



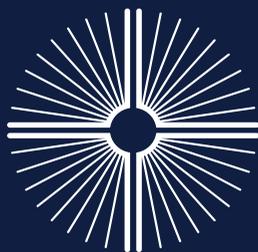
Affordability, Food, and Housing  
Access Taskforce Report

**FINANCIAL AID: FEELING THE  
PRESSURE OF INCREASED  
VOLUME AND ACCOUNTABILITY**

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*April 2023*

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# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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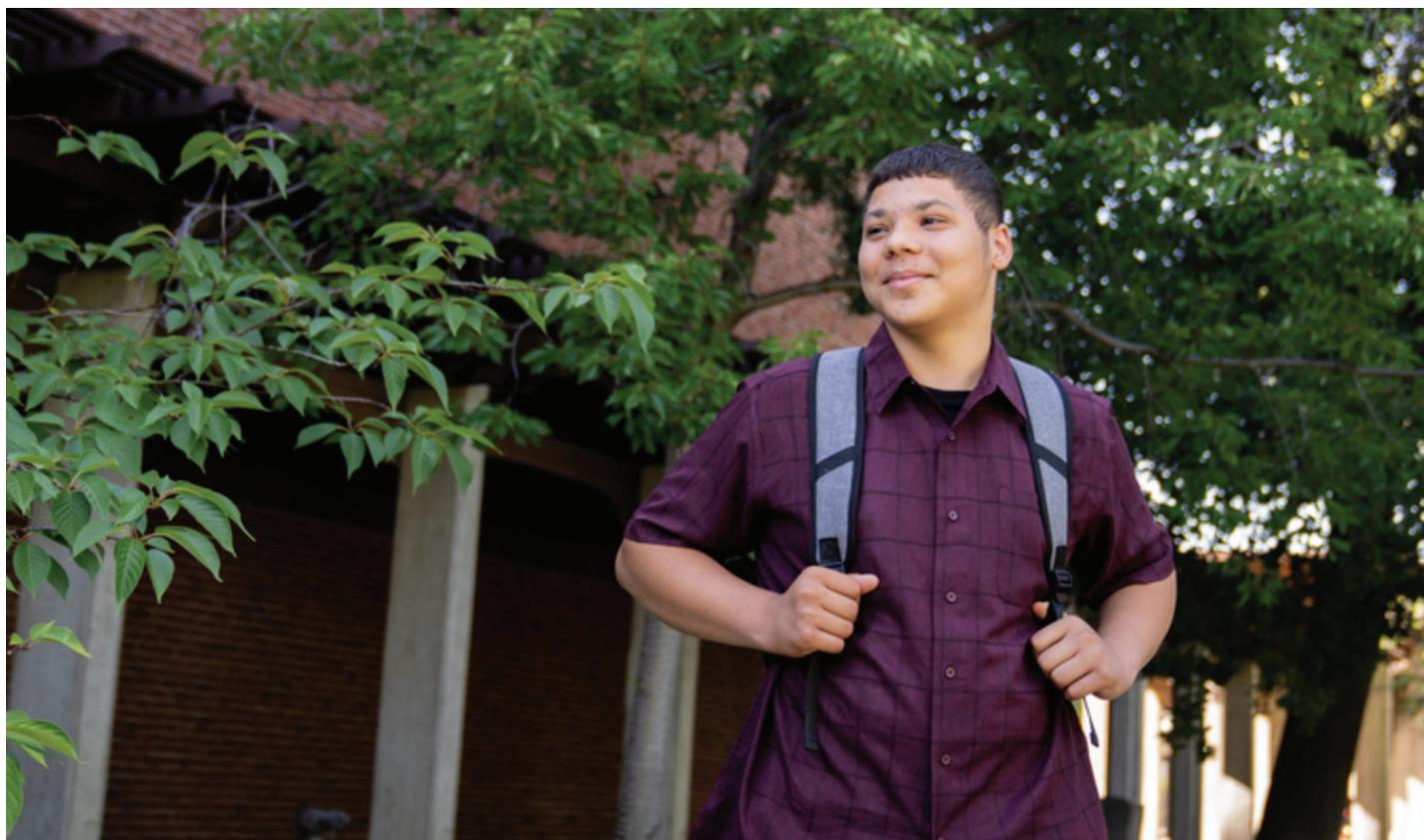
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# OVERVIEW

California's ability to serve as an engine of economic innovation has long depended on the success of its higher education institutions to produce a stream of graduates. Central to that history of success is the system of financial aid that allows students to braid state and federal support as they pursue their academic dreams. Unfortunately, that system is now under stress. Pell Grants have substantially lower purchasing power than when they were established in the 1970s. As a result, many students opt out of receiving Pell Grants in the community college system, with as many as 20 percent of eligible students not receiving them<sup>1</sup>. California Community College (CCC) students have received paltry Cal Grant aid packages compared to their four-year counterparts for many years, ostensibly because many qualify for free tuition programs. Even so, CCC students face the same out-of-pocket costs for a degree, such as food, transportation, and living expenses. Financial aid is central to the state's ability

to meet Vision for Success goals, and for the Higher Education Roadmap targets equitable degree completion and labor force participation.

California's policymakers boldly decided in 2022 to reform the Cal Grant system to build a more equitable and fair financial aid system with the passage of AB 1746. However, the bill was contingent on adequate fiscal resources in the 2023-24 budget. With budget deficits looming, the promise of equitable Cal Grant reform is under stress while students and financial aid staff are reaching a breaking point. In addition, a recent report indicates that financial aid offices face staffing shortages, and employees feel underpaid and undervalued for their critical work<sup>2</sup>. Put simply, state financial aid in general and financial aid operations, more specifically, need policy reforms that can reestablish California's prominence as a workforce innovation engine.



[1] [https://education.ucdavis.edu/sites/main/files/ucdavis\\_wheelhouse\\_research\\_brief\\_vol3no3\\_online.pdf](https://education.ucdavis.edu/sites/main/files/ucdavis_wheelhouse_research_brief_vol3no3_online.pdf)

[2] [https://www.nasfaa.org/news-item/26628/Financial\\_Aid\\_Offices\\_Face\\_Turnover\\_and\\_Staffing\\_Shortages\\_as\\_Great\\_Resignation\\_Hits\\_Home](https://www.nasfaa.org/news-item/26628/Financial_Aid_Offices_Face_Turnover_and_Staffing_Shortages_as_Great_Resignation_Hits_Home)

## Stress on the Financial Aid System in California

As illustrated in Figure 1, statewide staffing levels for financial aid offices received a considerable boost in 2004, with the introduction of the Board Financial Assistance Program (BFAP)-Student Financial Aid Administrative Allowance (SFAA) funding in 2003. Note the rise in staffing levels from around 800 system-wide to more than 1,000 in 2004-05. However, the lack of COLA increases for the BFAP-SFAA funding meant that any additions to financial aid staffing were on the backs of general fund dollars that colleges and districts decided to implement after the introductory year. As such, staffing levels in California Community College financial aid offices remained relatively flat until a surge occurred in 2017-18 with new student success funding through the Student Success and Support Program (SSSP) and Student Equity and Achievement (SEA) Program. It is important to note during the decade between 2006 and 2016, staff in those offices handled a significant increase in dollar volumes, moving from around \$1.1 million in awards per FTE to approximately \$3 million per FTE in 2015-16.

Increased complexity and dollar values placed stress on frontline financial aid workers. For example, despite

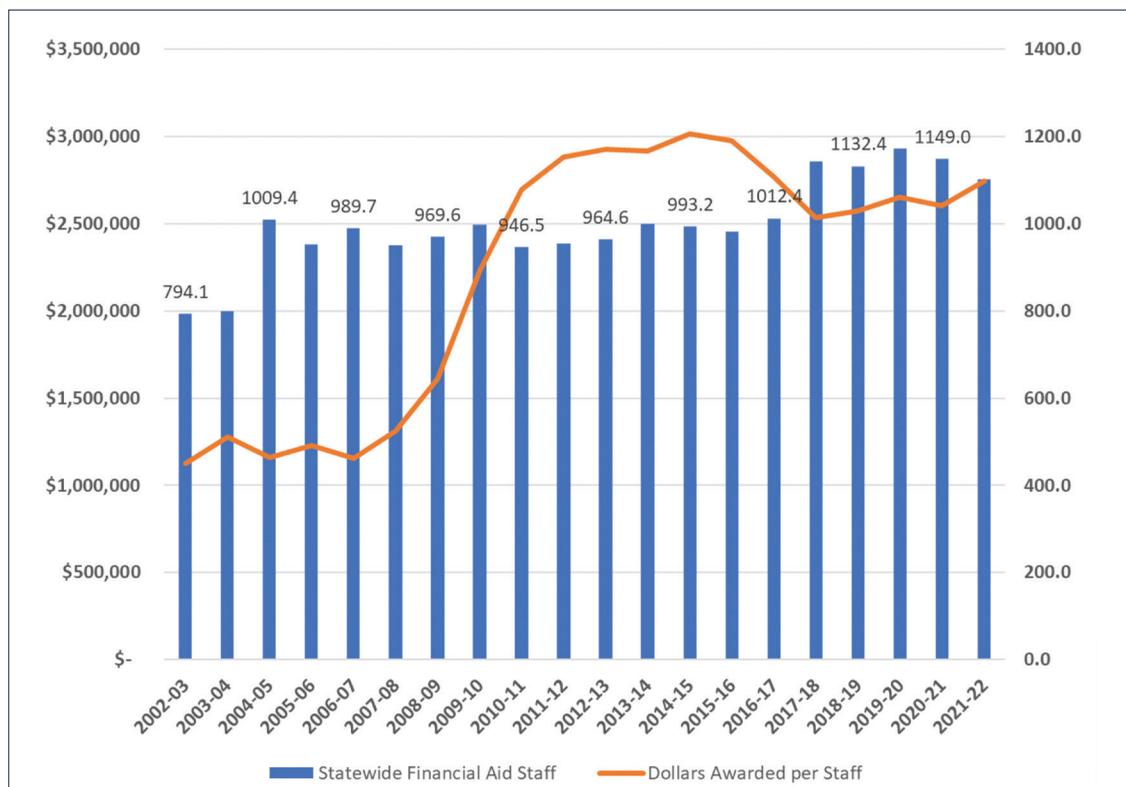
declining enrollments, today's typical financial aid staff member handles more than \$2.7 million in grant awards. That is more than double the volume from two decades ago.

Another way of looking at the level of work is the amount of the average award that a financial aid staff member must process. According to the CCC Data Mart, in 2002-03, the average figure was around \$1,600 per student award. Today's financial aid office has to process an average award of \$3,900, with a broader range of programs and exemptions to consider.

## Scope of Financial Aid Programs

In addition to the 144 percent increase in the average awards processed, the growth in financial aid award categories further illustrates the workload in financial aid offices. Five years ago, the base federal and state financial aid programs totaled 23 distinct programs with different eligibility and reporting requirements. Today the total has grown to 34 various programs with increased categorizations for Cal Grants distinguishing students with dependents, current or former foster youth, and those eligible for the CCC Entitlement, which adds 18 programmatic distinctions to verify, code, track, and report.

**Figure 1: Financial Aid and Grand Dollars Awarded per FTE Staff in Financial Aid Offices, 2002-2022**



Source: Chancellor's Office Data Mart for various years (Fall Staffing reports and Financial Aid Awards).

As illustrated in Table 1, in addition to federal and state financial aid programs, California Community College financial aid offices are also tasked with administering base institutional programs, including college and external scholarships and program-related awards for students participating in programs such as EOPS/CARE and CalWORKS. In addition, depending on the institution, financial aid administration is a critical component of institutional participation in key initiatives that drive student success aligned with the Vision for Success, such as CVC-OEI and the Learning Aligned Employment Program.

California's financial aid programs provide critical support for students and expand the access that federal financial aid programs do not allow, including aid to support undocumented students who meet AB 540/ SB 1141 eligibility to qualify for in-state tuition and state-based financial aid. Expanding programs and tracking distinct student characteristics are essential mechanisms for widening student eligibility, and monitoring interventions that drive student success is paramount to California's economic health and success. However, the increase in dollars awarded and the addition of new financial aid programs increase new expectations for program delivery without considering the systems configuration and increased accountability required.

**Table 1: Financial Aid Programs Administered by Category**

Financial Aid Programs		
Base Federal	Base Institutional	Optional
Americorps	College Foundation Scholarships	Basic Needs Grants*
CARES/HEERF Grants*	College Grant Funded Programs/Stipends	CA State Work-Study Student Employment
Direct Subsidized Loan	College Scholarships	CVC-OEI*
Direct Unsubsidized Loan	College Work-Study Student Employment	EOPS Work-Study Student Employment
Federal Work-Study	(EOPS/CARE, Foster Youth, Equity, Next Up/CAY-FEES, Veterans, Health Services, TRIO, CalWORKS)	Housing Grants*
Pell Grant	OSHER Scholarships	Learning Aligned Employment Program*
SEOG Grant	Outside/Local Scholarships	Parent Plus Loans
	Student Service Support Program Reporting	Private Student Loans
		Veterans Services/GI Bill-Related Services
		Veterans Work-Study Student Employment
Base State		
Cal Grant A	Cal Grant B Dream	CA Promise AB19: Other expense stipends
--w/ Dependents*	--w/ Dependents*	CalKIDS*
--Foster Youth*	--w/ Dependents*	CalWORKS Work-Study Student Employment
--CCC Entitlement*	--w/ Dependents*	Chafee Grant
Cal Grant B	Cal Grant C Dream	Dependents of Veterans Fee Waiver
--w/ Dependents*	--w/ Dependents*	Dreamer Service Incentive Grant*
--Foster Youth*	--Foster Youth*	Finish Line Emergency Grant*
--CCC Entitlement*	--CCC Entitlement*	Finish Line Scholarship*
Cal Grant C	CA College Promise Grant Type A	GI Bill Military Grant
--w/ Dependents*	CA College Promise Grant Type B	Golden State Education & Training Grant*
--Foster Youth*	CA College Promise Grant Type C	Middle-Class Scholarship*
--CCC Entitlement*	CA College Promise Grant Type D	Student Success Completion Grant 12-14.9 units*
Cal Grant A Dream	CA College Promise Grant Special Classifications	Student Success Completion Grant 15+ units*
--w/ Dependents*	CA Emergency Grant*	Student Success Completion Grant 24+ units*
--Foster Youth*	CA Supplemental Emergency Grant*	
--CCC Entitlement*	CA Promise AB19: Tuition/Fee	

\*New programs in the past five years. Source for Table 1: California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA)

## Financial Aid Management Systems

To accurately award, monitor, and report on student financial aid administration, staff must configure each type of aid within the college's financial aid management software to ensure compliance. In addition, new programs, additional scholarships, and requirements to track student characteristics require a level of support from staff in the financial aid office to work with college personnel in IT and with outside vendors to build screens for input and test accuracy before deploying them for use.

In late 2021, the California Community Colleges Chancellor's Office (CCCCO) conducted a financial aid and basic needs benchmarking survey related to the 2020-21 academic year to study colleges' practices and capacity, and potential needs across the system. As part of the study, the CCCCCO aimed to understand better how the financial aid office at each college functions, including the organization, staffing, systems and expertise. Forty-two institutions of the 114 colleges that received the survey submitted a completed response, and 11 additional responses were recorded as partial responses, resulting in a combined 47 percent response rate.

In survey responses, 61 percent of the 49 colleges used the same management program to track and administer financial aid (see Table 2). Still, each college must configure and test the system at their institution. However, responses on the number and type of full-time equivalent staff in each financial aid office show that the most significant staffing distribution was grouped in operations and customer service with an average of 5.7 and 3.0 FTE, respectively. On average, staff dedicated to systems management and configuration was only 0.5 (see Table 3). In addition, information from the Chief Information Systems Officers Association (CISOA) for the California Community Colleges at the end of 2021 found that 69 percent of institutions use Ellucian Student Information Systems (SIS) while 24 percent utilize Oracle PeopleSoft, and the other 8 percent use homegrown or other systems.

Table 2: CCC Financial Aid Management System

Campus Management or Financier	0%
Campus Logic	4%
Ellucian including Banner, Colleague (Datatel/Sungard, PowerCampus)	61%
Empower	0%
Jenzabar	0%
Oracle, including PeopleSoft Campus Solutions, Student Cloud, or SFP	14%
Regent	0%
The College Board: PowerFAIDS	4%
Workday	0%
Homegrown/Legacy	0%
None	0%
Other	16%
N	49

Source: California Community Colleges Chancellor's Office (CCCCO)



While there is nearly a monopoly of usage from one company's SIS, it is essential to note that the system's configuration for new financial aid programs and requirements is done at the individual college and district level and is rarely coordinated across the system. Moreover, every institution must test and ensure the system works accurately before deployment. Finally, it is important to note that while the size of financial aid office staffing varies significantly across the system depending on the size of each college district, each institution must configure, award, monitor, and report most of the base state, federal, and institutional financial aid programs illustrated in Table 1 above. Outside of direct operational and customer service support to students and families, this is a critical component of the administration of financial assistance that often goes unseen and unaccounted for in the technical and human resource-related costs to institutions.

**Table 3: CCC Financial Aid FTE by Program Area**

	Minimum	Maximum	Mean	n
Managers	0.0	3.0	1.3	49
Operations	0.0	19.0	5.7	49
Customer Service	0.0	9.0	3.0	49
Systems	0.0	2.0	0.5	48
Other	0.0	15.0	1.1	49

Source: California Community Colleges Chancellor's Office (CCCCO)



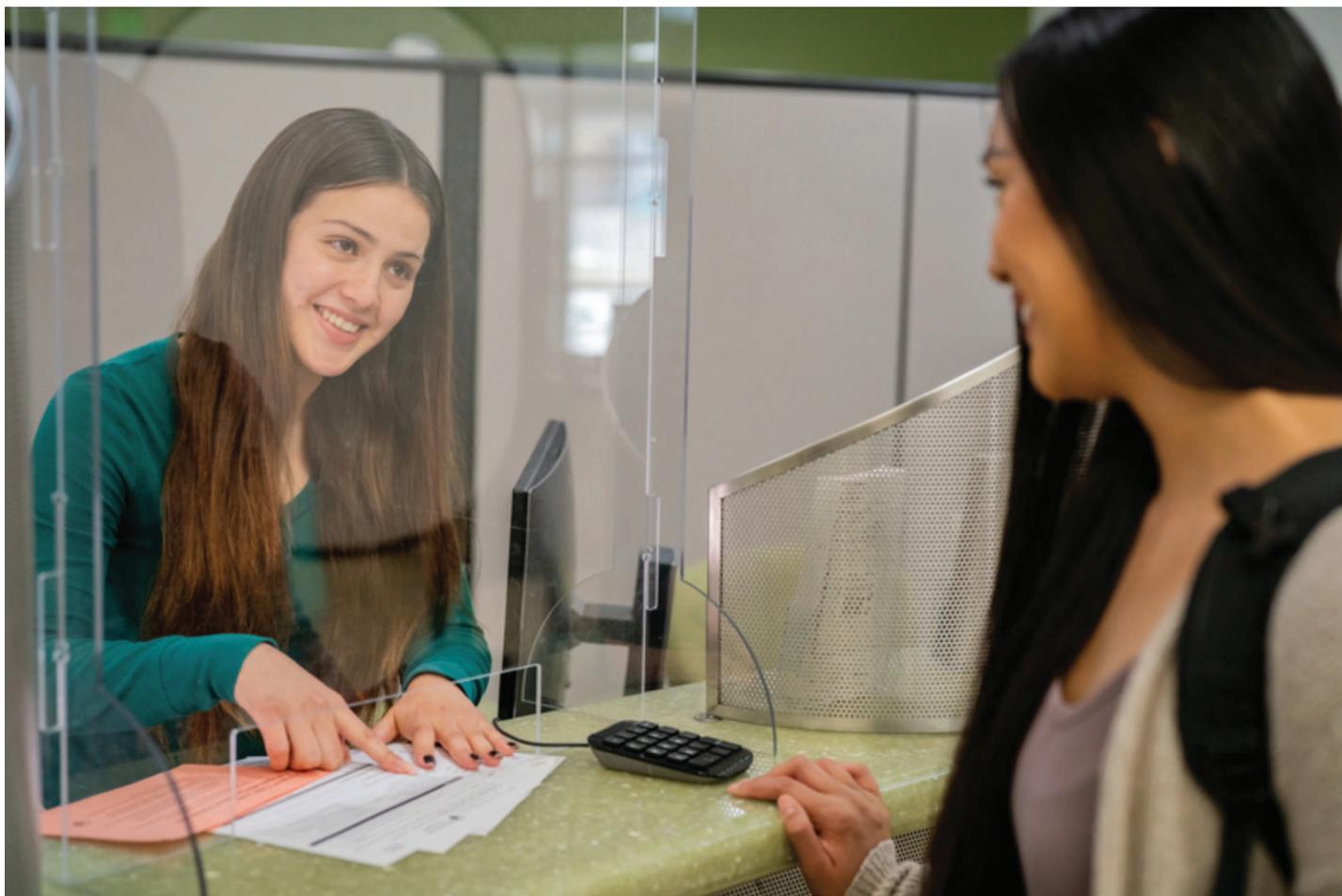
## Fraud Detection Support & Reporting

Layered on top of the effort to increase financial aid awards and ensure compliance with state, federal, and other requirements, fraud detection and reporting have become widespread. Financial aid scams increased significantly during the pandemic as colleges and universities transitioned to offering most classes online. During the fall of 2021, the U.S. Department of Education alerted colleges nationwide, urging immediate action to mitigate the identification and monitoring of fraudulent activities. This announcement came as our system of community colleges in California was responding to revelations of fraudulent admissions applications making their way through our in-house systems that were minimally designed with screening filters to detect this type of activity<sup>3</sup>.

Since then, California community colleges have responded with screening filters during admissions through the statewide application system, CCCApply,

with expectations that colleges take additional steps to flag potential fraudulent applicants. Admissions & Records, Financial Aid, and Information Technology practitioners have the arduous task of developing and flagging fraud categories, identifying trends, pulling reports, and reporting suspected activities. Yet, despite these efforts, many colleges rely on manual processes that require assigning such tasks to staff members who are already juggling expanded duties and responsibilities.

Although fraud mitigation has been offered through webinars and as part of the statewide new directors training, clear guidance and technical assistance regarding minimum requirements, best practices for data security, and resources to transition manual processes with more sophisticated automation remain unmet, and the burden falls on already taxed financial aid offices to increase levels of institutional coordination and monitoring.



[3] <https://edsources.org/2021/feds-alert-colleges-nationwide-to-financial-aid-scam-under-investigation-at-california-community-colleges/660622>

## Financial Aid Administration Budget

The Governor’s January 2023 proposed 2023-24 budget for additional ongoing spending includes \$652.6 million for an 8.13 percent cost-of-living adjustment (COLA) for community college apportionments and about \$90 million for COLAs and adjustments to specific categorical programs. However, the Student Financial Aid Administration (SFAA) Base and Capacity funding has not received a COLA adjustment since its inception in 2003.

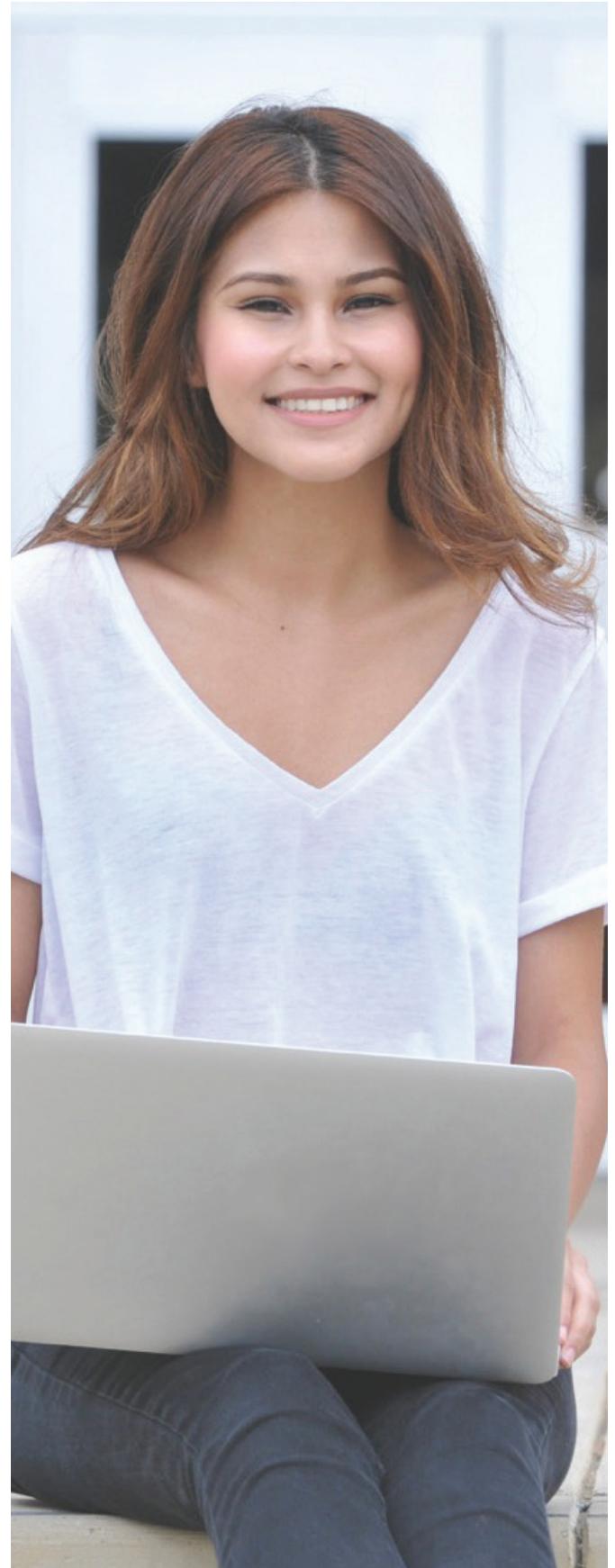
As illustrated in Table 4, while the proposed budget includes \$81.6 million for SFAA, reductions in financial aid outreach and technology-specific funding estimate the overall funding for financial aid administration at \$68.8 million. An additional \$5.6 million would be needed to fund the proposed 8.13 percent COLA for financial aid after \$12.8 million in reductions. Most colleges allocate all their SFAA budget to staff salaries and benefits to support outreach and high-touch services to students. The original SFAA funding formula is based on 108 colleges, while the system has grown to 115 colleges providing direct financial aid to students.

The outdated funding formula has created a 7 percent deficit in the calculation of base funding. The lack of COLA over the past 20 years has exacerbated understaffing due to vacant positions, while financial aid programs, awards, requirements, and reporting have only increased year over year. Since 2003, aid offices have shown 100 percent growth in Pell Grant recipients and 250 percent in California College Promise grants.

**Table 4: 2023-24 CCC Student Financial Aid Administration Proposed Budget, January 2023**

Student Financial Aid Administration	\$81.6 million
Outreach for I CAN Statewide Campaign	-\$ 7.8 million
Financial Aid Technology Funds	-\$ 5.0 million
Total Estimated FA Administration Operating Funds	\$5.6 million deficit
<b>Estimated COLA needed at 8.13%</b>	<b>\$5.6 million deficit</b>

Source: <https://ebudget.ca.gov/budget/2023-24/#/Department/6870>



## Conclusion

Colleges offering federal and state financial aid programs have always been required to demonstrate the administrative capability of properly managing each program while also being tasked with meeting various reporting and disclosure requirements. Complying with these requirements is paramount to an institution's ability to offer and distribute direct aid to students. For instance, institutions that provide Stafford Loans must maintain a low annual cohort default rate to offer this financial aid program to students. Failing to maintain this rate can severely impact the institution and students.

In addition to carrying the huge responsibility of ensuring institutional compliance to maintain eligibility to offer financial aid, staff in financial aid offices provide critical direct service to students facilitating access to higher education. Before the COVID-19 pandemic, there was increased concern about the number of students not accessing the financial aid they were eligible to receive. A study by Wheelhouse: The Center for Community College Leadership and Research at UC Davis found that barriers included burdensome and sometimes additional eligibility verification processes, lack of awareness of available aid, and heavy reliance on email as the only form of communication with students<sup>4</sup>.

Despite underfunding, community college leaders and financial aid practitioners worked tirelessly to reassess institutional practices and diversify and expand outreach efforts. Moreover, with the uncertainty of the COVID-19 pandemic, they also served on the frontlines with an increased workload coordinating, distributing, and reporting millions of dollars in Higher Education Emergency Relief Funding (HEERF) to students. In addition to carrying the huge responsibility of ensuring institutional compliance to maintain eligibility to offer financial aid, staff in financial aid offices provide critical direct service to students facilitating access to higher education and meeting urgent basic needs.

The state's ability to achieve the Vision for Success and the Roadmap to Recovery requires a multipronged approach recognizing the investment in the critical infrastructure providing access for the 1.8 million students attending California Community Colleges. Financial aid administration is a crucial component of success, and funding the bold reforms to the Cal Grant system is just part of ensuring more equitable access and success throughout the state. In addition, the legislature and system leaders must recognize the support needed to effectively meet the increased volume and accountability facing financial aid offices, including an updated funding formula that mandates COLA adjustments and uniform guidance and technical assistance to detect and report financial aid fraud and abuse.

California can only sustain the state's and regional economies' health by addressing the critical role financial aid administration plays in students' success. Structurally addressing the persistent underfunding and increased pressure of financial aid offices is also vital to eradicating the persistent inequality in post-secondary education across race and geography, which are shared values for the Legislator, Governor, and California Community Colleges.



[4] [https://education.ucdavis.edu/sites/main/files/ucdavis\\_wheelhouse\\_research\\_brief\\_vol3no3\\_online.pdf](https://education.ucdavis.edu/sites/main/files/ucdavis_wheelhouse_research_brief_vol3no3_online.pdf)

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Established in the spring of 2018 by the Chief Executive Officers of the California Community Colleges (CEOCCC), the **Affordability, Food & Housing Access Taskforce** provides system-wide recommendations to address the prevalence of food and housing and lack of affordable access experienced by our students. The Taskforce aims to proactively engage in discussions and make recommendations for interventions and solutions based on research and input from leading scholars, practitioners and students regarding housing and hunger challenges.

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