Student aid requests soar as economy plummets
Tanya Schevitz, Chronicle Staff Writer
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(08-10) 19:16 PDT -- Record numbers of college students are lining up for financial aid - and asking for more of it - as the nation's economic woes hit campuses across the country.

Nationally, 8.9 million students filed federal student aid forms during the first half of 2008, a 16.3 percent increase over the same period last year.

In California, 999,594 students requested federal financial aid during that period - an increase of nearly 20 percent. Bay Area campuses reflect the same trend.

From Santa Clara University and San Jose State University in the South Bay to UC Berkeley and Mills College in the East Bay, financial aid officers say families are increasingly struggling to pay rising college costs while they deal with layoffs, home foreclosures and skyrocketing living expenses.

"What we are seeing is more people filling out requests for financial aid, and for those who do, more people are qualifying and the aggregate need is increasing," said Richard Toomey, associate vice provost at the private Santa Clara University. "Students who haven't needed assistance before are coming in. You had to expect that this was going to happen with all the news of companies laying off thousands of people."

While individual campuses are still sorting out the numbers, data from the U.S. Department of Education show that far more students are filling out the federal financial aid forms than in the past.

The federal data show a 20 percent increase in applications from Santa Clara University students, 21.6 percent from those at San Jose State, 17.1 percent at Mills College, and 19.4 percent at UC Berkeley.

"It does show a pretty dramatic increase," said Justin Draeger, a spokesman for the National Association of Student Financial Aid Administrators. The need for financial aid has been rising in the past few years, he said, but given the slumping economy, it is not surprising that it is more acute this year.

In addition, he said, California and other states facing budget problems are contributing less to
public colleges and universities. As a result, many universities systems such as the University of California and California State University are increasing tuition.

Ricardo Vazquez, a spokesman for the 220,000-student UC system, said the university is increasing financial aid. "We expect UC undergraduates to receive about $1 billion in grants and scholarships from UC this year in state, federal aid and other sources, and that is about $100 million more than our students received in 2007-08," he said.

Some private universities, such as Stanford, which have multibillion-dollar endowments, have launched efforts to cushion many of their students who need aid, such as eliminating tuition for students whose parents earn less than $100,000 a year.

But many other private schools are struggling to meet their students' needs. At Santa Clara University, for example, the financial need unmet by federal aid for students has increased 33 percent, from $15 million to $20 million this year.

Hillarie Woods, 19, who should be entering her sophomore year at Santa Clara University this fall, said she might have to drop out because she cannot get enough financial aid to cover the school's $34,950 tuition and her living expenses.

Her mother, a mortgage underwriter, lost her job in November and has been unable to find new employment, Woods said.

"It is the economy. I tried calling the financial aid office many times. They say there is nothing they can do about it. They said they just don't have enough federal aid, and they don't have anything else to give me," she said. "Because my FAFSA (Free Application for Federal Student Aid) says what my mom made last year, the government won't give me aid either."

Her sister Kaleigh, 18, will be a freshman this fall at UC Santa Cruz, which increased her grant package after she told the school about her changed financial circumstances.

But most institutions don't have the money to provide students the extra help they need in scholarships and grants, Toomey said.

"We are talking to families who are seeing really bad economic times. Investments no longer hold their value. I expect we will see more unemployed parents," said Priscilla Muha, director of financial aid at Saint Mary's College of California in Moraga.

While four-year schools saw a rise in financial need among students and their families during the dot-com bust of 2000, this time it is worse, financial aid officers say.

Instead of seeing just one parent out of work, more students are coming in with two unemployed
parents. And there are many going through foreclosure on their homes.

Some of the increase in federal aid applications at individual schools could be connected to a rise in applications but financial aid officers say that they are also seeing an increasing need among families for help in paying for college.

"We are seeing students whose parents in the past have been able to get money from equity lines. Those sources are drying up, and the cost of living and tuition has gone up, and so that contributes to it," said Jeff Bialik, vice president for finance and enrollment management at Dominican University in San Rafael. "Last year and the year before, it was a lot easier to get money."

The 2,100-student Dominican campus has increased its scholarship funding by about $1 million this year and has bumped up the percentage of tuition going to financial aid from 39 percent to 41 percent.

Coleeta McElroy, interim director of financial aid at San Jose State University, said she has noticed a higher need of financial aid across the board for students.

"It is just the change in the economy," she said. "We have awarded aid to more students. And more students are seeing the need to take out loans."

David Gin, associate vice president for student finance at Mills College in Oakland, said his office is seeing a lot more families appealing their financial aid packages than it has in the past.

"We had a number of students who have had the economic hard times of parents losing jobs or their assets. What they can liquidate now is different than in January or February, when they filed their forms," Gin said.

Because he can't meet all the new financial need, his office is extending repayment plans beyond the normal term and is even helping families to erase adverse credit marks to make getting loans easier.

He said he hopes students won't end up dropping out.

"I wouldn't be surprised that if in the next couple weeks, those that we haven't heard from may decide (not to come). We are working very hard to prevent that," Gin said.

**By the numbers**

**16.3%**

Increase nationally in the number of students filing federal student aid forms during the first half of 2008 compared with the same period last year.
**19.8%**

Increase in California in the number of students filing federal student aid forms during the first half of 2008 compared with the same period last year.

**$100 million**

Expected increase in the amount of grants and scholarships that UC students will receive in the coming school year compared with last school year.

**Leap in students’ requests for financial aid**

Figures for the Bay Area's four-year colleges and universities show the same sharp increase in the percentage of students seeking financial aid during the first six months of this year compared with the same time period last year.

<table>
<thead>
<tr>
<th>School</th>
<th>2007</th>
<th>2008</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSU, East Bay</td>
<td>10,921</td>
<td>13,385</td>
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<tr>
<td>San Francisco State</td>
<td>31,349</td>
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<tr>
<td>San Jose State</td>
<td>25,897</td>
<td>31,493</td>
<td>21.6%</td>
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<td>Sonoma State</td>
<td>8,536</td>
<td>9,927</td>
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<tr>
<td>Dominican University</td>
<td>2,544</td>
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<tr>
<td>Mills College</td>
<td>2,033</td>
<td>2,380</td>
<td>17.1%</td>
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<tr>
<td>Saint Mary's College</td>
<td>3,957</td>
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<tr>
<td>Stanford</td>
<td>14,879</td>
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<td>UC Santa Cruz</td>
<td>19,877</td>
<td>26,811</td>
<td>34.9%</td>
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<tr>
<td>University of San Francisco</td>
<td>10,861</td>
<td>12,567</td>
<td>15%</td>
</tr>
<tr>
<td>Santa Clara University</td>
<td>8,712</td>
<td>10,471</td>
<td>20%</td>
</tr>
<tr>
<td>California</td>
<td>834,471</td>
<td>999,594</td>
<td>19.8%</td>
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<tr>
<td>United States</td>
<td>7.7 million</td>
<td>8.9 million</td>
<td>16.3%</td>
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Source: U.S. Department of Education

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http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/11/MNN9126CUL.DTL

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