

CALIFORNIA COMMUNITY COLLEGES:
FINANCIAL AID STREAMLINING FOR STUDENT SUCCESS

REQUEST:

Allocate resources for the adoption of a statewide financial aid processing system that allows financial aid offices to focus on financial aid access, literacy and advising rather than paper processing. **This is a request for \$15 million in one-time funds (with a period of availability of three years) and \$5 million in ongoing resources.**

BACKGROUND:

Financial aid counselors are a primary source of information that many students rely upon to understand financial aid and how to pay for college. However, little attention has been placed on student's access to financial aid counselors and the structure of the financial aid offices that serve students.

Over the last three years, California has invested in several new financial aid awards focused on affordability, increasing access to full-time enrollment, and providing resources for non-tuition costs. However, support and efficiencies for financial aid offices has often been overlooked, missing the fact that the current financial aid process delays enrollment for low-income students. A paper-based financial aid process consumes financial aid professionals' time and frustrates their efforts to help students afford and succeed in college. The outdated process stifles college access and does not support larger effort to increase access to financial aid. While verification can play an important role in protecting the integrity of student aid programs, nearly all students currently flagged for verification are low-income, and they often lack the support needed to navigate the additional scrutiny. Of those able to get through the process, many see no change to aid eligibility.

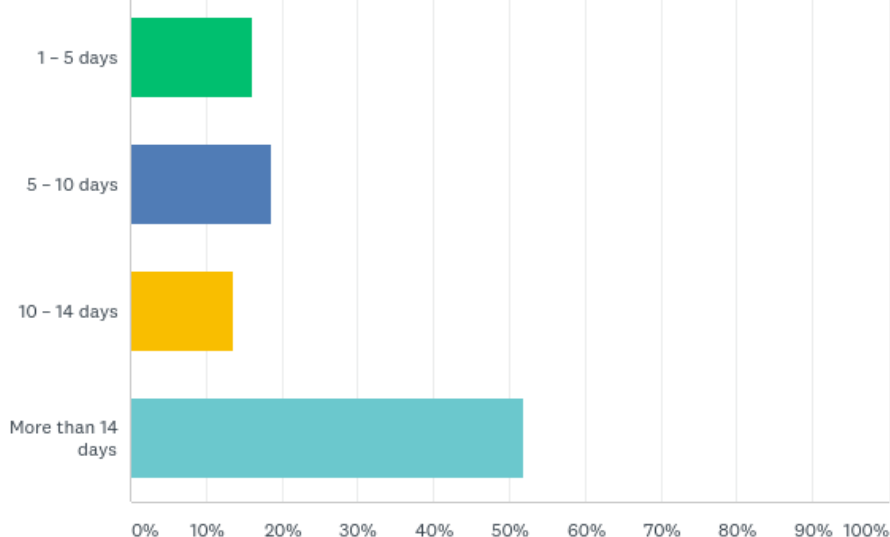
A report by The Institute for College Access & Success (TICAS), *On the Sidelines of Simplification: Stories of Navigating the FAFSA Verification Process*, surveyed more than 600 financial aid administrators who responded with concerns about the current state of verification:

- Eighty percent agree that the verification process is hard for students and families to navigate, and 71% say verification places unnecessary burdens on low-income students.
- The majority (56%) agree that the verification process can prevent eligible students from getting the aid they need.
- More than half (54%) say that verification at least sometimes prevents students from being able to enroll on time.
- Over half (56%) say verification takes up more than 25% of their offices' time.

NEED:

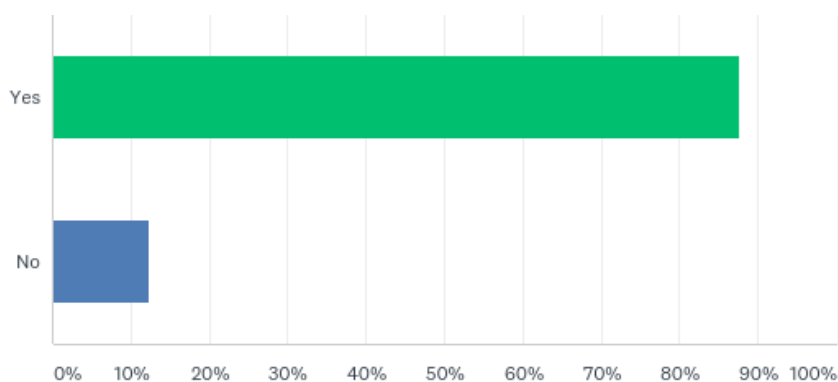
Financial aid processing and verification can delay or derail students' access to needed aid, undermine enrollment and academic success, and divert staff time and administrative resources from helping students and families in other important ways.

In a fall 2017 original survey, this League examined the role financial aid offices play in helping community college students understand and make use of financial aid. Specifically, the League analyzed current financial aid processing times (the length of time from a student's application to the time of notification of eligibility for aid). Of the 81 colleges that responded, 52% reported that their financial aid processing time is more than 14 days (two weeks). Lengthy processing times impacts a student's college experience. Many colleges reported having long lines, up to three-hours, and processing times as lengthy as six weeks during peak periods. The majority of counselors interviewed reported that under current staffing levels and processing requirements, counselors do not have the time or resources to meet the needs of every student who needs their advice.



Lengthy and complicated verification processes prevent financial aid offices from focusing on the services that students need, such as advising or application support. College were asked about the potential use of staff time if processing times were shorter. Specifically, would colleges deploy staff to provide other financial aid supports? The majority of colleges, 88%, reported that they would in fact deploy staff to provide

students with other supports like counseling and training workshops if an automated financial aid processing system were available. Several colleges emphasized their desire to provide greater support to high-risk populations. One responded stated: "We want to vastly improve our ability to provide financial literacy workshops, default prevention, and work with cohort groups on campus who really need personalized attention from the financial aid team."



Across the state, several colleges have streamlined financial aid processing by purchasing software that transitions offices to a paperless system by allowing online form completion and secure processing of applications. Available systems perform disbursement calculations, verify signatures, and align with compliance rules. Colleges with processing and verification software were able to reduce their financial aid processing time from six-eight weeks to around five days. In addition, these colleges have reported shorter lines during peak periods. The colleges that have purchased automation software recognized that demands on financial aid offices are only increasing, yet staffing levels have remained stagnant. In 2017 alone, two new financial aid programs were developed, bringing the total of federal and state programs to a total of 19.

As the state continues to focus on measures that increase affordability through improved access to student aid, policy leaders should not lose sight of the investments necessary to effectively implement financial aid programs and the importance of maintaining a positive student experience. Based on the League's fall 2017 survey findings, it is our recommendation to invest in software-based processing support for financial aid offices in order to increase California community college students' access to aid.

FINANCIAL AID PROCESSING SYSTEM:

Financial aid offices can simplify their entire student aid processing lifecycle by implementing software that automates verification, allows online form completion, performs disbursement calculations, enables electronic and mobile device document uploading, and alerts students of key deadlines. A comprehensive financial aid processing system can support the processing of applications beyond the FAFSA, including:

- College Promise Grant (formerly BOGFW) Appeal Waiver
- California Dream Act Application
- Full-Time Student Success Grant

A financial aid processing system can provide colleges with:

- Document Management
- Web Forms
- Dashboard Reporting

PROPOSED BUDGET & IMPLEMENTATION

Less than a dozen colleges to date have implemented an automated financial aid processing system, however 80% of surveyed colleges are interested in a statewide purchase of financial aid processing software.

This proposal is a request for \$15 million in one-time funds and \$5 million in ongoing resources to establish an incentive program for colleges to adopt a statewide financial aid processing system. The investment would cover the implementation and training costs associated with transitioning to an automated financial aid processing system. The annual subscription costs to any system would be have to be absorbed by a college or districts, therefore this should be an opt-in program. The program would be implemented through a statewide RFP with the expectation of contracting a cohesive set of services.

BENEFIT TO STUDENTS:

This proposal is aligned with the following recommendations of the Student Success Task Force

- Recommendation 2: Strengthen Support for Entering Students
- Recommendation 7: Increase Coordination Among Colleges
- Recommendation 8: Align Resources with Student Success Recommendations.

Further, the proposal supports the Guided Pathways framework by creating a college atmosphere that ensures students receive the guidance and support they need to help them stay on plan.

Complicated, outdated, manual financial aid processes create barriers to student enrollment and retention. An automated financial aid processing system would accomplish the following:

1. Decrease processing times
2. Reduce lines at financial aid offices
3. Increase student financial aid applications
4. Lower operating cost
5. Redirect financial aid staff to more important services
6. Increase process quality
7. Improve student experience