

National Longitudinal Study

DISTRIBUTION AND PACKAGING OF STUDENT FINANCIAL AID: SOME EVIDENCE FROM THE SURVEY OF THE HIGH SCHOOL CLASS OF 1972

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DISTRIBUTION AND PACKAGING OF STUDENT FINANCIAL AID: SOME EVIDENCE FROM THE SURVEY OF THE HIGH SCHOOL CLASS OF 1972

by

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This report examines (1) the major sources of Federal financial aid to students in their first year of postsecondary education in the academic year 1972-73, (2) the distribution of Federal aid by various student and institutional characteristics, and (3) the distribution of non-Federal aid that students may get either in addition to or instead of Federal aid. Data for this report come from a sample of 10,189 respondents who participated in the first followup survey of the National Longitudinal Study of the High School Class of 1972 (NLS) and were enrolled full time during the 1972-73 academic year.

Distribution of Student Aid

NLS estimates* indicate that 52 percent of all full-time freshmen received some kind of financial aid other than parental support, while 32 percent participated in at least one Federal financial-aid program. The distribution of student aid, by type and source, is displayed in figure 1. Among the four types of student aid, grants and scholarships were the most common kind of non-parental support, as reported by nearly one-third of the students. On the other hand, the most prevalent widely used type of Federal aid was a student loan, with grants** ranking second.

The percentage distribution of student aid is shown in table 1, and the average amount of such aid is shown in table 2. Both tables report breakdowns by type of student aid and by SES quartiles, three racial/ethnic groups, achievement/ability quartiles, and six institutional types.

These tables reveal several observations among the characteristics of the recipients of the three types of

*The information reported is derived from answers to selected questions from the base-year and first followup surveys for the National Longitudinal Study of the High School Class of 1972 (NLS) and has been weighted to reflect national population estimates. The base-year survey (spring 1972) was a stratified, 2-stage national probability sample that was to involve approximately 21,000 high school seniors in 1,200 schools. The first followup survey was conducted in fall 1973.

**The impact of the legislative initiatives contained in the Education Amendments of 1972, including the Basic Education Opportunity Grants program, cannot be assessed.

Federal postsecondary financial assistance programs. (The results are based on duplicate counts, since awards are often given as a package by the school's financial-aid office.) Lower socioeconomic status (SES) students are receiving a larger percentage of Federal aid and it is concentrated in the college work-study and loan programs rather than grants. Similarly, although Blacks represent 8.7 percent of the population of full-time freshmen, they are receiving 13.0 percent of the Federal-aid awards and the total average amount of such aid exceeds that for all students. On the other hand, Federal grants tend to be awarded according to student ability, since the largest proportion of Federal grants and the largest average amounts are given to those in the highest achievement/ability quartile.

Columns 2 and 3 of table 1 also show that private 4-year students and those attending other/proprietary schools are overrepresented in both receipt of aid from any source and from Federal aid as well. For example, students in private 4-year institutions receive 55.3 percent of Federal aid over and above that expected by their representation in the population. For 2-year public institutions and vocational schools, the exact opposite occurs; they receive a disproportionately low percentage of Federal student assistance, particularly grant and loan awards. This suggests that their students may either lack information about the availability of Federal aid or that such institutions do not administer extensive financial aid programs such as college work-study.

Federal transfer benefits such as social security and VA war orphans entitlements are received by only 5.2 percent of full-time students who are freshmen. Even though such benefits are more prevalent among lower SES and public 2-year college students, higher SES and private 4-year college students tend to receive the largest average amount of these benefits. This pattern can be explained by two characteristics of the distribution formulas in the programs. First, none uses a means test; secondly, the level of social security benefits is based on past earnings of the deceased or disabled insured worker in the family.

Financial Aid Packaging

The financial aid received by a student often comes from a "package" consisting of different types and sources of aid. Such a package may result in funds from Federal and/or non-Federal sources, and from grants, jobs, loans, and transfer benefits in various combinations. The composition of such packages is, however, subject to both program restrictions and institutional policies.

Table 3 presents the distribution of Federal and non-Federal aid among different types of students. Aid recipients are cross-classified by four sources of funds: Aid from any source, Federal and non-Federal aid, Federal aid only, and non-Federal aid only. Figures 2 and 3 highlight several relationships from table 3.

Figure 2 illustrates that almost one-half of the recipients of Federal aid also received non-Federal aid. Thus, it may be that Federal program regulations (including individual dollar ceilings and matching requirements) may encourage the use of non-Federal funds for certain types of students aided under the Federal programs.

Figure 3 reveals financial aid to be sensitive to student need as measured by family SES. For example, the rate of aid awarded to low SES students is approximately twice that for high SES. Even the proportions of the Federal and non-Federal sources used in packaging such aid reflect SES differences. Among high SES students, 38.8 percent of those who received some type of Federal aid received non-Federal aid as well, whereas the same comparison for lower SES students was 55.5 percent.

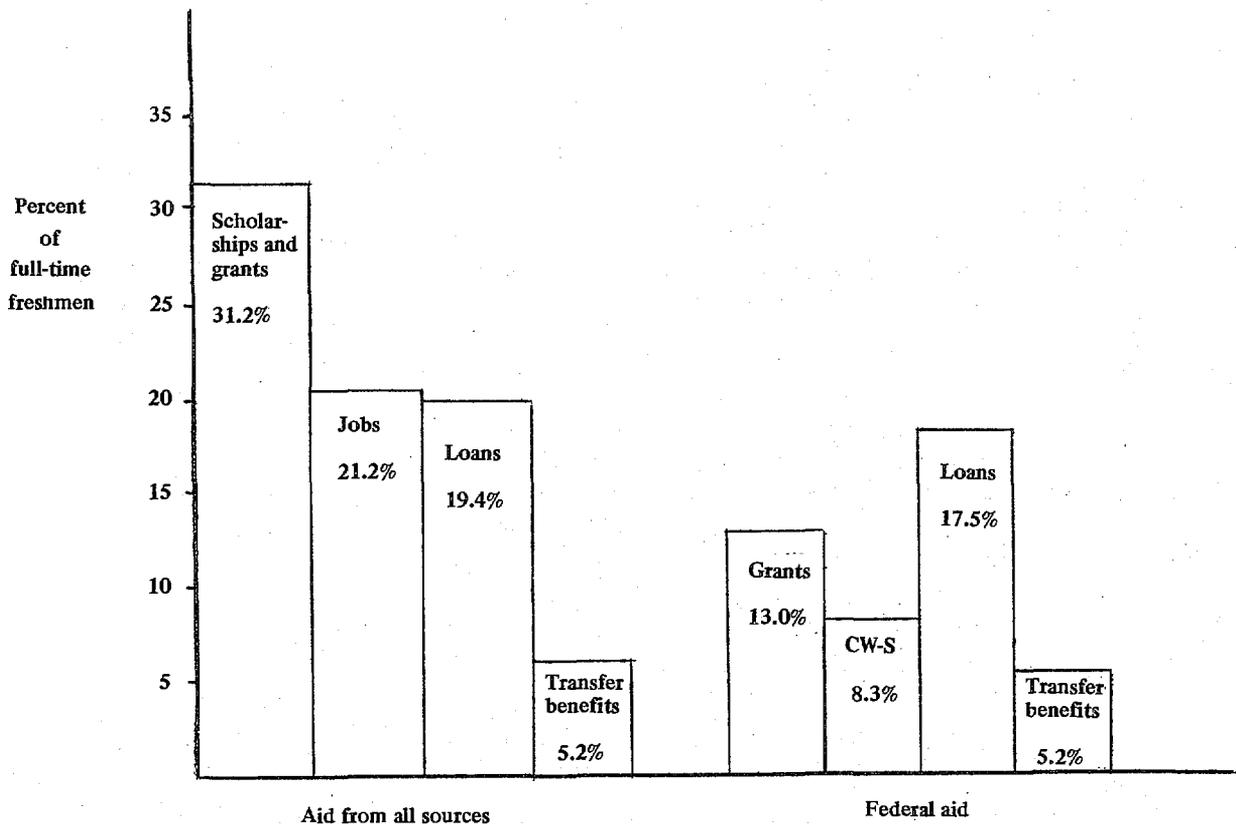


Figure 1.—Share of full-time freshmen receiving student aid by type of aid and source (based on duplicated counts)

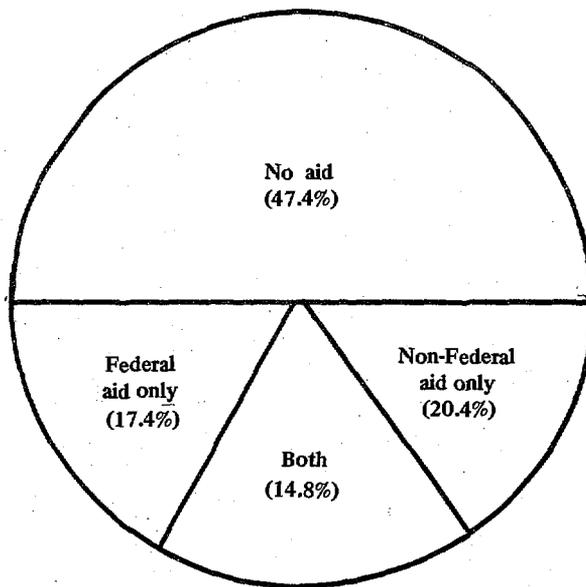


Figure 2.—Share of full-time freshmen by type of student-aid package

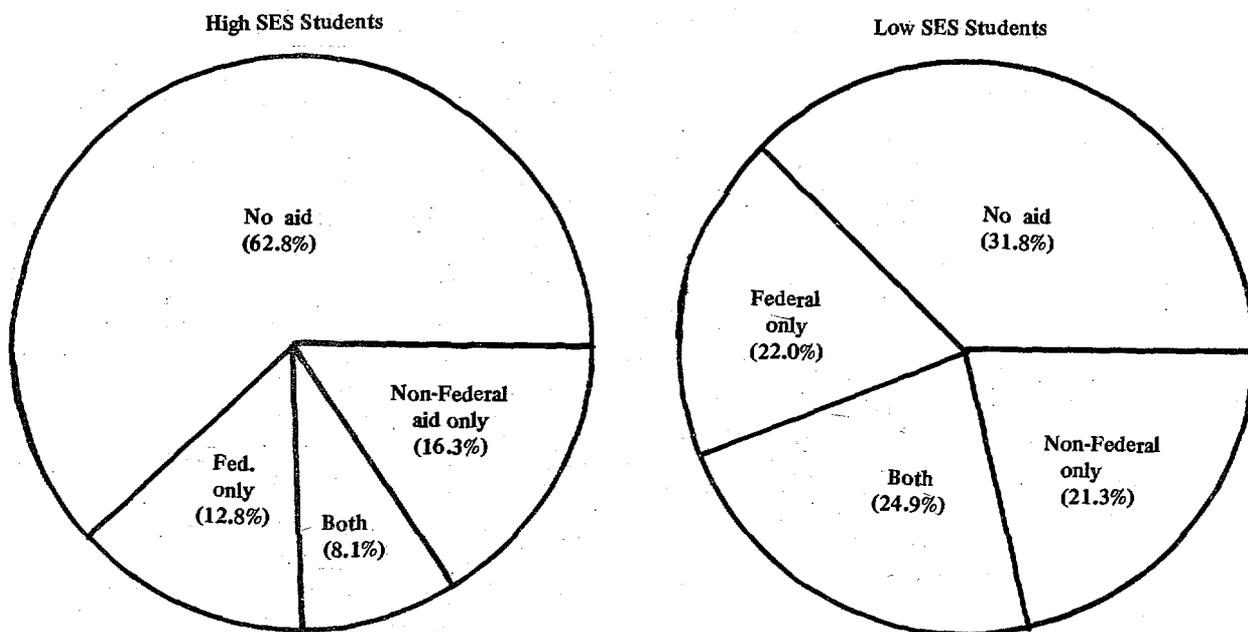


Figure 3.—Share of 1972-73 full-time freshmen in selected groups, by type of student-aid package

Table 1.—Percent distributions of 1972-73 full-time freshman student financial-aid recipients, by type of aid and by student characteristic

Student characteristics ^b	All full-time freshman students (1)	Freshman students receiving aid ^a					
		Total (2)	Receiving Federal aid				Transfer benefits (7)
			Total (3)	Grants (4)	Work-study (5)	Loans (6)	
SES QUARTILE	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Highest	27.0	19.7	18.0	24.7	13.5	14.1	15.7
Third	25.7	24.5	22.3	23.2	16.0	22.0	24.1
Second	23.5	26.3	26.6	22.9	26.7	29.4	26.4
Lowest	23.8	29.5	33.1	29.3	43.9	34.6	33.8
RACIAL/ETHNIC GROUP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
White	88.6	86.6	83.3	84.6	74.3	81.7	88.7
Black	8.7	10.2	13.0	12.2	21.3	14.6	8.9
Hispanic	2.7	3.2	3.7	3.2	4.4	3.7	2.4
ACHIEVEMENT/ABILITY QUARTILE	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Highest	21.3	26.9	27.8	41.7	25.9	26.4	20.2
Third	31.2	32.3	33.0	31.7	36.1	34.6	28.4
Second	23.2	21.5	20.4	15.7	20.6	20.6	24.4
Lowest	24.2	19.2	18.8	10.8	17.4	18.5	26.9
INSTITUTION TYPE	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public 4	43.3	42.7	41.6	36.2	36.6	42.4	41.6
Public 2	27.7	23.1	17.2	11.3	22.5	9.3	34.8
Private 4	21.7	26.8	33.7	48.6	34.5	38.8	17.5
Private 2	2.3	2.2	2.2	2.2	2.5	1.9	2.0
Vocational	1.7	1.2	0.7	0.2	1.0	0.4	1.7
Other/Proprietary	3.3	3.9	4.5	1.5	2.9	7.1	2.5

SOURCE OF DATA: Base Year and First Followup Surveys of the National Longitudinal Study of the High School Class of 1972.

^aBased on duplicated count. Student may have received more than one type of Federal aid.

^bStudent characteristics are defined at the end of this report. Quartile determinations were made from all of the data.

NOTE.—Because of rounding, details may not add to 100.0 percent.

Table 2.—Average amounts of aid received by 1972-73 full-time freshman student financial aid recipients, by type of aid and by student characteristic

Student characteristics ^b	All full-time freshman students (1)	Freshman students receiving Federal aid ^a				
		Total (2)	Grants (3)	Work-study (4)	Loans (5)	Transfer benefits (6)
ALL STUDENTS	\$1,098	\$1,069	\$ 769	\$ 477	\$ 906	\$ 888
SES QUARTILE						
Highest	1,065	1,156	869	468	986	1,201
Third	1,007	1,058	720	447	966	901
Second	1,108	1,070	765	475	908	864
Lowest	1,181	1,028	731	487	837	758
RACIAL/ETHNIC GROUP						
White	1,056	1,061	728	468	933	898
Black	1,422	1,192	1,065	518	803	718
Hispanic	1,121	841	701	406	782	510
ACHIEVEMENT/ABILITY QUARTILE						
Highest	1,171	1,083	783	453	798	766
Third	1,085	1,069	779	465	888	894
Second	1,072	1,093	774	472	977	991
Lowest	964	1,007	615	502	1,031	792
INSTITUTION TYPE						
Public 4	960	921	618	481	784	934
Public 2	636	733	400	510	779	666
Private 4	1,703	1,400	982	441	938	1,139
Private 2	1,007	876	517	455	835	967
Vocational	672	654	600	684	546	416
Other/Proprietary	1,664	1,639	1,655	671	1,397	1,298

SOURCE OF DATA: Base Year and First Followup Surveys of the National Longitudinal Study of the High School Class of 1972.

^aBased on duplicated count. Students may have received more than one type of Federal aid.

^bStudent characteristics are defined at the end of this report. Quartile determinations were made from all of the data.

Table 3.—Percent distributions of 1972-73 full-time freshman students receiving financial aid, by source of aid and by student characteristic

Student characteristics ^a	Percent of total full-time freshmen receiving--			
	Aid from any source (1)	Federal and non-Federal aid (2)	Federal aid only (3)	Non-Federal aid only (4)
ALL STUDENTS	52.6	14.8	17.4	20.4
SES QUARTILE				
Highest	37.2	8.1	12.8	16.3
Third	49.6	11.3	16.4	21.9
Second	58.6	16.6	19.7	22.3
Lowest	68.2	24.9	22.0	21.3
RACIAL/ETHNIC GROUP				
White	51.0	13.4	16.6	21.0
Black	68.3	25.2	28.1	15.0
Hispanic	65.7	27.2	19.5	19.0
ACHIEVEMENT/ABILITY QUARTILE				
Highest	62.6	21.7	17.3	23.6
Third	52.9	16.3	16.2	20.4
Second	49.2	11.5	16.8	20.9
Lowest	44.4	8.2	18.0	18.2
INSTITUTION TYPE				
Public 4	51.7	14.6	16.5	20.6
Public 2	44.7	7.9	12.6	24.2
Private 4	63.3	26.6	22.5	14.2
Private 2	53.8	14.6	18.6	20.6
Vocational	41.1	4.4	11.9	24.8
Other/Proprietary	62.9	15.7	29.1	18.1

SOURCE OF DATA: Base Year and First Followup Surveys of the National Longitudinal Study of the High School Class of 1972.

^aStudent characteristics are defined at the end of this report. Quartile determinations were made from all of the data.

Student Characteristics Defined:

SES (Socioeconomic Status): An index composed of five components: 1) father's education; 2) mother's education; 3) parents' income; 4) father's occupation; 5) household items.

RACIAL/ETHNIC GROUP: Collapsed grouping based on respondent's answer to race/ethnic question. The category "Hispanic" includes those who answered Mexican-American or Chicano, Puerto Rican, or other Latin American origin. "Oriental or Asian-American" and "Other" were excluded from the race/ethnic distribution.

ACHIEVEMENT/ABILITY: From information collected in the Student's School Record Information Form (SRIF). Where the high school grades are not reported, the grade average has been imputed from class rank.

INSTITUTION TYPE: Collapsed grouping based on the postsecondary institution's own assignment.

Sampling Variability

Since the statistics presented are based on a sample, they may vary somewhat from the figures that would have been obtained if a complete survey, or census, had been taken using the same forms, procedures, and instructions. The difference between a statistic estimated from a sample and its corresponding census value is due to chance. Sampling or chance variation is measured by the standard error. The chances are 2 out of 3 that an estimate from a sample will differ from the census value by less than 1 standard error. The standard error does not include the effects of any biases due to nonresponse, measurement error, processing error, or other systematic errors that would occur even in a complete survey. The standard error for an estimated percentage is a function of the sample design, the sample size, and the percentage itself. Percentages for smaller subgroups are less accurate than those for larger subgroups, and those near zero or 100 percent are less than those near the middle of the range.

Given the number of cases listed in table 4 for the various student characteristics, the sampling error of the reported proportions can be approximated by the formula $1.18\sqrt{[p(1-p)/n]}$, where p is the proportion and n is the subgroup size.

Table 4.—Case counts and non-response rates of NLS respondents by student characteristics^a

Student characteristics	All full-time respondents		All full-time respondents with source information (study group)	
	Student characteristic non-response	Number of cases	Source non-response	Number of cases
ALL STUDENTS	0%	10,189	14%	8,748
SES QUARTILE	1%	10,089	14%	8,709
Highest		2,612	11	2,324
Third		2,439	12	2,136
Second		2,246	13	1,954
Lowest		2,801	18	2,295
RACIAL/ETHNIC GROUP	11%	9,053	14%	7,806
White		7,571	13	6,618
Black		1,150	21	913
Hispanic		332	17	275
ACHIEVEMENT/ABILITY QUARTILE	17%	8,491	14%	7,309
Highest		1,856	9	1,692
Third		2,707	12	2,396
Second		1,940	15	1,649
Lowest		1,988	21	1,572
INSTITUTION TYPE	15%	8,639	11%	7,701
Public 4		3,852	11	3,447
Public 2		2,396	12	2,099
Private 4		1,753	9	1,602
Private 2		190	12	167
Vocational		150	18	123
Other/Proprietary		298	12	263

^aSubset of all full-time respondents who also listed a source of financial support.

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