

Research Brief



# Stressed Out in the Financial Aid Office: Why It's Time to Ease Your Pain

March 2014

## Introduction

Students aren't the only ones feeling stressed on campus these days — so are those who work in the financial aid office. And the pressures these professionals face daily aren't going anywhere.

Increasingly, students say they need more face time with the financial aid office, yet staff are often trying to do more with less budget and fewer people. Add to that the consequences for not meeting the new three-year cohort default rate standard and it's no wonder many financial aid professionals are feeling overwhelmed.

Inspired by a 25-year-old California study about stress in the financial aid office, Inceptia set out to expand on the findings and take the study\* to a larger, nationwide group of participants. The goal: to determine if comparable sources of stress continue to affect financial aid office leadership and staff.

With results in hand, Inceptia compared the information with the pain points published in a 2013 study by The Parthenon Group, a management consulting firm. Parthenon surveyed 757 students and 152 administrators. "How Can Improved College Services Better Retain Students?", authored by Chris Ross, also explored the value for financial aid offices in using external partners.

Inceptia's survey results have a direct correlation with the pain points identified in the Parthenon study — and point to several areas where outsourcing can have a positive effect on financial aid staff, the institution, and, in turn, the students they serve.

## High Stress Levels in the Financial Aid Office

An American Psychological Association (APA) survey reported that 69 percent of employees said work is a significant source of stress in their lives. More than half polled said they were less productive at work as a result of stress.

The World Health Organization has labeled stress the “health epidemic of the 21st century,” an unrelenting force that’s estimated to cost American businesses \$300 billion a year.

For those in financial aid, you might say it’s a case of mixed emotions. A 2008 NASFAA survey of Financial Aid Administrators’ Job Satisfaction reported that more than 96 percent are proud of their job in the financial aid office — and more than three-quarters of them consider themselves valued by their supervisors.

But nearly two-thirds of respondents think the level of stress in a financial aid office is different (read: more intense) than other offices. And more than 60 percent say they’re dealing with inadequate budgets and number of staff.

Financial aid offices are being forced to juggle these deficits despite a growing workload. A 2010 report by the National Association of Student Financial Aid Administrators showed that more than 60 percent of colleges surveyed have had at least a 10 percent bump in financial aid applications. In addition, the expansion of the Pell Grant program and additional regulations has staff spending more time on paperwork versus talking with students and parents.

## The Results Show the Need for Relief

This section looks at the results from Parthenon's study and shows the relationship between them and the top stressors identified by respondents in the Inceptia study:

### *Pain Point #1: Service isn't meeting expectations.*

The Parthenon study found that students rated financial aid services as the most critical to their student experience. On a scale of 1 to 7, with 7 being "very important," nearly 75 percent of students ranked it a 6 or 7. Perhaps not so ironically, both students and administrators ranked financial aid as the service that could use the most improvement.

- Inceptia's survey respondents note several areas of concern, namely:
  - Being "behind schedule" and trying to "catch up."
  - Experiencing a conflict between doing high-quality work and getting the work done on time.
  - Meeting numerous deadlines.
  - Explaining to an applicant a rule or regulation which seems unfair and/or senseless.

### *Pain Point #2: While financial aid service drives overall school performance metrics, it's not yet meeting standards.*

The Parthenon study also showed that 80 percent of administrators rank financial aid as "very important" and almost 60 percent think it's become even more important over the past three years.

These administrators "identify reduced enrollment levels, lower student persistence rates, and increased loan default rates as the three primary consequences of a breakdown in the financial aid office." However, these same administrators rank student satisfaction rates with financial aid processes as just 44 percent overall (and only 23 percent for community colleges).

- Inceptia respondents said they are concerned with:
  - Feeling that their office works under more difficult conditions than other offices on campus, but other offices are not aware of this.
  - Having impractical demands made of them, such as being asked to participate in an extra work assignment when they are already working overtime.
  - Getting necessary information from other offices on campus.
  - Being evaluated by someone who is not aware of all the tasks involved in their job.

***Pain Point #3: Students want more face time, while staff don't have the bandwidth.***

Parthenon found that students wanted more direct communication with financial aid staff in the form of in-person meetings and phone calls, as opposed to automated messages and emails. However, financial aid staff are buried under administrative duties like FAFSA processing and verification, packaging, return to Title IV calculations, and VA benefits. It's become a challenge to find enough time to focus on the kind of financial aid education students need.

According to Inceptia's survey, the average ratio of financial aid full-time employees (FTE) to students on financial aid is already large—and there's reason to suspect it may continue to grow:

In public institutions:	1 FTE per 774 students
In private institutions:	1 FTE per 488 students
In proprietary/for-profit institutions:	1 FTE per 279 students

When you look at the ratio of financial aid FTEs to the number of financial aid applications, the ratio is even larger:

In public institutions:	1 FTE per 2,217 applications
In private institutions:	1 FTE per 1,481 applications
In proprietary/for-profit institutions:	1 FTE per 773 applications

- Inceptia respondents say stressors are:
  - Having to talk with so many applicants that there is not enough time to spend sufficient time with each.
  - Coping with the unwritten rule that quantity counts more than quality; for example, "don't spend too much time with any one student."

*Pain Point #4: The evolving political landscape has made the role of the financial aid office even more important to the institution.*

Beginning in 2012, the Department of Education began publishing three-year cohort default rates as the new standard by which schools will be measured, as opposed to the previous standard of two-year cohort default rates. This shift from two to three years can make a significant difference to individual institutions in terms of remaining within acceptable default rate guidelines.

The forthcoming college ratings system will evaluate factors such as keeping tuition low and helping students avoid excessive loan debt to determine how much financial aid funding a particular school will receive (referred to as “pay for performance”). In addition, gainful employment continues to be a hot topic within the industry.

For these reasons, the services and functions of the financial aid office have become more important than ever in helping their institutions to not just thrive, but simply survive.

- Inceptia respondents note these stressors:
  - Keeping up with changes in regulations.
  - Being unable to set priorities because there is so much to do all at once.
  - Doing work over again because of changes in regulations or policies after processing is underway; for example, new or changed verification procedures.

## An Outsourcing Solution

While the sentiments expressed by those surveyed may be disconcerting, they're not insurmountable. There's relief available to financial aid offices feeling the pain — and finding it doesn't need to be painful in itself.

Consider these reasons for your financial aid office to reach out to a vendor like Inceptia:

- It's not possible for your office to do everything well. Focus on your strengths, and look to an outsourcing partner to leverage best practices and their own areas of expertise.
- Outsourcing is cost efficient. When you spread the investment among multiple clients, you end up with a better, and affordable, solution than what you could have created on your own.
- Outsourcing is a means for your department to gain efficiency that leads to greater student engagement and higher employee satisfaction. By outsourcing specific duties, you can free up your staff to spend more time with students. Employees have higher satisfaction because they're not being stretched too thin. And that leads to greater student engagement and satisfaction with the process.
- Outsourcing positions your department as a catalyst for change, campus wide. As your department benefits from an outside agency's expertise, infrastructure and flexibility to meet changing regulatory requirements, you'll be seen as a leader for new ideas on campus.

Inceptia is committed to working as a partner with you and your team. We're an extension of your efforts, your campus and your brand. When you work with Inceptia, you're working with a partner focused on delivering top service to your students and working with your team to provide the solutions you require for success.

## **About the Author**

As Vice President, Marketing, Sue Downing manages the product development and marketing functions at Inceptia. With nearly 20 years of marketing and product development experience, Sue has an impressive history of helping launch successful products and brands. Prior to Inceptia, Sue held senior management positions with Nebraska Book Company and First Data. She brings an inspiring combination of experience, smarts and insight to the table. Sue holds a Bachelors of Journalism from the University of Nebraska.

## **Additional Contributors**

Ted Lannan is the Market Research Director for Inceptia. Ted's specialty is turning raw data into usable information. Most of his 30-year career has been in primary market research. Throughout the years he has designed and executed virtually every kind of market research project and has moderated over 150 focus groups.



## **The Inception Of A Movement.**

Inceptia, a division of National Student Loan Program (NSLP), is a nonprofit organization providing premier expertise in higher education access, student loan repayment, default prevention and financial education. Since 1986, we have helped more than two million students achieve their higher education dreams at 5,500 schools nationwide. Annually, Inceptia assists more than 150,000 delinquent borrowers in repaying their student loans. By using practical tools of cohort analysis, financial education and repayment outreach, Inceptia educates students on how to pay for college, responsible finances and loan repayment counseling and provides default prevention strategies and services to schools.

## \*The Inceptia Survey

Inceptia’s online national survey, conducted between August and December 2013, focused on identifying the issues that cause the most stress and how often these issues happen. Invited participants were financial aid directors and staff in institutions of higher education, including public two-year, public four-year and private four-year schools. A total of 513 individuals completed the survey. Public two-year schools = 130 respondents; public four-year schools = 166 respondents; private four-year schools = 149 respondents; proprietary schools = 51 respondents; other types of colleges (graduate only; private two-year) = 17 respondents.

A total of 40 items were asked on the survey. Each respondent was asked to rate each of the 40 items for how much stress it causes in their office using the following rating scale: 5= Extreme Stress; 4= Severe Stress; 3= Some Stress; 2= Not Much Stress; 1= No Stress. Then each respondent was asked how often that amount of stress typically occurs using the following rating scale: 5=Frequently; 4=Often; 3=Sometimes; 2=Seldom; 1=Never. The two scores were combined (multiplied together) to create a “Stress Index.” The maximum score any item could realize was 25 (5\*5). The Stress Index is an indicator of the level of chronic stress caused by each item.

Pain Point	Stress Category	Stressor	Public Two Year	Public Four Year	Private Four Year
<b>Service not meeting expectations</b>	PP #1	Experiencing a conflict between doing high quality work and getting the work done on time.	16	15.1	14.5
	PP #1	Explaining to an applicant a rule or regulation which seems unfair and/or senseless.	14.3	11.5	10.7
	PP #1	Looking for a missing file while an applicant is waiting.	9.4	7.7	6.6
	PP #1	Adapting to the use of personal computers and/or new software.	9.6	7.2	6.4
	PP #1	Having to wait for information when a computer system is not working.	11.5	11.2	11.4
	PP #1	Packaging software that has not been updated with current regulations.	11.3	10	9.4
	PP #1	Being “behind schedule” and trying to “catch up.”	20	16.3	18
	PP #1	Meeting numerous deadlines.	18.9	17.6	17.1
<b>Financial aid service drives other offices, not meeting standards</b>	PP #2	Being evaluated by someone who is not aware of all the tasks involved in your job.	14.2	12.4	12.5
	PP #2	Being subjected to pressure from outside the office; for example: from an administrator, athletic coach or faculty member.	11.9	12.6	11.6
	PP #2	Feeling that your office works under more difficult conditions than other offices on campus, but other offices are not aware of this.	21	18.3	18.3

Pain Point	Stress Category	Stressor	Public Two Year	Public Four Year	Private Four Year
<b>Financial aid service drives other offices, not meeting standards (continued)</b>	PP #2	Getting necessary information from other offices on campus.	14.5	15.7	16.4
	PP #2	Working with so many details in the processing of an application that it is difficult or impossible to avoid errors.	12.1	10.7	11.8
	PP #2	Having impractical demands made of you; for example: being asked to participate in an extra work assignment when you are already working overtime.	18.8	14.5	15.9
<b>Students want more time with limited staff bandwidth</b>	PP #3	Coping with an unwritten rule that promoting the image of the office is more important than helping students.	8.2	6	3.5
	PP #3	Coping with the unwritten rule that quantity counts more than quality; for example: "don't spend too much time with any one student."	12.1	9.8	8.1
	PP #3	Having to talk with so many applicants that there is not enough time to spend sufficient time with each.	17.1	11.2	10.7
	PP #3	Doing repetitive tasks.	10.7	7.8	9.4
<b>Evolving regulations make financial aid critical</b>	PP #4	Applying, or enforcing, a rule or regulation which is not in the best interest of the applicant.	12.6	12.6	10.6
	PP #4	Doing work over again because of changes in regulations or policy after processing is underway; for example; new or changed verification procedures.	14.7	13.4	13.3
	PP #4	Being unable to set priorities because there is so much to do all at once.	18.8	16.8	17.4
	PP #4	Experiencing a conflict between wanting to help a student and applying regulations impartially.	12.4	10.6	11
	PP #4	Having to apply regulations when the regulations conflict with one another.	14	12.1	10.5
	PP #4	Keeping up with changes in regulations.	19.2	19.3	18.9
	PP #4	Wanting training which is not available.	10.2	8.9	9.7
<b>How stress affects workers</b>	PP #5	Not being able to take vacation time during the busiest times of the year.	15.2	11.5	15.7
	PP #5	Putting in overtime during the busiest times of the year.	19	15.2	18.2
<b>Cross categories</b>	PP #1 & 2	Getting no feedback about your work.	8	7.1	8.5
	PP #1 & 2	Not having priorities set by management.	11.9	9.4	10.3
	PP #1 & 3	Being distracted by interruptions (such as phone calls).	19.2	15.7	17.7

