings are consistent with the work of Luxenberg (2008) and Strauss (2008), who noted that less affluent universities would be pressured to offer more merit aid to compete for best students; they would not be able to compete with the generous financial aid programs, especially since they have fewer resources and higher enrollment rates of needy students.

In previous research, The National Education Association (2007) claims that during recession, funding to higher education declines and tuition increases. That affects affordability and accessibility of low and middle-income students to colleges and universities, especially the private ones. This study support these claims: five of the 18 interviewed administrators indicated that the current economy might have a stronger

negative impact on small private universities, their student body, and their endowments. Another five administrators noted that public universities would be positively impacted by the economy. They explained that in a bad economy, students who cannot afford to attend small private universities would end up going to public universities that offer the same education for a cheaper price. These findings contradict the work of the National Education Association (2007) that claim during economic harsh times, funding to higher education institutions diminish. Thus, universities would either increase tuition or reduce enrollment.

Research Question 6: What recommendations do administrators have to improve accessibility and affordability in higher education institutions?

Administrators noted that to have fair and equitable financial aid policies universities should offer variety of programs, offer both merit-based financial aid and need-based financial aid, underscore need-based financial aid, and have clear and defined policies. These findings are consistent with Tilghman (2007) who stated that decreased need aid is depriving needy students from socio-economic mobility. In addition, Astin and Oseguera (2004) explained that accessibility and equity of higher education was greatly enhanced by increasing financial aid, introducing need aid, increasing federal aid, and establishing the *Higher Education Act*.

To improve students' accessibility into higher education, administrators noted that universities should offer pre-college programs, provide affordable education, and grant easier transfer from community colleges. Administrators identified pre-college programs such as out reach programs, summer programs, diversity, and campus visits. These findings are consistent with a study conducted by Tilghman (2007) who claimed that

increased educational costs and decrease in need aid are limiting the educational opportunities for low and middle income students. In addition, Long and Riley (2007) explained that the problem of accessibility and affordability is not only in high tuition rates and fees, and availability of funds, but also in the problems in academic preparation among students from low socio-economic background.

Administrators discussed different approaches to decrease educational costs that include diversification of revenue streams, cutting personnel and joining services, maintaining quality services, adhering to the university's mission, and decreasing operational costs. Administrators suggested several ways to diversify revenue streams, such as, seeking private honors, offering summer school and online classes, and applying for grants to alleviate tuition for specific programs. As Raymond (2007) explained, universities should not decrease in spending on vital student services, instead they should find new ways to decrease their educational costs. For example, he noted that universities should decrease outrageous salaries for famous professors and restrict capital budget requests for expensive facilities. According to Boccella (2008), Long and Riley (2007), Baum (2007), and Block (2008), higher education is becoming increasingly expensive and leader institutions should initiate new effective policies that address increasing cost of higher education and scarcity of financial aid.

### Conclusions

Fair and equitable financial aid policies are important for socio-economic mobility. Thus, leader institutions and policy makers should no longer ignore the ineffectiveness and unfairness of the financial aid system. The new financial aid trend that was initiated by well-endowed universities is a good policy. However, it has negative

ripple effects on less affluent colleges and universities. It is great that the well-endowed universities are providing financial aid to their students to remove the financial barrier to accessibility. Nevertheless, they can have a bigger impact by using their status to address the needs of the majority of students at other institutions.

In this study, a large number of administrators were not knowledgeable about the new financial aid trend and its impact of higher education. However, many indicated that small private universities might be negatively impacted and would have a harder time recruiting talented students. They might end up offering more merit based aid, by increasing tuition, or by transferring need based aid to merit based aid. This would undermine students' accessibility and affordability into higher education.

All of the above findings were supported by previous research done by Day (2007), Long and Riley (2007), and Strauss (2008), Lehecka and Delbanco (2008), Swidey (2007), Tilghman (2007), and Block (2008). However, the findings of this study concerned with the impact of the new trend on state supported public universities were not supported due to the lack of research in this area. In this study, administrators reported that the state supported public universities would not be pressured to initiate financial aid policies similar to those initiated by some prestigious universities, especially since they are in a different status category. Other findings of the study that were not supported due to the lack of research, were the variation in administrators' attitudes towards certain aspects of the current and new financial aid trend given their different ethnicities, job titles, highest degrees attained, and years of working.

The majority of administrators agreed that merit aid is used as a tool to compete for high academic achievers. Although, they disagreed that merit aid should replace need

aid to fulfill an institution's enrollment needs and raise its academic profile, they did not agree that it undermines the diversity on college campuses. This finding contradicts with the study conducted by Baum (2007), who claims that merit aid programs undermine diversity.

Finally, to have fair and equitable financial aid, to increase students' accessibility, and decrease educational costs, administrators reported that universities should offer both need and merit based aid, provide variety of programs, have clear and defined policies, offer pre-college programs, provide affordable education, diversify their revenue streams, join services, adhere to the university's mission, and decrease operational costs.

#### Recommendations for Practice

Based upon the results and conclusions of this study, the following implications for practice are suggested:

1. Financial aid strategies should be designed to target a diversified student body.
2. Higher education institutions, especially well endowed colleges and universities should use their status and resources to address the problem of increasing educational college costs.
3. Higher education administrators should initiate new effective policies that address increasing cost of higher education and scarcity of financial aid; improve accessibility, admission equity, and affordability for all students.
4. To have fair and equitable financial aid policies, universities should offer variety of programs, offer both merit- based financial aid and need-based financial aid, underscore need-based financial aid, and have clear and defined policies.



5. To improve students' accessibility into higher education, universities should offer pre-college programs, such as outreach programs, summer programs, diversity, and campus visits, provide affordable education, and grant easier transfer from community colleges.
6. To decrease educational costs, administrators should seek diversification of revenue streams, cut personnel and join services, maintain quality services, adhere to the university's mission, decrease operational costs.

#### Recommendations for Further Research

Based upon the results and conclusions of this study, the following implications for further research are suggested:

1. Further research should be conducted with larger populations to confirm the results of this research.
2. Additional studies should be conducted at different state supported public universities to confirm the findings in this study.
3. A study should be conducted to compare the attitudes of administrators at a small private institution with those at a state supported institution.
4. A study should be conducted to compare the attitudes of administrators at the well-endowed universities with those at other colleges and universities.

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APPENDIX A

Institutional Review Board Approval Letter



November 26, 2008

Rihab Saadeddine  
2049 Bamsboro Road  
Apt. D 18  
Blackwood, NJ 08028

Dear Rihab Saadeddine:

In accordance with the University's IRB policies and 45 CFR 46, the Federal Policy for the Protection of Human Subjects, I am pleased to inform you that the Rowan University Institutional Review Board (IRB) has approved your project:

IRB application number: 2009-042

Project Title: Impact of New Financial Aid Trend: Attitudes and Perceptions

In accordance with federal law, this approval is effective for one calendar year from the date of this letter. If your research project extends beyond that date or if you need to make significant modifications to your study, you must notify the IRB immediately. Please reference the above-cited IRB application number in any future communications with our office regarding this research.

Please retain copies of consent forms for this research for three years after completion of the research.

If, during your research, you encounter any unanticipated problems involving risks to subjects, you must report this immediately to Dr. Harriet Hartman ([hartman@rowan.edu](mailto:hartman@rowan.edu) or call 856-256-4500, ext. 3787) or contact Dr. Gautam Pillay, Associate Provost for Research ([pillay@rowan.edu](mailto:pillay@rowan.edu) or call 856-256-5150).

If you have any administrative questions, please contact Karen Heiser ([heiser@rowan.edu](mailto:heiser@rowan.edu) or 856-256-5150).

Sincerely,

Harriet Hartman, Ph.D.  
Chair, Rowan University IRB

c: Burt Sisco, Educational Leadership, Education Hall

Office of Research  
Bole Hall Annex  
201 Mullica Hill Road  
Glassboro, NJ 08028-1701

856-256-5150  
856-256-4425 fax

**APPENDIX B**

**Cover Letter**



Date

Name

Title

Address1

City, State, Zip

Dear:

I am writing to request your assistance in a master's study focused on a new financial aid trend in higher education. The study examines the attitudes of administrators at Rowan University towards the new trend initiated by highly selective private universities with high endowments. The study also examines administrators' attitudes regarding the impact of the new financial aid trend on highly endowed private; small private; state supported public colleges and universities; and on students' access to higher education institutions.

Highly endowed private universities recently revised their financial aid packages to include students whose families' incomes are between \$120,000 and \$180,000. This new financial aid trend sparked much conversation in higher education circles.

Please take few moments to assist in this effort by completing the enclosed survey. Your thoughtful responses to the items in the survey are very valuable for the study.

Your participation in this survey is voluntary, and you may withdraw at anytime. Your responses will be completely confidential. The data collected from the survey instrument may be used in future publication and educational purposes provided that no personally identifiable information would be used. No one other than the researcher will see your individual responses.

If you have any questions or issues concerning your participation in this study, please contact: Professor Burton Sisco, Rowan University, Education Hall, room 3018, 201 Mullica Hill Road, Glassboro, NJ 08028, at (856) 256-4500, ext. 3717.

Thank you in advance for your assistant

Sincerely,

Rihab Saadeddine  
Graduate student  
Department of Educational Leadership  
Rowan University  
201 Mullica Hill Road  
Glassboro, NJ, 08028  
saaded15@students.rowan.edu

APPENDIX C  
Survey Instrument

SURVEY INSTRUMENT  
 CONDUCTED BY ROWAN UNIVERSITY  
 COLLEGE OF EDUCATION

DEPARTMENT OF EDUCATIONAL LEADERSHIP

While your participation in this survey is voluntary and you are not required to answer any of the questions herein, your cooperation and participation are important to the success of the project and are greatly appreciated. If you choose to participate, please understand that all responses are strictly confidential and no personally identifiable information is being requested. Your completion of this survey constitutes informed consent and your willingness to participate.

**Part One: Background Information:**

Indicate by checking all that apply.

1. Gender:  Male  Female
2. Age:  21 to 30  31 to 40  
 41 to 50  51 to 60  
 61 or more
3. Ethnicity:  African American  Hispanic-Other  
 Am Indian or Alaskan Native  Mexican  
 Asian or Pacific Islander  Puerto Rican  
 Central or South American  White, Non Hispanic  
 Cuban  Choose not to indicate
4. Highest degree attained:  Bachelors  Masters  
 Doctorate  other
5. Current title: \_\_\_\_\_  
 (give title)
6. Years of working in the current job position:  1 to 3  4 to 10  
 11 to 15  16 to 20  
 21 or more
7. Years of working in higher education:  1 to 3  4 to 10  
 11 to 15  16 to 20  
 21 or more

**Part Two: New Financial Aid Questionnaire:**

For each item identified below, circle the number to the right that best fits your judgment of the level of agreement with each question.

| Description/ Identification of Survey Items   |                   |          |           |       |                |
|---|-------------------|----------|-----------|-------|----------------|
|   | Strongly Disagree | Disagree | Undecided | Agree | Strongly Agree |
| <b>New Financial Aid Trend</b>  |                   |          |           |       |                |
| 1. Current financial aid policies are fair and equitable.   | 1                 | 2        | 3         | 4     | 5              |
| 2. Today, financial aid policies are mostly used to recruit talented students.  | 1                 | 2        | 3         | 4     | 5              |
| 3. Current financial aid policies are mostly used to help needy students.   | 1                 | 2        | 3         | 4     | 5              |
| 4. The new financial aid policies that were initiated by some well-endowed private universities are good policies.  | 1                 | 2        | 3         | 4     | 5              |
| 5. The new financial aid trend will make education affordable to many needy students.   | 1                 | 2        | 3         | 4     | 5              |
| 6. Education institutions with the greatest endowments and resources influence financial aid policies in higher education.  | 1                 | 2        | 3         | 4     | 5              |
| 7. Changes in financial aid policies in well-endowed universities have minor impact on students in other universities.  | 1                 | 2        | 3         | 4     | 5              |
| 8. Fair and equitable financial aid policies are important for socio-economic mobility.   | 1                 | 2        | 3         | 4     | 5              |
| <b>Eligibility for Financial Aid</b>  |                   |          |           |       |                |
| 9. In general, families earning more than \$120, 000 should be eligible for financial aid.  | 1                 | 2        | 3         | 4     | 5              |
| 10. Financial aid should be available to talented students regardless of the ability to pay tuition.  | 1                 | 2        | 3         | 4     | 5              |
| 11. Financial aid should be available to all needy students regardless of academic achievement.   | 1                 | 2        | 3         | 4     | 5              |
| 12. Current financial aid policies limit eligibility for students from middle-income families.  | 1                 | 2        | 3         | 4     | 5              |
| 13. Currently, the eligibility standards for financial aid based on merit have been expanded in small private universities.   | 1                 | 2        | 3         | 4     | 5              |
| 14. Eligibility for financial aid based on need has been limited in state supported public universities.  | 1                 | 2        | 3         | 4     | 5              |
| 15. Eligibility for financial aid should be based equally on merit and need based financial aid in order to expand educational opportunities and accessibility to qualified students. | 1                 | 2        | 3         | 4     | 5              |
| <b>Merit versus Need Based Financial Aid</b>  |                   |          |           |       |                |
| 16. Need based financial aid increases access for students.   | 1                 | 2        | 3         | 4     | 5              |
| 17. Higher education institutions should allocate equal amounts of money for need based and merit based aid.  | 1                 | 2        | 3         | 4     | 5              |

| Description/ Identification of Survey Items  |                   |          |           |       |                |
|--|-------------------|----------|-----------|-------|----------------|
|  | Strongly Disagree | Disagree | Undecided | Agree | Strongly Agree |
| 1. Merit aid is used by higher education institutions as a tool to compete for high academic achievers.  | 1                 | 2        | 3         | 4     | 5              |
| 2. Competition among universities to attract the most talented students has resulted in increases in merit-based aid.  | 1                 | 2        | 3         | 4     | 5              |
| 3. Need based aid should be replaced by merit based aid programs to fulfill an institution's enrollment needs and raise its academic profile and ranking.  | 1                 | 2        | 3         | 4     | 5              |
| 4. Increases in educational costs and decreases in need-based aid limit the educational opportunities for low and moderate-income students.  | 1                 | 2        | 3         | 4     | 5              |
| 5. Merit based aid undermines the diversity on college campuses.   | 1                 | 2        | 3         | 4     | 5              |
| 6. Universities with limited endowments are likely to transfer need-based aid to merit based aid to compete for the best students who are attracted by financial packages given by some well-endowed private universities. | 1                 | 2        | 3         | 4     | 5              |
| <b>Impact of New Financial Aid Trend on Colleges and Universities</b>  |                   |          |           |       |                |
| 7. The new financial aid trend motivates students from low-income families to apply to well-endowed private universities.  | 1                 | 2        | 3         | 4     | 5              |
| 8. The new financial aid trend positively impacts the image of the well-endowed private universities that are offering generous financial aid packages.  | 1                 | 2        | 3         | 4     | 5              |
| 9. The new financial aid trend that was initiated by well-endowed private universities has caused a change in financial aid policies at state supported public universities.   | 1                 | 2        | 3         | 4     | 5              |
| 10. The new financial aid trend has caused small private universities to offer more merit based financial aid to compete for students.   | 1                 | 2        | 3         | 4     | 5              |
| 11. Due to the new financial aid trend, many small private universities have increased their need based financial aid.   | 1                 | 2        | 3         | 4     | 5              |
| 12. The new financial aid trend has caused state supported public universities to increase their merit based financial aid.  | 1                 | 2        | 3         | 4     | 5              |
| 13. Less affluent universities have increased tuition in order to be able to offer more generous financial aid packages to compete for talented students.  | 1                 | 2        | 3         | 4     | 5              |
| 14. The new financial aid trend has a negative impact on the higher education system.  | 1                 | 2        | 3         | 4     | 5              |
| <b>Impact of New Financial Aid Trend on Students' Access</b>   |                   |          |           |       |                |
| 15. The new financial aid trend improves students' access to the well-endowed private universities.  | 1                 | 2        | 3         | 4     | 5              |
| 16. The new financial aid trend improves students' access to smaller private universities.   | 1                 | 2        | 3         | 4     | 5              |
| 17. The new financial aid trend has minor impact on students' access to state supported public universities.   | 1                 | 2        | 3         | 4     | 5              |
| 18. Currently, universities are spending more money to attract talented students from middle and upper income families than to increase affordability for students from low-income families.                               | 1                 | 2        | 3         | 4     | 5              |
| 19. Changes in financial aid policies have threatened college access for students from low-income families.  | 1                 | 2        | 3         | 4     | 5              |
| 20. Increased admissions competition among colleges and universities has limited access for students from low-income families.   | 1                 | 2        | 3         | 4     | 5              |
| 21. Tuition discounting is an acceptable practice in order to fulfill institutional enrollment needs.  | 1                 | 2        | 3         | 4     | 5              |
| 22. Lack of accessibility of students to highly selective institutions has increased socioeconomic inequity.   | 1                 | 2        | 3         | 4     | 5              |

**APPENDIX D**

**Consent Form**

Impact of New Financial Aid Trend: Attitudes And Opinions  
Consent Form

I accept to be interviewed by Rihab Saadeddine, who is a graduate student in Higher Education Administration, at Rowan University. This interview will be part of the data collection for a master's study focused on a new financial aid trend in higher education.

The study examines the attitudes of administrators at Rowan University towards the new trend initiated by highly selective private universities with high endowments. The study also examines administrators' attitudes regarding the impact of the new financial aid trend on highly endowed private; small private; state supported public colleges and universities; and on students' access to higher education institutions.

I understand that I will be interviewed for about a half-hour. I will be asked to answer eight questions related to this research. I also understand that my responses will be audiotaped. The audiotape of the interview will be placed in a locked file cabinet until a written word-for-word copy of the interview has been created. As soon as this process is completed, the tapes will be destroyed.

I understand that my responses and the information gathered in this interview will be kept confidential; and that the personal information given will be kept private. I also understand that the data collected may be used in future publication and educational purposes provided that I am in no way identified and my name is not used. No one other than the researchers will see my individual responses to any question.

I understand that during the interview I will not be exposed to any physical or psychological harm, and that I can refuse to take the interview or stop at anytime without penalty.

I understand that participating in this study may not have any direct benefits to me, and that I will not be paid for taking part in this study.

If I have any questions or issues concerning my participation in this study I may contact:  
Professor Burton Sisco, Rowan University, Education Hall, room 3018, 201 Mullica Hill Road, Glassboro, NJ 08028, at (856) 256-4500, ext. 3717.

\_\_\_\_\_  
(Signature of Participant)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of Investigator)

\_\_\_\_\_  
(Date)

Rihab Saadeddine  
Graduate student  
Department of Educational Leadership  
Rowan University  
201 Mullica Hill Road  
Glassboro, NJ, 08028  
saaded15@students.rowan.edu

**APPENDIX E**  
**Interview Schedule**

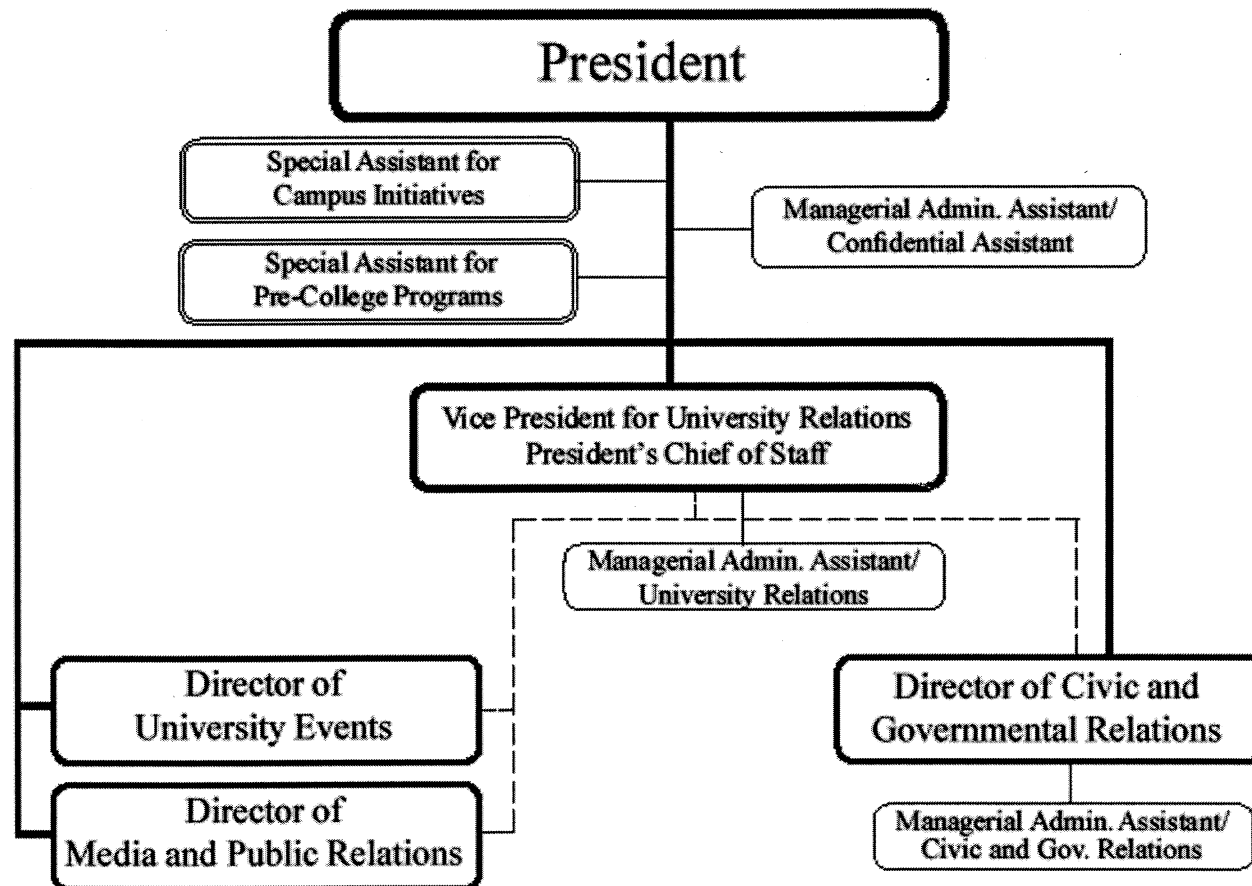


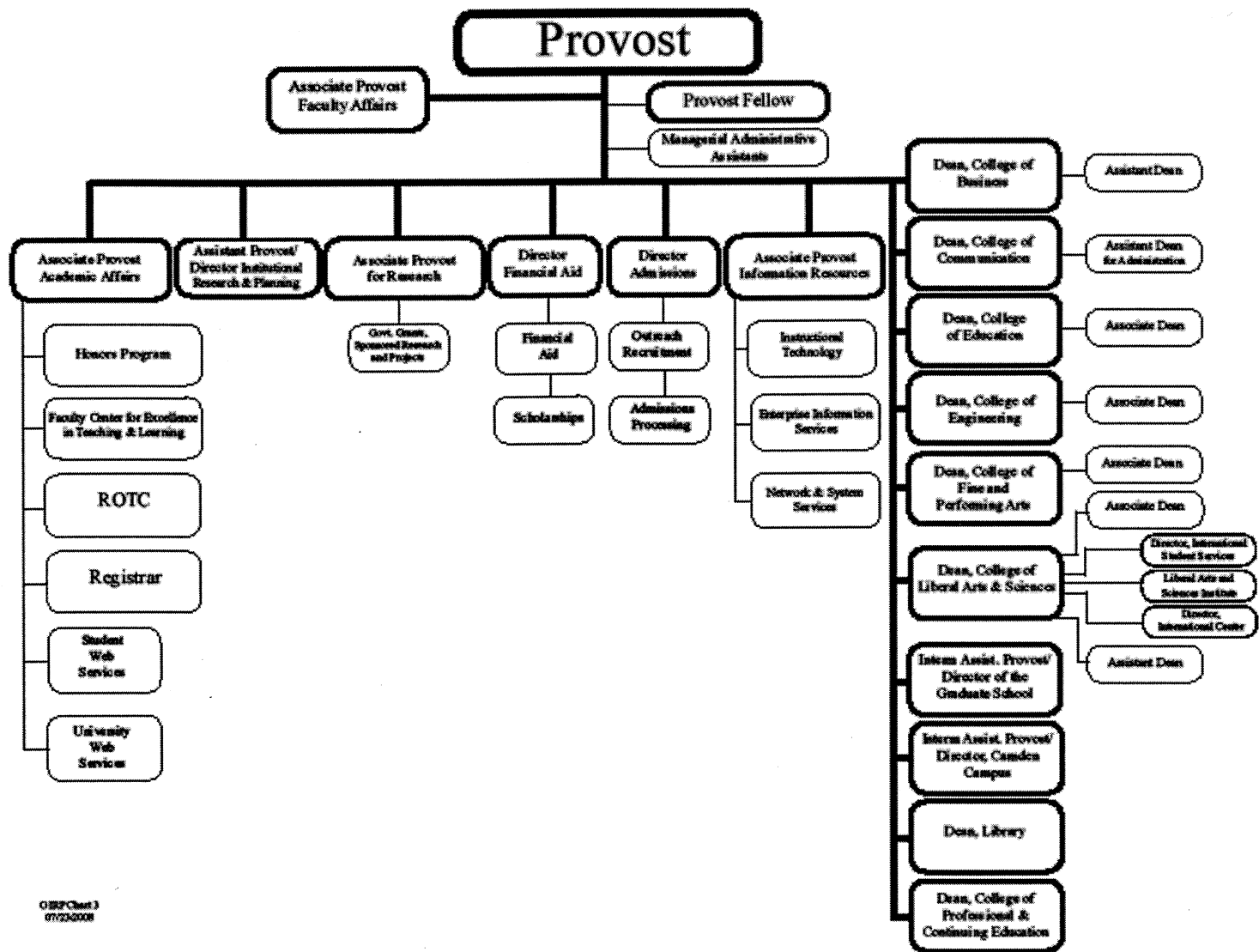
## **Interview Schedule**

1. What is your attitude towards this new financial aid trend?
2. What is the impact of the new financial aid trend on the well-endowed and highly selective colleges and universities?
3. What is the impact on the new financial aid trend on small private colleges and universities?
4. What impact would such trend has on state supported public universities such as Rowan University?
5. If you have to choose between providing financial assistant to a needy student or to a talented student, which one will you choose? And why?
6. What recommendations do you have for higher education institutions to have fair and equitable financial aid policies?
7. What recommendations do you have for leaders in higher education to improve students' access into higher education institutions?
8. What recommendations do you have for administrators in higher education to decrease education costs?

**APPENDIX F**  
**Organization Charts**

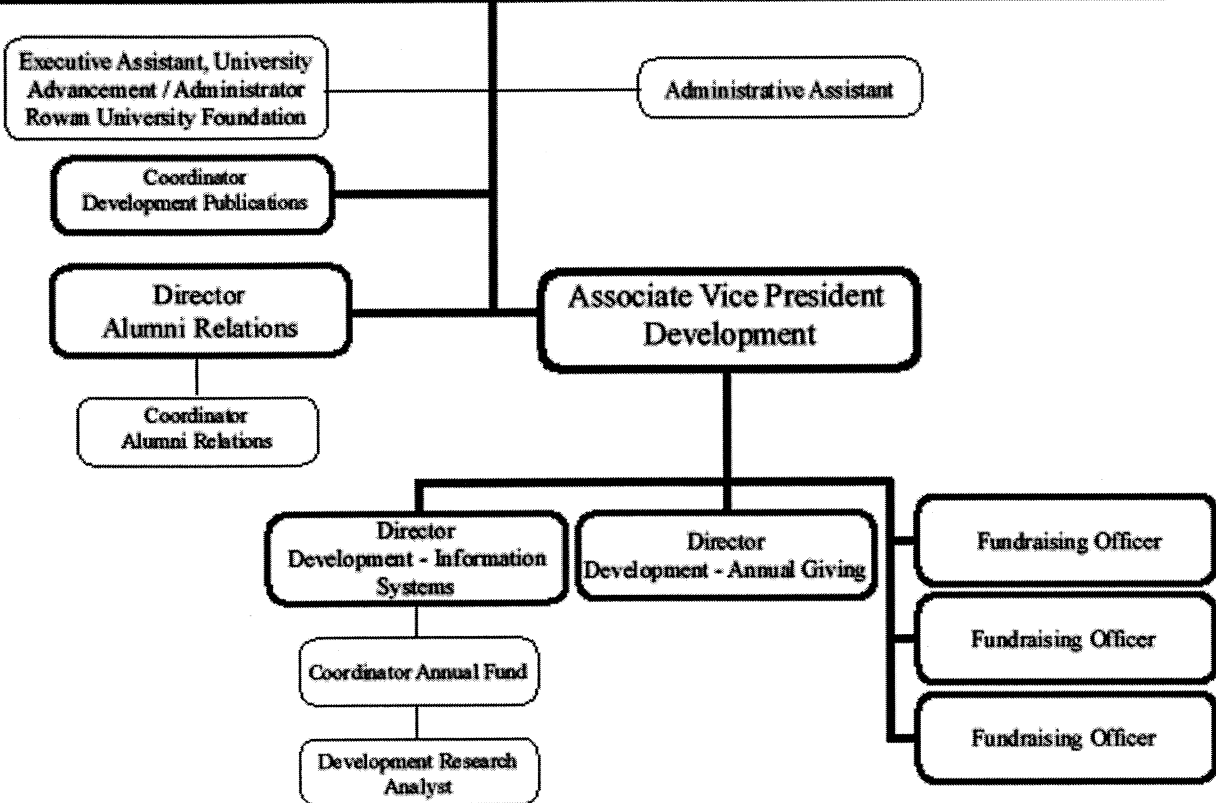
Office of the President





Division of University Advancement

Vice President for University Advancement /  
Exec. Dir., Rowan University Foundation



Division of Student Affairs

