

# Monograph

A N A S F A A

S E R I E S

May 2006, Number 19

Practical Information for Student Aid Professionals

## Table of Contents

The Common Data Set: A Voluntary Community Effort .....	1
Increasing Complexities and Confusion About Student Financial Aid .....	3
The Common Data Set as a Uniform Instrument for Data Collection .....	7
Completing the College Costs and Financial Aid Sections of the CDS Successfully .....	9
Section G .....	9
Section H .....	12
More Information on Completing Section H .....	14
The Need to Report Data Successfully ....	21
Acknowledgments .....	22
Appendix A: Definition of Terms Used in Part H of the CDS .....	23
Appendix B: Additional Glossary of Financial Aid Terms .....	25
Appendix C: Bibliography .....	28

## Completing the Common Data Set: A Guide for Financial Aid Professionals

*By the 2005-2006 NASFAA Research Committee*

*The Common Data Set (CDS) Initiative is an effort to collect and report accurate data on college enrollments, financial aid, and other postsecondary education indicators. The initiative is a voluntary collaborative effort between The College Board, U.S. News and World Report, Thomson Peterson's, and participating colleges and universities. This monograph addresses some of the issues relevant to the collecting and reporting of higher education data, and provides advice to financial aid administrators and other professionals on how to complete the college costs and financial aid reporting requirements of the CDS. The appendices of this monograph provide specific terminology and data definitions needed for completing the relevant CDS sections.*

### The Common Data Set: A Voluntary Community Effort

**T**he Common Data Set Initiative, a voluntary collaborative effort between The College Board, *U.S. News and World Report*, Thomson Peterson's, and participating colleges and universities, is an effort to collect and report accurate data on college enrollments, financial aid, and other postsecondary education indicators. By participating in the Common Data Set Initiative, postsecondary institutions voluntarily agree to respond to a number of questions about their various activities and programs that are posed each year by the aforementioned college guidebook publishers. The resulting data form the basis for a better understanding of postsecondary admissions, enrollment, and financial aid policies for students, parents, the media, and other groups interested in higher education.



© 2006 by the National Association of Student Financial Aid Administrators. All rights reserved.

The CDS Initiative includes many organizations that serve in an advisory capacity, meeting yearly to discuss changes to the survey as well as other initiative-related matters. They include:

- ♦ American Association of Community Colleges (AACC)
- ♦ American Council on Education (ACE)
- ♦ Association for Institutional Research (AIR)
- ♦ Association of American College Registrars and Admission Officers (AACRAO)
- ♦ National Association for College Admission Counseling (NACAC)
- ♦ National Association of College and University Business Officers (NACUBO)
- ♦ National Association of Independent Colleges and Universities (NAICU)
- ♦ National Association of Student Financial Aid Administrators (NASFAA)
- ♦ National Center for Education Statistics, U.S. Department of Education (NCES)

While somewhat simple in concept, the CDS effort has sometimes been met with confusion on postsecondary campuses, particularly in the sections of the survey that deal with costs and student financial aid. Because the definitions of certain terms may vary from campus to campus, student financial aid administrators who are typically tasked with responding to these questions are frequently at a loss as to how to respond. Additionally, different campus officials sometimes have different viewpoints on how to answer certain questions, and confusion about terms and concepts may make it difficult for some institutions to complete the CDS.

Some of the typical questions that aid administrators must deal with when attempting to complete the CDS survey include:

1. What is non-need based aid?
2. How should non-need-based aid be reported?
3. What is non-need-based aid used to meet need?
4. Should private loans be included with federal and state aid?

These and other questions have led to concerns about what definitions and criteria constitute accurate reporting of data pertinent to postsecondary education. Responses to such questions and issues are important for a variety of reasons:

1. Prospective college students and their families want and need information that is both accurate and comparable in order to make informed decisions about which postsecondary education institutions to attend.
  2. Public policymakers want and need accurate information about postsecondary education in order to make more informed decisions that may affect laws and regulations pertinent to higher education.
-

3. Industry clientele want and need accurate baseline data about postsecondary institutions in order to make strategic business decisions.

If colleges and universities respond to CDS questions based on varying definitions of aid types and sources due to different methodological and reporting criteria, students and families may lose their ability to compare schools and student aid packages. Industry representatives might not be able to engage in effective decision making when trying to decide which college and university programs or activities to support. Finally, and most importantly, public policy might not be well served or developed without a uniform basis for what postsecondary institutions contribute to the student aid mix.

This monograph thus addresses issues relevant to the data collection and completion of the Common Data Set by first discussing some of the issues involved with financial aid reporting. The monograph then describes how these issues might be resolved by using the Common Data Set as a method for reporting higher education indicators so that the public will have a uniform basis for considering higher education costs and financial aid. The monograph also provides advice for aid administrators and other professionals on how to complete the college costs and financial aid reporting requirements of the CDS by defining specific terms and issues in these sections. References are made to specific questions of the CDS in the body of the paper; the complete Common Data Set can be accessed on the Web site of the Common Data Set Initiative (<http://www.commondataset.org/>) in either Word or Excel formats, an Adobe Acrobat file, or as an HTML file. The Word and Excel files can be downloaded so that information can be input within their respective software programs.

As a voluntary collaborative effort, the Common Data Set provides an opportunity for the community to make a definitive statement, without the need for legislation or regulation, about the need to create data synergy so that higher education, as an industry as well as a set of social and economic dynamics, will be better understood. The Common Data Set can serve as a very powerful, robust, and useful medium for the community to make its policies and procedures regarding enrollment and financial aid more easily understood to the general public. The accurate and efficient reporting of data in the CDS is more vital than ever before, as higher education enters an era of increased accountability in which the need to develop and maintain information that demonstrates efficient use of funds is all the more important.

## Increasing Complexities and Confusion About Student Financial Aid

Financial aid has undergone quite a transformation in the past decade. The driving forces of technology—notably digitization and telecommunications—and increased calls for accountability and affordability have created new demands and pressures on aid administrators and their institutions, who are continually being asked to provide more and more data and information for policymakers, the media, and the general public.

Given today's prevailing political discourse, it is ironic that the history of financial aid stems from original notions in the eighteenth and nineteenth centuries

*The Common Data Set can serve as a very powerful, robust, and useful medium for the community to make its policies and procedures regarding enrollment and financial aid more easily understood to the general public.*

of providing financial assistance for the study of religious vocations, and furthermore, that the start of the contemporary phase of student financial aid—with direct government involvement—stems from a national concern over competitiveness in science and mathematics. In the 1950s, in the wake of the launch of the satellite Sputnik by the Soviet Union, Congress passed the *National Defense Education Act* (NDEA)<sup>1</sup>, which created the National Defense Student Loan program (now called the Federal Perkins Loan program) and also provided graduate fellowships for development and expansion of doctoral programs (Association of American Universities, 2006; Wilkinson, 2005).

In the 1960s, student financial aid broadened to include concerns about providing access to higher education for economically disadvantaged students—with primary emphasis on providing need-based aid. Starting in the late 1970s, however, and through to the mid-1990s, the concept of student financial aid was broadened further to include affordability for the middle class through an emphasis on merit-based aid, tax credits, and other subsidies (Wilkinson, 2005; St. John, 2003).

In the early years of the twenty-first century, further policy transformations have brought student financial aid more in line with efforts to improve college accountability, with a heavy emphasis on merit-based student aid, along with continuing concerns about affordability and heightened attention on the rising costs of higher education (Vedder, 2004; Ehrenberg, 1999; McKeon, 2003). In other words, financial aid has transformed from an emphasis on access in the 1960s to gradual and dominant emphasis on affordability and accountability today.

As the roles and purposes of financial aid changed, the roles and functions of financial aid administration and reporting requirements have grown increasingly complex. The development of complex methodologies for “expected family contribution,” “financial need,” and “financial aid packaging” (Allan and Hermsen, 2002) are the typical ways in which financial aid administration is understood as having become more complicated. There are, however, several other significant driving factors, such as:

- ♦ the institutionalization of enrollment management and institutional use of financial aid to leverage recruitment, retention, and institutional prestige, rather than to provide access for those with the greatest financial need (Thacker, 2005; Wilkinson, 2005);
- ♦ the increased use of multi-dimensional enterprise database systems by educational institutions, along with statutorily required electronic processes as part of the federal financial aid standards of administrative capability;<sup>2</sup>
- ♦ the multiple, and often non-integrated, databases of the U.S. Department of Education (ED), which ED first sought to remedy through a “modernization program” but which has morphed into an effort to synthesize various Departmental systems into one integrated network;<sup>3</sup>
- ♦ increased sensitivities about appropriate accounting procedures, as seen through the requirements of new accounting rules and standards, federal financial aid

<sup>1</sup> Public Law 85-864

<sup>2</sup> 34 CFR 668.16; see also *Federal Student Financial Aid Handbook*, Chapter 2

<sup>3</sup> In 2004-05, the department unveiled its “Common Origination and Disbursement System” (COD). Potentially in 2008, their ADVance system may be advanced.

*As the roles and purposes of financial aid changed, the roles and functions of financial aid administration and reporting requirements have grown increasingly complex.*

cash management regulatory requirements, and in some cases, the Sarbanes-Oxley law;<sup>4</sup>

- ♦ increased concerns about the privacy of consumer and financial transactions, per the requirements of the Gramm-Leach-Bliley Act and the Fair and Accurate Credit Transactions Act;<sup>5</sup> and,
- ♦ additional government mandates to educational institutions to provide data on students whom they recruit and enroll, which have added additional reporting burdens.

As a result of these incremental policy developments—a typical byproduct of otherwise well-intentioned yet non-integrated policy initiatives—student financial aid policy has entered into a “state of diffusion,” a confused jumble of mixed prerogatives for educational institutions and policymakers (Cunningham and Parker, 1999). This state of diffusion extends also to students and parents, who increasingly either do not know of the availability of student financial aid, or misinterpret various programs, rules, regulations, and procedures pertinent to student financial aid and college costs.

Added to this state of diffusion is that within higher education there are paradigmatic differences that make terms such as financial aid, discounts, merit aid, and need-based aid very difficult to define uniformly. Further, while there is some knowledge of trends with respect to federal student aid from data collected via ED surveys (e.g., the Integrated Postsecondary Education Data System [IPEDS] and the Fiscal Operations Report and Application to Participate [FISAP] reporting requirements) and government appropriations, there is no uniformity with respect to trends about institutional expenditures for student aid. For one thing, although student financial aid might be monitored and planned for by institutional budget officers and other bodies (Allan et al., 2005), at the end of the year when institutional financial statements are prepared, such funds are aggregated into one line that may include other forms of discounts, such as tuition remission, as required by generally accepted accounting principles. Thus, looking at an institution’s financial statements probably does not allow for any discernible trends about institutional outlays for student aid. Although public institutions may be required to produce such data as part of annual appropriations processes, private institutions do not have such strictures. For analysis of data from private institutions, one would have to rely primarily on private surveys done by associations that serve that particular sector.<sup>6</sup>

*While there is some knowledge of trends with respect to federal student aid from data collected via ED surveys and government appropriations, there is no uniformity with respect to trends about institutional expenditures for student aid.*

<sup>4</sup> Based on the requirements established under the *Public Company Accounting Reform and Investor Protection Act of 2002* (better known as the *Sarbanes-Oxley Act of 2002*; Public Law 107-204).

<sup>5</sup> Based on requirements under the *Financial Services Modernization Act of 1999* (better known as the *Gramm-Leach-Bliley Act*, or GLB; Public Law 106-102) and the *Fair and Accurate Credit Transactions Act of 2003* (better known as *FACTA*; Public Law 108-159).

<sup>6</sup> For instance, the Association of Independent Colleges and Universities in Pennsylvania annually surveys its membership regarding student aid outlays, with a survey instrument that somewhat resembles both the Common Data Set and IPEDS, with the major difference being that they ask for data on institutional aid. AICUP uses the data collected for an annual document they produce profiling the state of private higher education in the Commonwealth—a tool to assist in its legislative lobbying efforts. See Association of Independent Colleges and Universities in Pennsylvania (2006) *Making the Case For Independent Higher Education in Pennsylvania*. <http://www.aicup.org/government/grarchives/aicuppublications/MTC2006.pdf>. The State of New Jersey’s Commission on Higher Education collects data about federal and institutional aid from all postsecondary institutions and publicly publishes such data (<http://www.nj.gov/highereducation/stats.htm>).

How student aid is defined (or not defined) is a major issue for data collection and analysis, leading to mixed and confused uses in policy analysis and political discourse. It has been well established that higher education has done a very poor job at explaining why college costs as much as it does—which is to say that the public does not see or understand the complete infrastructure that an educational institution must have in order to deliver the good known as higher education (Ehrenberg, 1999). What is visible, however, leads to increasingly cynical discourse from the public and policymakers: the influence of money in intercollegiate athletics, major research and development, and exorbitant executive salaries and abuse of executive expense accounts (Washburn, 2005; Engell and Dangerfield, 2005; Bok, 2003; Vedder, 2004; Fain, 2005). Despite the federal regulatory requirement to provide “student consumer information,” educational institutions typically do very little to educate students and families about their costs and the social and economic benefits that accrue from attainment of a postsecondary degree. Only in recent years have efforts been made to develop indicators relevant to social and economic benefits from higher education (Baum and Payea, 2004 and 2005).

*The divide between the wealthy and poor in college threatens to perpetuate the cycle of poverty for thousands of working poor families.*

Concomitantly, recent studies have posited both a persistent demographic divide in the knowledge of student aid options available to help finance postsecondary education (Sallie Mae Fund, 2004), and underutilization of federal student aid options (King, 2006). The need to develop new avenues to promote the availability of ways to finance postsecondary education is necessary more than ever in order to avoid economic marginalization as a result of deepening globalization, given that a postsecondary degree is now considered a standard benchmark for national and international competitiveness (Friedman, 2005). As a recent news story noted,

The divide between the wealthy and poor in college threatens to perpetuate the cycle of poverty for thousands of working poor families. Complicated aid applications and overlapping deadlines, fears of taking on tuition debts that can reach into the tens of thousands of dollars, and not taking into account extra college life expenses for books, housing and food are among the many barriers that experts say are causing needy families to turn away from higher education (Guthrie, 2005).

Unfortunately, worthwhile attempts to use financial aid to close the gaps between rich and poor families can become frustrated by the different perceptions and definitions of cost and aid-related terms many groups often have available to them. Different stakeholders can, and do, interpret information quite differently, leading to considerable cognitive dissonance on the definition, role, and effects of student financial assistance. One example of how these different perceptions might affect financial aid reporting is demonstrated in Allan’s study of tuition discounting terminology (Allan, 1999b—see Table 1). As Allan reveals, different constituencies define a concept such as “tuition discounting” quite differently. From the point of view of the institution’s financial aid office and president’s office, a discount rate might be defined as simply the percentage of tuition revenue used to fund institutional grants. But from the point of view of the institution’s accounting and other financial affairs personnel, a discount rate might include information on *how* the grants are funded by the institution—are they funded from the institution’s current revenue, or do they include grants from internal and external sources? This definition might be termed a “scholarship allowance rate.” And students and families might have an even more expansive

## Table 1. Tuition Discount Rate Definitions By Constituency

**Rate = Numerator/Denominator**

Constituency	Numerator	Denominator
<b>Administrative</b> <i>Institutional Discount Rate</i> President, Board of Directors, Provosts, Academic Finance Officers, Financial Aid Directors	<b>Simple Tuition Discount</b>	<b>Gross Tuition Revenue</b>
<b>Financial</b> <i>FASB Definition</i> Treasurer, Financial Administrators, Auditors, and Analysts	<b>Scholarship Allowance</b> (Simple Tuition Discount + Gifts and Endowments)	
<b>Marketing</b> <i>Student Definition</i> Admissions Directors, Enrollment Managers, Public Relations, College Books	<b>Student Tuition Discount</b> (Scholarship Allowances + External Grants) Simple Tuition Discount + Gifts and Endowments + Federal Pell Grants + Federal SEOG + Other External Scholarships	

Source: Adapted from Allan (1999b).

definition of the discount rate; they might want to know how much they have to pay after grants from ALL sources (federal, state, institution, etc.) are considered. Such a definition might be termed a “student tuition discount rate.” Without any baseline definitions or understanding of terms and perspectives, communications between schools, students, and policy officials could easily become confused.

## The Common Data Set as a Uniform Instrument for Data Collection

The Common Data Set is an attempt, driven by the private sector, to develop some common terms and definitions for college costs, financial aid, and other education-related functions. The CDS was established in 1994 as a way to improve college reporting requirements and bridge the increasingly complex gap between differences in the way various actors within higher education define terms and concepts. Originally conceived by the publishers of major college admissions and financial aid catalogs and various higher education interest groups such as the Association for Institutional Research, the CDS is, according to its Web site:

... a collaborative effort among data providers in the higher education community and publishers as represented by the College Board, Thomson Peterson’s, and *U.S. News & World Report*. The combined goal of this collaboration is to improve the quality and accuracy of

*The CDS is also designed to help make it easier for institutions to respond to inquiries on admissions, enrollment, and financial aid from state and federal officials, private organizations, and the general public.*

information provided to all involved in a student's transition into higher education, as well as to reduce the reporting burden on data providers.

This goal is attained by the development of clear, standard data items and definitions in order to determine a specific cohort relevant to each item. Data items and definitions used by the U.S. Department of Education in its higher education surveys often serve as a guide in the continued development of the CDS. Common Data Set items undergo broad review by the CDS Advisory Board as well as by data providers representing secondary schools and two- and four-year colleges. Feedback from those who utilize the CDS also is considered throughout the annual review process.

The CDS is a set of standards and definitions of data items rather than a survey instrument or set of data represented in a database. Each of the higher education surveys conducted by the participating publishers incorporates items from the CDS as well as unique items proprietary to each publisher. Consequently, the publishers' surveys differ in that they utilize varying numbers of items from the CDS.

The CDS is, therefore, an effort by various publishers of college guidebooks to establish a uniform understanding of various indicators pertinent to college costs and financial aid, as well as a host of other factors that affect higher education. The CDS is also designed to help make it easier for institutions to respond to inquiries on admissions, enrollment, and financial aid from state and federal officials, private organizations, and the general public. Participation in the CDS is, however, voluntary, as opposed to the completion of IPEDS surveys,<sup>7</sup> which is required by statute for institutions that participate in the federal student aid programs authorized under Title IV of the Higher Education Act, as amended by the Higher Education Amendments of 1992<sup>8</sup>.

Inclusion of a section on financial aid did not occur until the third year of the CDS. Although some in the community were skeptical about the possibility of creating standardized financial aid questions, in 1997 the CDS included financial aid survey questions and standard definitions as an agreed-upon template for data gathering from postsecondary institutions. The data reside in the databases of the surveyors, who use the data for various publications (such as for college guidebooks); however, because the data are assets owned by the various guidebook publishers, they generally are not available for use by the general public.

As Allan demonstrates (1999b), the perception and definition of student aid differs, and different stakeholders can, and do, interpret information quite differently, leading to considerable cognitive dissonance on the definition, role, and impact of student financial assistance. The CDS is an attempt, driven by the private sector, to develop some baseline data, particularly relating to institutional aid, that could serve as means toward developing a uniform consensus on financial aid terminology.

<sup>7</sup> IPEDS, according to its Web page, is wrapped around a series of interrelated components that collect institution-level data in such areas as enrollments, program completions, graduation rates, faculty, staff, finances, institutional prices, and student financial aid (<http://nces.ed.gov/ipeds/AboutIPEDS.asp>).

<sup>8</sup> The Higher Education Amendments of 1992 are Public Law 102-325.

## Completing the College Costs and Financial Aid Sections of the CDS Successfully

For financial aid professionals, the relevant parts of the Common Data Set reporting forms are Section G for annual student expenses (i.e., cost of attendance) and Section H for financial aid. At a number of campuses, these sections are completed by the institutional research personnel in cooperation with business office/financial affairs and financial aid staff. These sections of the CDS currently refer to cost and aid information for undergraduate students only, although there have been discussions on adding a new data collection for graduate and professional students in the future.

The next section of this monograph describes the methodological and logistical considerations that campuses can follow for completing sections G and H successfully.

### Section G

Section G of the Common Data Set collects information about undergraduates' annual postsecondary expenses. Note that this section is normally completed by an institution's business office, but the information collected often affects inquiries about and reporting information for financial aid. Financial aid administrators should be aware, at the very least, of the information that is being collected and published. Section G makes distinctions between the costs for "first-year" students and "undergraduates."

The 2006-2007 Section G is printed below. Note that Question G5 asks for information pertaining to a cost of attendance budget; for most institutions, it would be necessary for a financial aid administrator to complete this question. (The glossary to this monograph provides more detailed definitions for some of the terms in Sections G and H.)

#### G. ANNUAL EXPENSES

**Provide 2006-2007 academic year costs of attendance for the following categories that are applicable to your institution.**

- Check here if your institution's 2006-2007 academic year costs of attendance are not available at this time and provide an approximate date (i.e., month/day) when your institution's final 2006-2007 academic year costs of attendance will be available: \_\_\_\_\_

#### **G1. Undergraduate full-time tuition, required fees, room and board**

List the typical tuition, required fees, and room and board for a full-time undergraduate student for the FULL 2006-2007 academic year (30 semester hours or 45 quarter hours for institutions that derive annual tuition by multiplying credit hour cost by number of credits). A full academic year refers to the pe-

riod of time generally extending from September to June; usually equated to two semesters, two trimesters, three quarters, or the period covered by a four-one-four plan. Room and board is defined as double occupancy and 19 meals per week or the maximum meal plan. **Required fees** include only charges that all full-time students must pay that are *not* included in tuition (e.g., registration, health, or activity fees.) Do *not* include optional fees (e.g., parking, laboratory use).

	First-Year	Undergraduates
<b>Private Institution</b> Tuition:		
<b>Public Institution</b> Tuition: In-district:		
In-state (out-of-district):		
Out-of-state:		
<b>Nonresident Alien</b> Tuition:		
<b>Required Fees</b>		
<b>Room and Board</b> (on-campus):		
<b>Room Only</b> (on-campus):		
<b>Board Only</b> (on-campus meal plan):		

Comprehensive tuition and room and board fee (if your college cannot provide separate tuition and room and board fees): \_\_\_\_\_

Other: \_\_\_\_\_  
\_\_\_\_\_

**G2. Number of credits per term a student can take for the stated full-time tuition**    \_\_\_minimum    \_\_\_maximum

**G3. Do tuition and fees vary by year of study (e.g., sophomore, junior, senior)?**

- Yes
- No



Note that information in Section G does not pertain to student financial aid administrators' cost of attendance budgets. This information pertains to the real, billable costs being charged to undergraduates at postsecondary institutions.

## Section H

In completing the financial aid reporting requirements of the CDS, it is necessary for institutions to consider the following factors (although these may not be directly addressed by the CDS):

- ♦ Does your institution practice “need-aware” (conscious of demonstrated financial need) or “need-blind” (not aware of need) admissions policies?<sup>9</sup>
- ♦ Is your institutional financial aid policy need-based, merit-based, or a hybrid?<sup>10</sup>
- ♦ Does your institution have a database system that can parse the differences between “need-based” and “non-need-based” aid?
- ♦ Does your institution award aid in order to meet full demonstrated financial need or partial need, as defined by Federal Methodology need analysis? Or, does it also consider Institutional Methodology<sup>11</sup> to distribute its institutional financial assistance?
- ♦ Can your institutional system parse between “first-year” students and total undergraduate enrollment?
- ♦ Does your institution track non-federal subsidized loans (i.e., private/alternative loans)?

To complete Section H successfully, financial aid administrators should have access to a breakdown of all student aid funds according to whether they are awarded based on student financial need, academic merit, or some other criteria; knowledge of the specific federal student aid programs in which your institution participates (noted on your institution's Eligibility to Participate certificate from the ED<sup>12</sup>) and knowledge of your institution's specific student aid application procedures.

A frequent note of confusion at many schools pertains to the CDS request for “aid that meets need.” Such a request brings several questions:

1. How is need defined (based on the federal definition—cost of attendance minus expected family contribution equals need—or institutional criteria?)

---

<sup>9</sup> See Rupert Wilkinson. *Aiding Students, Buying Students: Financial Aid in America* (Vanderbilt University Press, 2005): p. 133-139 and appendix 4.

<sup>10</sup> Some institutions have a policy of “merit within need,” such that need-based considerations are the first order of consideration, followed by merit-based considerations, in the making of an award. See Wilkinson, 2005: p. 157-8.

<sup>11</sup> Institutional Methodology is the need analysis methodology utilized by the CSS PROFILE (and is the successor to the original need analysis system created by the College Scholarship Service. See Elizabeth A. Duffy and Idana Goldberg. *Crafting a Class: College Admissions & Financial Aid, 1955-1994* (Princeton University Press, 1998) and Wilkinson, 2005.

<sup>12</sup> You can access this information online at <http://eligcert.ed.gov>

2. Is “meeting need” based on student’s aid application information *before* an aid package is developed (ex-post) or *after* aid is distributed (ex-ante)<sup>13</sup>?

Answers to these questions are not always clear, and therefore data may not always be completely comparable. It is important to note, however, that one of the foundations of the CDS is that the data for Section H should be reported as it acted in the students’ financial aid package (so, for instance, if a merit scholarship was awarded to meet the student’s demonstrated financial need at the time the aid applications was processed, it should be counted as need-based aid).

To help ease some of the confusion, the Common Data Set form does provide specific definitions to be considered in responding to the various questions in Section H (see the glossary in this monograph). However, such definitions do not provide exact specificity with respect to data, such that it may become necessary for the respondent to figure out exactly what is being asked in order to respond correctly to the question. Some things to keep in mind include:

- ◆ **Institutional funds**—these dollars pertain to those provided solely by the institution, whether funded by endowment or direct budgetary expenditure, including merit-based and need-based institutional aid.
- ◆ **Endowed Scholarships**—typically considered “restricted” funds, they are usually a separate budget item from other forms of institutional student aid. However, because the institution usually determines the recipient, they should also be considered institutional funds.
- ◆ **External funds**—any sources not controlled by the institution.
- ◆ **Need-based aid**—defined as all sources of student financial assistance that have demonstrated financial need as a primary determinant of eligibility, including Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, need-based state grants, and any institutional need-based grants/scholarships. These would include any endowed scholarships that have need as a primary requirement. However, some scholarships have a non-need component (or merit within need), and institutions may be confused as to which category to award these grants.
- ◆ **Need-based self-help**—this would include any Federal Stafford Subsidized Loans, Federal Perkins Loans, and Federal Work-Study funds. It would also include a state work-study program (if such a program exists) as well as an institution student loan program (if that exists). It would also include a private/alternative loan, if need was a consideration (for instance, if an institution practices a gapping strategy for financial aid awarding, due to limited funding, a private loan might be necessary for the student to pay for educational costs).
- ◆ **Non-need-based self-help**—this would include Federal Stafford Unsubsidized Loans and any other loans for which financial need is not the primary determinant of award eligibility.

---

<sup>13</sup> Ronald G. Allan. “Taxonomy of Tuition Discounting.” *Journal of Student Financial Aid* (29, 2): 7-20; and Ronald G. Allan and Al Hermsen. (2002). “Apples to Apples: A Financial Aid Reporting Methodology.” *Journal of Student Financial Aid* (32, 3): 13-26.

---

- ♦ **Waivers/unfunded/discounts**—these are NOT considered financial assistance and typically do not reside in a financial aid budgetary unit/cost center.

## More Information on Completing Section H

This section reviews each question from Section H and provides suggestions on how to proceed with answering them.

### **H1—Academic Year, Type of Data, Need Analysis, and Aggregate Amounts**

If at all possible, institutions should try to report actual data for this part of the CDS rather than estimated data because estimated data are considerably more susceptible to error.

Indicate the academic year for which data are reported for **items H1, H2, H2A, and H6** below:

2005-2006 estimated    or     2004-2005 final

The question below indicates whether your institution uses Federal Methodology (need analysis from the Free Application for Federal Student Aid [FAFSA]) and/or Institutional Methodology (need analysis from the CSS/PROFILE), or both.

Which needs-analysis methodology does your institution use in awarding institutional aid? (**Formerly H3**)

- Federal methodology (FM)
- Institutional methodology (IM)
- Both FM and IM

To provide the information for the items requested below, itemize all of the federal, state, institutional, and other financial aid funds awarded at your institution (having a complete printout of the financial aid funds awarded prior to completing this section might come in handy, given that most enterprise database systems<sup>14</sup> do not have modules for the completion of data surveys of this type). Then parse which are need-based, which are merit-based, and if any are hybrid.

Note that student loans pertain to all sources—both federal student loans and any student-borrower private/alternative loans.

Parent loans would predominantly refer to the Federal Parent Loans for Undergraduate Students (PLUS) program, but could also include any state or private/alternative loans a parent might receive.

Remember that information on tuition waivers may not be available to you—that information may be more reliably available from your business/finance/bursar's office.

If your institution has athletic scholarships, note them in the table under the appropriate rows (see following page), disaggregating for whether the scholarships are need- or non-need based. The need- versus non-need distinction should

---

<sup>14</sup> Defined as an integrated database that the school uses for the collection and maintenance of student records, including enrollment, financial aid, and billing, among other potential variables.

be reported based on the way the aid acted in the students' financial aid package at the time the students were awarded aid (that is, if an athletic scholarship was awarded to meet the student's demonstrated financial need at the time the aid applications was processed, it should be counted as need-based aid).

	<b>Need-based (Include non-need-based aid used to meet need.)</b>	<b>Non-need-based (Exclude non-need-based aid used to meet need.)</b>
	\$	\$
<b>Scholarships/Grants</b>		
Federal		
State (i.e., all states, not only the state in which your institution is located)		
Institutional (endowment, alumni, or other institutional awards) and external funds awarded by the college excluding athletic aid and tuition waivers (which are reported below)		
Scholarships/grants from external sources (e.g., Kiwanis, National Merit) not awarded by the college		
<i><b>Total Scholarships/Grants</b></i>		
<b>Self-Help</b>		
Student loans from all sources (excluding parent loans)		
Federal Work-Study		
State and other (e.g., institutional) work-study/employment (Note: Excludes Federal Work-Study captured above.)		
<i><b>Total Self-Help</b></i>		
<b>Parent Loans</b>		
<b>Tuition Waivers</b> Note: Reporting is optional. Report tuition waivers in this row if you choose to report them. Do not report tuition waivers elsewhere.		
<b>Athletic Awards</b>		

## H2—Data on Undergraduate Recipients and Need

For completing this section, aid administrators will need to disaggregate the number of first-time, full-time freshmen from all full-time undergraduates (including freshmen), and any less-than-full-time undergraduates. Most aid offices likely will not have information in cell a (see below)—that figure probably will have to come from the office that governs enrollment statistics at your institution.

Once cell a is established, you will be working successively off of previous cell data. In looking at the following chart, you can see that data in cell b refer to all of those in cell a who applied for need based aid. Data in cell c pertain to those reported in b who had demonstrated financial need. Data in cell rows b through m probably will come from your need analysis system or from your enterprise database system (if you package student aid through that database).

	First-time Full-time Freshmen	Full-time Undergrad (Including Freshmen)	Less Than Full-time Undergrad
a) Number of degree-seeking undergraduate students (CDS Item B1 if reporting on Fall 2005 cohort)			
b) Number of students in line <b>a</b> who applied for need-based financial aid			
c) Number of students in line <b>b</b> who were determined to have financial need			
d) Number of students in line <b>c</b> who were awarded any financial aid			
e) Number of students in line <b>d</b> who were awarded any need-based scholarship or grant aid			
f) Number of students in line <b>d</b> who were awarded any need-based self-help aid			
g) Number of students in line <b>d</b> who were awarded any non-need-based scholarship or grant aid			
h) Number of students in line <b>d</b> whose need was fully met ( <u>exclude PLUS loans, unsubsidized loans, and private alternative loans</u> )			
i) On average, the percentage of need that was met of students who were awarded any need-based aid. Exclude any aid that was awarded in excess of need as well as any resources that were awarded to replace EFC ( <u>PLUS loans, unsubsidized loans, and private alternative loans</u> )	%	%	%
j) The average financial aid package of those in line <b>d</b> . Exclude any resources that were awarded to replace EFC ( <u>PLUS loans, unsubsidized loans, and private alternative loans</u> )	\$	\$	\$
k) Average need-based scholarship or grant award of those in line <b>e</b>	\$	\$	\$
l) Average need-based self-help award ( <u>excluding PLUS loans, unsubsidized loans, and private alternative loans</u> ) of those in line <b>f</b>	\$	\$	\$
m) Average need-based loan ( <u>excluding PLUS loans, unsubsidized loans, and private alternative loans</u> ) of those in line <b>f</b> who were awarded a need-based loan	\$	\$	\$

**H2A—Further Data on Enrollment and Need**

The same logic from the section described above applies to this next section. Once the data in cell n are established, you will be referring to data based on the previous cell, except for cell p, which pertains to cell a.

	<b>First-time Full-time Freshmen</b>	<b>Full-time Undergrad (Including Freshmen)</b>	<b>Less Than Full-time Undergrad</b>
n) Number of students in line <b>a</b> who had no financial need and who were awarded institutional non-need-based scholarship or grant aid (exclude those who were awarded athletic awards and tuition benefits)			
o) Average dollar amount of institutional non-need-based scholarship and grant aid awarded to students in line <b>n</b>	\$	\$	\$
p) Number of students in line <b>a</b> who were awarded an institutional non-need-based athletic scholarship or grant			
q) Average dollar amount of institutional non-need-based athletic scholarships and grants awarded to students in line <b>p</b>	\$	\$	\$

**H4 and H5—Data on Undergraduate Indebtedness**

This information can be obtained either from your enterprise database system or from your state student loan guaranty agency (for institutions that participate in the FFEL program).

- H4.** Provide the percentage of the 2005 undergraduate class who graduated between July 1, 2004 and June 30, 2005 and borrowed at any time through any loan programs (federal, state, subsidized, unsubsidized, private, etc.; exclude parent loans). Include only students who borrowed while enrolled at your institution. \_\_\_\_\_%
- H5.** Report the average per-borrower cumulative undergraduate indebtedness of those in line H4. Do not include money borrowed at other institutions: \$\_\_\_\_\_

**H6 and H7—Financial Aid Application Procedures for Nonresident Aliens**

If your institution offers student financial aid to nonresident aliens who are undergraduates and degree-seeking, you should answer these questions.

- H6.** Indicate your institution’s policy regarding institutional scholarship and grant aid for undergraduate degree-seeking nonresident aliens:
  - Institutional need-based scholarship or grant aid is available
  - Institutional non-need-based scholarship or grant aid is available
  - Institutional scholarship and grant aid is not available

If institutional financial aid is available for undergraduate degree-seeking non-resident aliens, provide the number of undergraduate degree-seeking nonresident aliens who were awarded need-based or non-need-based aid: \_\_\_\_\_

Average dollar amount of institutional financial aid awarded to undergraduate degree-seeking nonresident aliens:  
\$ \_\_\_\_\_

Total dollar amount of institutional financial aid awarded to undergraduate degree-seeking nonresident aliens:  
\$ \_\_\_\_\_

Question H7 pertains to your institution's financial aid policies for nonresident aliens who apply for student financial aid. Does your institution require these students to complete only the FAFSA or the CSS/PROFILE or both? Do you also use an institutional aid form or some other kind of aid information collection instrument?

- H7.** Check off all financial aid forms nonresident alien first-year financial aid applicants must submit:
- Institution's own financial aid form
  - CSS/Financial Aid PROFILE
  - International Student's Financial Aid Application
  - International Student's Certification of Finances
  - Other: \_\_\_\_\_

### **H8—Financial Aid Application Procedures for First-Year Freshmen**

Section H8 pertains to your institution's financial aid application policies for first-year freshman students. Before completing these questions, consider the following issues on your campus: Does your institution require first-year undergraduates to complete only the FAFSA or the CSS/PROFILE or both? Do you also use an institutional aid form, or some other kind of aid information collection instrument? Answer as appropriate.

#### **Process for First-Year/Freshman Students**

- H8.** Check off all financial aid forms domestic first-year (freshman) financial aid applicants must submit:
- FAFSA
  - Institution's own financial aid form
  - CSS/Financial Aid PROFILE
  - State aid form
  - Non-custodial PROFILE
  - Business/Farm Supplement
  - Other: \_\_\_\_\_

### Question H9—Deadlines for Financial Aid Application

**H9.** Indicate filing dates for first-year (freshman) students:

Priority date for filing required financial aid forms: \_\_\_\_\_

Deadline for filing required financial aid forms: \_\_\_\_\_

No deadline for filing required forms (applications processed on a rolling basis): \_\_\_\_\_

### H10—Deadlines for Notification of Financial Aid Awards

Does your institution notify students of financial aid awards on set data or on a rolling basis starting with a certain date? Specify.

**H10.** Indicate notification dates for first-year (freshman) students (answer a or b):

a.) Students notified on or about (date): \_\_\_\_\_

b.) Students notified on a rolling basis: yes/no If yes, starting date: \_\_\_\_\_

### H11—Reply Dates for Financial Aid Awards

Does your institution have a policy for students to respond to financial aid award notices in whole or in part? (Keep in mind that federal student financial aid regulations do not require a signed/accepted award letter, but that in the case of federal student loans, a borrower has the right to reduce or cancel loans within specified time frames).

**H11.** Indicate reply dates:

Students must reply by (date): \_\_\_\_\_ or within \_\_\_\_\_ weeks of notification.

### H12—Types of Student Financial Aid Loan Programs Available At Your Institution

Check off the student loan programs available at your institution, as appropriate. In the “other” category, you could also potentially list private/alternative loan programs.

#### FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOAN)

- Direct Subsidized Stafford Loans
- Direct Unsubsidized Stafford Loans
- Direct PLUS Loans

#### FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFEL)

- FFEL Subsidized Stafford Loans
  - FFEL Unsubsidized Stafford Loans
  - FFEL PLUS Loans
-

- Federal Perkins Loans
- Federal Nursing Loans
- State Loans
- College/university loans from institutional funds
- Other (specify): \_\_\_\_\_

**H13—Types of Scholarships and Grants at Your Institution**

Check off, as pertinent, if your institution participates in the listed programs.

**H13. Scholarships and Grants**

NEED-BASED:

- Federal Pell
- SEOG
- State scholarships/grants
- Private scholarships
- College/university scholarship or grant aid from institutional funds
- United Negro College Fund
- Federal Nursing Scholarship
- Other (specify): \_\_\_\_\_

**H14—Criteria for Awarding Institutional Student Financial Aid**

In this section, you will indicate what considerations are taken into account for all institutional student financial aid that your institution offers. Keep in mind that some categories could potentially have both need and non-need/merit-based considerations.

**H14.** Check off criteria used in awarding institutional aid. Check all that apply.

Non-need	Need-based		Non-need	Need-based	
		Academics			Leadership
		Alumni affiliation			Minority status
		Art			Music/drama
		Athletics			Religious affiliation
		Job skills			State/district residency
		ROTC			

## The Need to Report Data Successfully

The Common Data Set was established to provide an important vehicle toward giving prospective college students and their families the data they need to select the higher education institutions that best fit their needs, while reducing reporting redundancy and other burdens for institutions. The rising cost of college has made it more important than ever for students and families to get accurate, reliable, and comparable data about postsecondary education costs and available student financial aid. Due to some of these rising costs and to changing economic conditions that make attending higher education more necessary to achieving at least a middle-class lifestyle, students and parents are increasingly demanding more information, and information on demand.

CDS data may also be useful for educating policymakers about the important role higher education plays in our society and economic health. Given the increasing complexity of public policy, it is important for policymakers to have data that are uniform and comparable in order to make informed policy decisions. An environment in which public policy is increasingly contentious needs to have a uniform baseline for the consideration of indicators pertinent to higher education so that decisions affecting postsecondary education can be made under a uniform set of criteria rather than under competing sets of data. The establishment of a uniform set of criteria such as the Common Data Set potentially provides more understanding about the dynamics of higher education, giving public policymakers a more complete understanding of the infrastructures of higher education as a dynamic, multi-faceted industry.

However, establishing and maintaining a baseline of criteria of higher education indicators has been difficult because different actors in higher education define terms and perceive dynamics differently. The continuing lack of uniform data on student aid recipients and amounts and the latent misperceptions about some kinds of student aid and their overall effects on higher education has required the student aid community to seek carefully the adoption of a single standard of definitions for how grants, loans, and other types of student aid are defined.

The CDS Initiative is a first step toward the adoption of standards for collecting information on important higher education enrollment indicators, including student financial assistance. By completing the Common Data Set, institutions take an important step toward providing transparency in higher education, potentially leading to a new understanding of the importance of higher education.

One strength of the Common Data Set Initiative lies in the fact that it is a voluntary, self-regulatory medium; it shows that the community can produce a rich and robust source for higher education indicators without the need for additional government regulation. Such a public-private partnership eliminates the need for government funds for this purpose, allowing more of such funds to be devoted where they should be: to students. As a result, the CDS initiative allows the community to develop multi-faceted tools to help promote the availability of student aid and to emphasize the social and economic necessity of postsecondary education as a key element of our national and international competitiveness.

*By completing the Common Data Set, institutions take an important step toward providing transparency in higher education, potentially leading to a new understanding of the importance of higher education.*

Completion of the Common Data Set could thus serve as a primary vehicle for establishing widely used data for students, families, and policymakers to obtain information about college costs and financial aid. But the CDS is just one step in the long road toward more accurate data to meet reporting and accountability requirements. Members of the higher education community should continue to actively think about ways to establish an open-source medium for the publication of such indicators, with the opportunity to promote its availability so as to raise the bar of knowledge about the importance of higher education as a key factor in the development of our social capital and, at the same time, about how important the availability of student financial aid is as an investment in our current and future competitiveness.

## Acknowledgments

*Completing the Common Data Set: A Guide for Financial Aid Professionals* was developed and written by the 2005-2006 NASFAA Research Committee. Members of the Committee include:

- ♦ Barry W. Simmons, Sr., Ed.D., Virginia Polytechnic Institute and State University, Blacksburg, VA, and Committee Chair
- ♦ Mr. Richard Eddington-Shipman, Michigan State University, East Lansing, MI
- ♦ Mr. Bert Logan, Lane Community College, Eugene, OR
- ♦ Mr. David R. Smedley, Gwynedd Mercy College, Fort Washington, PA
- ♦ Ms. Jessica M. Shedd, National Association of College and University Business Officers, Washington, DC—Committee Advisor
- ♦ Ms. Bonnie C. Joerschke, Purdue University, West Lafayette, IN—Commission Director
- ♦ Mr. Kenneth E. Redd, National Association of Student Financial Aid Administrators, Staff Liaison
- ♦ Mr. Ryan J. Davis, National Association of Student Financial Aid Administrators, Research and Policy Associate

The Committee would especially like to thank David Smedley, who served as the primary author of this report. Mr. Smedley wishes to acknowledge The Pennsylvania Higher Education Assistance Agency, where he served as Policy Analyst during the major development of this Monograph. The Committee received additional comments from Ronald G. Allan, Georgetown University; Alisa F. Cunningham, the Institute for Higher Education Policy; and Renee Gernand, The College Board.

For further information on *Completing the Common Data Set: A Guide for Financial Aid Professionals*, contact Kenneth E. Redd, NASFAA's Director of Research and Policy Analysis, by phone at (202) 785-0453, extension 138, or by e-mail at [reddk@nasfaa.org](mailto:reddk@nasfaa.org).

# Appendix A

## The Common Data Set

### Definition of Terms Used in Part H of the CDS

The definitions from the financial aid terms below are taken from Section H of the 2006-2007 Common Data Set survey, available on the Web at <http://www.commondataset.org>. Because the Common Data Set survey is adjusted annually, these definitions are subject to change.

#### H. FINANCIAL AID

**Please refer to the following financial aid definitions when completing Section H.**

**Awarded aid:** The dollar amounts offered to financial aid applicants.

**Financial aid applicant:** Any applicant who submits **any one of** the institutionally required financial aid applications/forms, such as the FAFSA.

**Indebtedness:** Aggregate dollar amount borrowed through any loan programs (federal, state, subsidized, unsubsidized, private, etc.; excluding parent loans) while the student was enrolled at an institution. Student loans cosigned by a parent are assumed to be the responsibility of the student and **should** be included.

**Institutional and external funds:** Endowment, alumni, or external monies for which the institution determines the recipient or the dollar amount awarded.

**Financial need:** As determined by your institution using the federal methodology and/or your institution's own standards.

**Need-based aid:** College-funded or college-administered award from institutional, state, federal, or other sources for which a student must have financial need to qualify. This includes both institutional and non-institutional student aid (grants, jobs, and loans).

**Need-based scholarship or grant aid:** Scholarships and grants from institutional, state, federal, or other sources for which a student must have financial need to qualify.

**Need-based self-help aid:** Loans and jobs from institutional, state, federal, or other sources for which a student must demonstrate financial need to qualify.

**Non-need-based scholarship or grant aid:** Scholarships and grants, gifts, or merit-based aid from institutional, state, federal, or other sources (including unrestricted funds or gifts and endowment income) awarded solely on the basis of academic achievement, merit, or any other non-need-based reason. When reporting questions H1 and H2, non-need-based aid that is used to meet need should be counted as need-based aid.

**Note: Suggested order of precedence for counting non-need money as need-based:**

- Non-need institutional grants
  - Non-need tuition waivers
  - Non-need athletic awards
  - Non-need federal grants
  - Non-need state grants
  - Non-need outside grants
-

Non-need student loans  
Non-need parent loans  
Non-need work

**Non-need-based self-help aid:** Loans and jobs from institutional, state, or other sources for which a student need not demonstrate financial need to qualify.

**Scholarships/grants from external sources:** Monies received from outside (private) sources that the student brings with them (e.g., Kiwanis, National Merit scholarships). The institution may process paperwork to receive the dollars, but it has no role in determining the recipient or the dollar amount awarded.

**Work study and employment:** Federal and state work study aid, and any employment packaged by your institution in financial aid awards.

---

## Appendix B

### Additional Glossary of Financial Aid Terms

The definitions for the terms in this glossary are adapted from Rupert Wilkinson's 2005 publication *Aiding Students, Buying Students: Student Aid in America*. All terms in **bold** are defined. A glossary of terms related to student financial aid, and particularly loan programs, is contained in Appendix G of *The Common Manual: Unified Student Loan Policy*, which can be accessed from the Web site of the National Coalition of Higher Education Loan Programs (NCHELP), at <http://www.nchelp.org> in the "e-library."

**Athletic Scholarships:** Grants or scholarships awarded on the basis of athletic prowess or ability.

**College Board:** Founded in 1900 as the College Entrance Examination Board, today the College Board is an association of colleges, universities, and secondary schools. It also is a college admissions testing authority (it owns the SAT) and a publisher of college guidebooks and other publications.

**CSS/PROFILE:** A financial aid application and financial need assessment form used by some colleges and universities to determine eligibility for nonfederal aid. The CSS/PROFILE is sponsored by College Board.

**Demonstrated Financial Need:** see **Financial Need**.

**Expected Family Contribution (EFC):** The assessment of what a student and his or her family can contribute toward the cost of attending a postsecondary education institution. The EFC is based on a student's and family's income, financial assets, savings, and other financial variables. It is determined when students and families apply for financial aid.

**Federal Direct Student Loans:** An umbrella federal financial aid program that distributes postsecondary education loans to students. The loans are made directly by the federal government and distributed to students through their postsecondary institutions.

**Federal Family Education Loans (FFEL):** An umbrella federal financial aid program that distributes postsecondary education loans to students. The loans are funded by banks, credit unions, and other private (non-governmental) lenders.

**Federal Methodology (FM):** A federal **need analysis** system used to determine eligibility for federal financial aid programs. The **Free Application for Federal Student Aid** is a major component of the FM system.

**Federal Pell Grants:** The main federal financial aid program for undergraduate students with **demonstrated financial need**. Pell Grants assist primarily low-income students at postsecondary institutions. The maximum amount students can receive in 2006–2007 is \$4,050. Students and families must file a **FAFSA** in order to become eligible for a Pell Grant. The program began in 1973 as the Basic Educational Opportunity Grant Program. Later the program was renamed in honor of Senator Claiborne Pell.

**Federal Perkins Loans:** A federal student aid program that provides low-interest loans to postsecondary students with **financial need**. The loans have a fixed rate of interest (currently 5 percent). Students must file a **FAFSA** in order to become eligible for an award.

**Federal Supplemental Educational Opportunity Grants (FSEOG):** A federal student aid program designed to provide additional funds to students with **financial need**. Financial aid administrators at participating postsecondary institutions use program guidelines to determine which students are eligible to receive awards. Aid administrators must give first priority to **Federal Pell Grant** recipients when making FSEOG awards. The maximum award for

each year is \$4,000. Award amounts come from federal funds and institutional matching contributions. Students must file a **FAFSA** in order to become eligible for an award.

**Federal Work-Study (FWS):** A federally funded student aid program that provides jobs to postsecondary students with **financial need**. Students' jobs may be on- or off-campus. Students' wages are paid by federal funds and institutional matching funds. Students must first file a **FAFSA** before being deemed eligible for a FWS job. The FWS program started in 1964 as the College Work-Study (CWS) program.

**Financial Need (or Demonstrated Financial Need):** The estimated difference between the total cost of attending a postsecondary education institution and the amount students and families can pay toward these costs. Total costs include all direct and indirect charges for enrolling in higher education. The amount students and families can contribute toward these costs is called the **Expected Family Contribution**.

**Fiscal Operations Report and Application to Participate (FISAP):** A federal form that postsecondary education institutions must complete in order to participate in the **Federal Perkins Loan, FSEOG, and FWS programs**. The FISAP form collects information on the aid recipients and amounts spent on these three programs.

**Free Application for Federal Student Aid (FAFSA):** The financial aid form students and families must file to determine their eligibility for the major federal student financial aid programs. The FAFSA data are used to calculate a family's **EFC**.

**Gap (or Gapping):** Occurs when financial aid from all sources does not meet students' total **financial need**. The gap is the difference between total aid and total financial need.

**Institutional Aid:** Grant and loan programs funded by postsecondary education institutions, as opposed to federal or state governments or private organizations.

**Institutional Methodology (IM):** A **need analysis** system used by some colleges and universities to determine eligibility for institutionally funded need-based aid programs. Institutions that use IM typically collect information from students using the **CSS/PROFILE** or some other institutionally developed financial aid application form.

**Merit Scholarships (or Merit Aid):** Grants or other awards to postsecondary students awarded on the basis of their past or present academic performance or other ability.

**Need Analysis (or Needs Analysis):** A system used to determine a student's or family's financial need for financial aid to attend higher education institutions.

**Need-Based Aid:** Any financial aid that is distributed to postsecondary education students based solely or partially on their **financial need**.

**Need-Blind Admissions:** Postsecondary institution admissions policies that do not take applicants' **financial need** into consideration.

**Need-Sensitive Admissions:** Postsecondary institution admissions policies that may be adjusted based on applicants' **financial need**. Campuses that use these policies may admit only a certain number of students who have any **demonstrated financial need**.

**Non-Need-Based Aid:** Any financial aid that is distributed to postsecondary students based on criteria besides their **financial need**. Examples of non-need aid criteria may include: academic merit, athletic ability, artistic talents, religious affiliation, and state or regional residence.

**Outside Scholarships:** Student financial aid grants funded by private donors, charities, and non-governmental or non-institutional organizations.

---

**Parent Loans for Undergraduate Students (PLUS):** A federally sponsored **unsubsidized loan** program that parents may use to pay their children's postsecondary education expenses. Parents may borrow up to the full amount of their children's **demonstrated financial need**. (On July 1, 2006, graduate and professional students will become eligible to borrow under the PLUS program). Both the **FFEL** and **Federal Direct Student Loan** programs offer PLUS awards.

**Self-Help Aid:** The loan and work-study components of students' total financial aid awards.

**Subsidized Loan:** A student loan whose provider or sponsor reduces or eliminates the interest charged during periods of enrollment or for some limited time after enrollment ends.

**Stafford Subsidized Loan Program:** A federally sponsored subsidized loan program that provides low-interest loans to postsecondary education students. Interest on the loan is not charged to borrowers during periods of enrollment or for six months after enrollment ceases. The loans are distributed to students based on their financial need. Currently, the interest rate is variable and changes on July 1 of each year (on July 1, 2006, the interest rate charged to borrowers of new Stafford Subsidized Loans will be fixed at 6.8 percent). Students and families must file a **FAFSA** in order to become eligible for these loans. Both the **FFEL** and **Federal Direct Student Loan** programs offer Stafford Subsidized Loans.

**Stafford Unsubsidized Loan Program:** A federally sponsored loan program that provides low-interest loans to postsecondary education students. Interest on the loans is charged to borrowers during all periods of enrollment and throughout the entire loan repayment period—including for six months after enrollment ends. Borrowers have the choice of paying the accrued interest on the loans or having it capitalized (added to the principal balance of the loans). The borrowers do not have to have financial need in order to qualify for the loans, but they must still file a **FAFSA** in order to become eligible. Currently, the interest rate is variable and changes on July 1 of each year (on July 1, 2006, the interest rate charged to borrowers of new Stafford Unsubsidized Loans will be fixed at 6.8 percent). Students and families must file. Both the **FFEL** and **Federal Direct Student Loan** programs offer Stafford Unsubsidized Loans.

**Unsubsidized Loan:** A student loan whose provider or sponsor requires that the interest be charged to borrowers during all periods of enrollment. Typically, borrowers have the choice of paying the accrued interest on the loans either monthly or quarterly or may have the interest capitalized (added to the principal balance of the loans).

---

## Appendix C

### Bibliography

- Allan, R. G. (1999a). *Tuition Discounts, Institutional Student Aid, and Scholarship Allowances*. Washington, DC: The Sallie Mae Education Institute.
- Allan, R. G. (1999b). "Taxonomy of Tuition Discounting." *Journal of Student Financial Aid* (29, 2): 7-20.
- Allan, R. G. and Hermsen, A. (2002). "Apples to Apples: A Financial Aid Reporting Methodology." *Journal of Student Financial Aid* (32, 3): 13-26.
- Allan, R. G., Lapovsky, L. and Loomis Hubbell, L. (2005). "Financial Aid: Does It Matter Whether It's Funded?" *NACUBO Business Officer* (49, 1): 48-51.
- Association of American Universities. (2006). *National Defense Education and Innovation Initiative: Meeting America's Economic and Security Challenges in the 21st Century*. Washington, DC: Author.
- Association of Independent Colleges and Universities in Pennsylvania. (2006). *Making the Case For Independent Higher Education in Pennsylvania*. Harrisburg, PA: Author.
- Baum, S. and Payea, K. (2004). *Education Pays 2004: The Benefits of Higher Education for Individuals and Society*. Washington, DC: The College Board.
- Baum, S. and Payea, K. (2005). *Education Pays Update: A Supplement to Education Pays 2004: The Benefit of Higher Education for Individuals and Society*. Washington, DC: The College Board.
- Boehner, J. (17 June 2005). "A Monster Database Is Not the Answer." *The Chronicle of Higher Education* (51, 41): B20.
- Bok, D. (2003). *Universities and the Marketplace: The Commercialization of Higher Education*. New Jersey: Princeton University Press.
- The Common Data Set Initiative. <http://www.commondataset.org>.
- The Common Manual: Unified Student Loan Policy. <http://www.nchelp.org>.
- Cunningham, A. F., Milam, J., and Statham, C. (2005). *Feasibility of a Student Unit Record System Within the Integrated Postsecondary Education Data System*. Washington, DC: U.S. Government Printing Office.
- Cunningham, A. and Parker, T. (1999). *State of Diffusion: Defining Student Aid in an Era of Multiple Purposes*. Washington, DC: Institute for Higher Education Policy.
- Duffy, E. A. and Goldberg, I. (1998). *Crafting a Class: College Admissions and Financial Aid, 1955-1994*. Princeton, NJ: Princeton University Press.
- Ehrenberg, R. (1999). *Tuition Rising: Why College Costs So Much*. Ithaca, NY: Cornell University Press.
- Engell, J. and Dangerfield, A. (2005). *Saving Higher Education in the Age of Money*. Charlottesville, VA: University of Virginia Press.
-

Fain, P. (18 December 2005). "The Federal Lens Focuses on College Chiefs' Pay: Both the Internal Revenue Service and the U.S. Senate Are Scrutinizing Compensation and Perquisites." *Chronicle of Higher Education*. On-Line. Available: [http://chronicle.com/weekly/v52/i13/13b00301.htm] Subscription needed to access article on-line.

Friedman, T. L. (2005). *The World Is Flat: A Brief History of the Twenty-First Century*. New York, NY: Farrar Straus and Giroux.

Guthrie, D. (4 December 2005). "College Divide Threatens to Keep Poor in Poverty: Even with Aid, Expense Often Keeps Needy Away." *The Detroit News*.

King, J. E. (2006). "Missed Opportunities Revisited: New Information on Students Who Do Not Apply for Federal Student Aid." Washington, DC: American Council on Education Center for Policy Analysis.

Knapp, L. G. (1997). "National Data Bases for Student Aid Researchers." In J. S. Davis (ed.). *Student Aid Research: A Manual for Financial Aid Administrators*. Washington, DC: National Association of Student Financial Aid Administrators.

McKeon, H. P. (11 July 2003). "Controlling the Price of College." *The Chronicle of Higher Education* (49, 44): B20.

McPherson, M. and Schapiro, M. O. (1998). *The Student Aid Game: Meeting Need and Rewarding Talent in American Higher Education*. Princeton, NJ: Princeton University Press.

St. John, E. P. (2003). *Refinancing the American Dream: Access, Equal Opportunity and Justice for All Taxpayers*. Baltimore, MD: Johns Hopkins University Press.

Sallie Mae Fund. (2004). *Latino Students and Parents Hampered by Lack of Financial Aid Awareness, National Study Finds*. On-Line. Available: [http://www.thesalliemafund.org/news/news\_nr206.html] Retrieved May 15, 2006.

State of New Jersey. Commission on Higher Education. Frequently Requested Statistical Tables. <http://www.nj.gov/highereducation/stats.htm>.

Thacker, Lloyd. (25 February 2005). "Confronting the Commercialization of Admissions." *The Chronicle of Higher Education* (51, 25).

Vedder, R. (2004). *Going Broke By Degree: Why College Costs So Much*. Washington, DC: AEI Press.

Washburn, J. (2005). *University, Inc: The Corporate Corruption of Higher Education*. New York, NY: Basic Books.

Wilkinson, R. (2005) *Aiding Students, Buying Students: Financial Aid in America*. Nashville, TN: Vanderbilt University Press.

---



National Association of  
Student Financial Aid Administrators  
1129 20th Street, N.W., Suite 400  
Washington, DC 20036-3453

---