

# A Quantitative Study on Student Financial Aid of a Local Undergraduate College in China

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Received: September 26, 2019

Accepted: October 31, 2019

Online Published: November 22, 2019

doi:10.5430/wje.v9n6p7

URL: <https://doi.org/10.5430/wje.v9n6p7>

## Abstract

This study took the student aid data of a normal university in northern Jiangsu Province in 2018 as the object of study, and studied the characteristics of student aid work in local colleges. Through the analysis of the data, it is found that the characteristics of student aid in local undergraduate colleges and universities in China are as follows: the main source of investment is government, supplemented by colleges, and the amount of social aid is small and unstable; the function of the aid work is still mainly to help the poor, supplemented by awards for the students with excellent academic performance, and aid for poor students without extra requisites are large in amount. The projects rewarding outstanding students from the college funds are few in ordinary local colleges and universities, with low reward amount per capita; the willingness of college students to apply for student loans is low, as loans need to be repaid, the attraction of loans to poor students who can afford partly of the cost is weak, compared with many non-repayment and non-academic performance requirements aid projects.

**Keywords:** higher education, poor students, resources of student financial aid, student finance program, identification of poor students

## 1. Research Background

The student financial support work in higher education is the main content of students' affairs in China, it has a close relation to the fairness of education and the development of the vulnerable groups. So the government attach great importance to it, and the university also regards it as an important part of the enrollment publicity, which can attract more students, ensure that students can successfully complete their studies and do not drop out for economic reasons. Around the work of higher education student financial assistance, many countries set up policies on the basis of D. B. Johnstone's "cost-sharing" theory, students themselves, the government and the universities to share the cost of high education together (Zhang, 2009). In order to reduce the financial burden on the government, while making schooling expenditure more affordable for more youngsters, especially those from low-income families, many countries set up student financial aid systems gradually, usually include student loans, scholarships, grants, tuition waivers, work-study, hardship grants and other forms of the funding system (Federal Student Aid, Borsato & Alves, 2015). It offers a variety of options for poor students to finish higher education. While actively promoting the government to build a reasonable education funding system, there are also scholars who have been committed to studying the effects of financial aid and the relations of aid with other individual behaviors or self-cognitive. Researchers have found persists of undergraduate students relied on more sources of support than did withdrawers. This founding was interpreted in terms of differences between persists and withdrawers in motivational and personality characteristics that promote the seeking and securing of sources of support (Stanley & William, 1982). Raising university access requires specific measures to redress poverty, including financial support for care leavers beyond the age of 18, and study bursaries, fee remission and accommodation support (Patricia, Andrew, & Lisa, 2019). Excessive student debt and financial stress are associated with an increased likelihood of students stopping out, dropping out. The associations between financial factors and students' college goal commitment were examined and found students with significant financial stress and high levels of debt were more likely to prioritize career, economic, and academic goals for college. There are significant interactions between students' demographic characteristics and their financial concerns (Baker, 2019). Trends in student borrowing and financial stress vary between racial and ethnic groups and

by gender (Amanda & Catherine, 2019). Black bachelor's degree recipients were more likely to have borrowed \$30,000 or more in student loans (Baum & Steele, 2010). Conversely, Latinx and Asian students may be more averse to taking out student loans (Goldrick-Rab & Kelchen, 2015). In the study of the effects of aid, studies based on primary education have found with respect to enhancing primary education outcomes, aid has been more relevant for improved enrolment (education quantity) than for increased achievement (education quality) (Birchler & Michaelowa, 2016). A positive impact of maintenance grants was found, with a £1000 increase in grants leading to a 3.95 percentage point increase in participation of higher education in the UK (Dearden, Fitzsimons, & Wyness, 2014). Efforts of the Chinese government to alleviate the financial burden of college on the poor have been relatively successful in first-tier colleges (Wang, Liu, & Zhang et al., 2013). There were also some disappointing research findings, in England and Wales, those from disadvantaged backgrounds remain underrepresented, this inequality in representation has persisted over the last 40 years despite the expansion of higher education and the large increase in participation rates, although financial assistance had been taken into action for a long time (Callender, 2008). These existing research results remind us that we should not be blindly optimistic about the current increase in the number of College Students' financial aid. We should reexamine the aids to poor college students from various angles. The guarantee effect of financial aid to poor students in higher education is not simply to provide free bread. If the aid were given without reasonable consideration of the students' different needs and characteristics, the financial assistance carried out aimed at promoting the equality of education may not bring out desirable effect, on the contrary, may result in the waste of subsidized resources or bring out new inequities.

In China, the financial assistance to students from low-income families is developing particularly rapidly because of the governmental high priority. In order to research the implementation of student aid policies in higher education of China, the researcher studied the student financial aid data in 2018 of a common local undergraduate university in northern Jiangsu province, east of China, took it as the research object to know the characteristics of student funding work in ordinary local undergraduate colleges and universities in terms of funding sources, funding project setup, and identification of poor students in China.

## 2. Research Method and Object

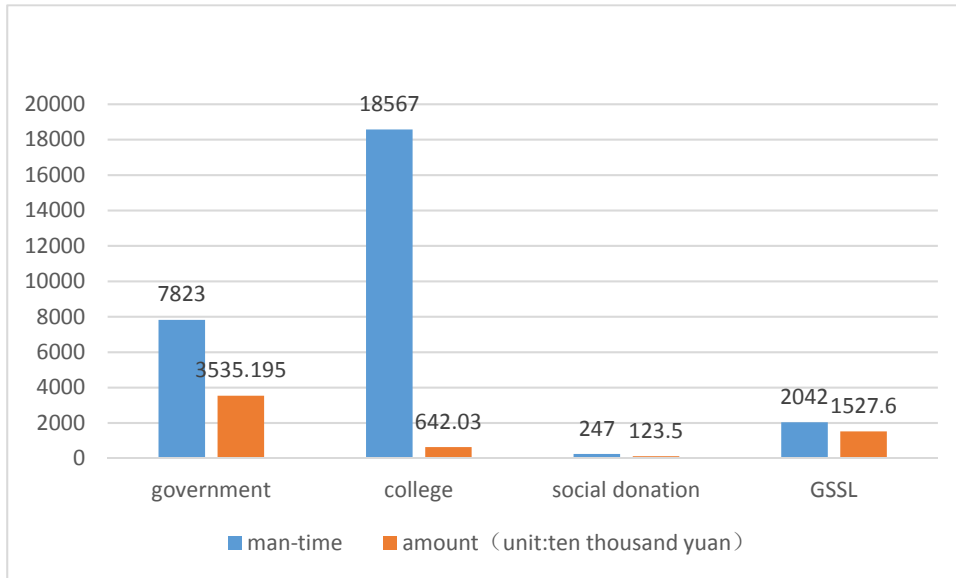
Taking a general undergraduate university in northern Jiangsu Province of China as the research object, studying the characteristics of university funding structure through the statistical analysis of this university's 2018 student financial aid data. Using the statistical and mapping tools in excel, the statistical analysis of student aid projects from different sources and different types of colleges and universities were carried out.

## 3. Research Findings

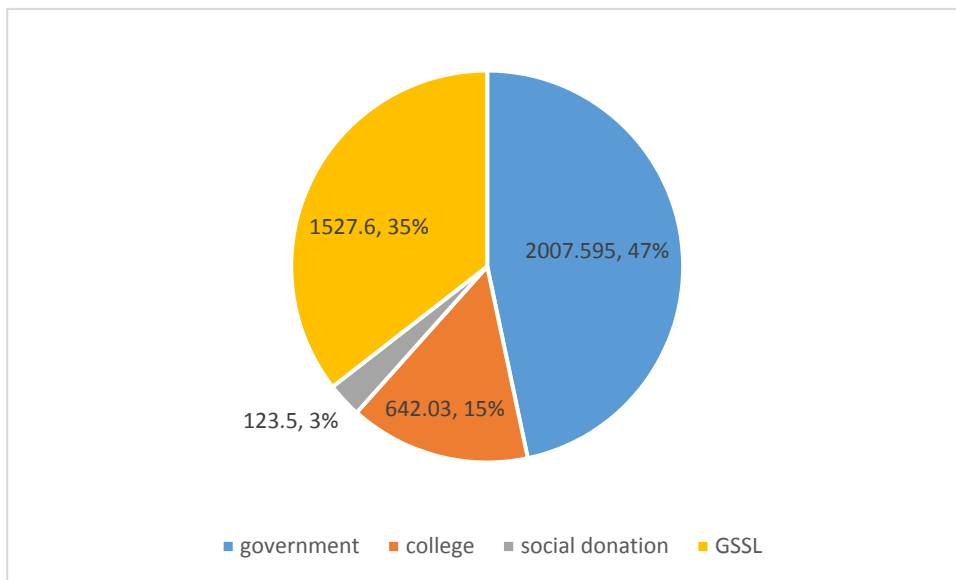
According to the college's statistics in December 2018, there were 21,023 students in the school, with 13,476 (64.1%) were female. There were 21 items of student financial aids in this college. On the basis of individual applications, 5,902 students were identified as having financial difficulties.

### 3.1 Types and Sources of Financial Assistance

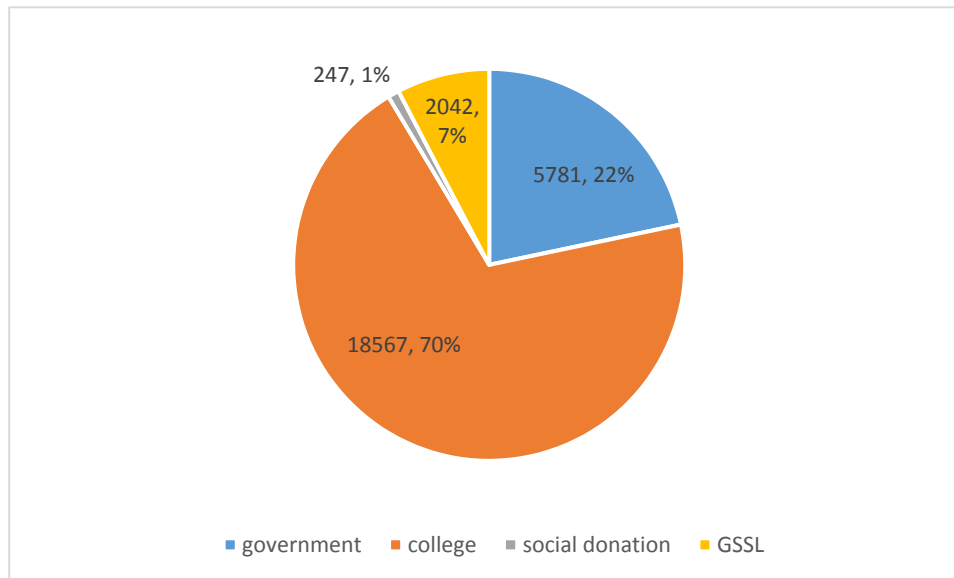
Among the 21 items of college student financial aids, there were three sources: government, college and social donations. 7 items of government finance (central and local government), 33.3% of total, includes national scholarships, national motivational scholarships, state grants, tuition waivers for students with disabilities, tuition waivers for conscripts, tuition waivers and living allowances for normal majoring students from certain province, grants provided by local governments to university students from special hardship families in their regions; 8 items of the college income, 40% of total, included professional scholarships, scholarships for poor students, hardship grants (3 items), on-campus work-study, traffic fare subsidies, tuition waivers for students with special difficulties; 5 items of social donation, 20% of total. 1 item of student loan-GSSL (Government-subsidized student loans). The proportion of the amount of the three categories was as Graph 1. Subsidies from the government have an absolute advantage in terms of amount, 47% of the total amount of funding, and 15% of the amount spent on student financial aids were from school funding and 3% from social donations. GSSL was 35% in amount. In terms of the man-time of subsidized students, the man-time of students benefiting from the subsidized projects invested by the college funds has an absolute advantage, 70% of the total in man-time, while Government-funded students accounted for 22% of the total, 1% were funded by social donation projects, GSSL recipients were of 7%. See Chart 2 and Chart 3.



**Graph 1.** Contrast of Man-Time and Amount of Aids from Different Sources



**Graph 2.** Percentage of Amount of Different Sources (unit: ten thousand yuan)



**Graph 3.** Percentage of Man-Time of different Sources

### 3.2 Requirements of the Financial Aids

According to the funding requirements of each financial aid project, 3 were scholarships for students with outstanding academic achievement, they were national scholarships, professional scholarships in schools, one of social donation, the number of awards accounted for 60.25% of the number of students, 3 were for poor students with outstanding academic performance, accounting for 4.4% of the number of students. 1 was provided to conscripted students, 1 was provided to students with disabilities, 1 was for normal-majoring students from certain province, 1 item each for work-study and student loan projects, and 12 were provided to students with family financial difficulties, accounting for 40 per cent of the number of students in the college; there were students got more than one kind of aids. According to whether there were family economic poverty requirements, all the assistance aids were divided into two categories, 16 items were for poor students(including 1 item for disabled students), 5 items with no financial background requisite. In terms of the amount, the amount of aids with the requirement of “family financial difficulties” was ¥39.59045 million. And the amount of aids without the requirement of “family financial difficulties” was ¥5.4197 million. The former was 7.3 times that of the latter. That means among all financial aids of this college, 76% of the items and 88% of the amount were for students with financial difficulties. All of the students with financial difficulties received financial aids. Excluding student loans to be repaid and work-study salaries for their own work, 5,902 students with financial difficulties in this college receive ¥3,500 per person of unpaid support in 2018. In terms of the amount of per capita funding, the highest amount was state student loans, ¥7480, social support was second, per capita ¥5000, government funding ranked third, per capita ¥3460, the lowest school funding, per capita only ¥350.

### 3.3 Usage of Student Loans

As the main way for poor students to pay tuition fees, 2,042 students applied for loans in 2018, accounting for 10% of all students in the college and 34.6% of students identified with financial difficulties. The total loan amount was ¥15.276 million. The average loan amount for each one was ¥7480. Among them, 1367 students loan amount of was ¥8,000 yuan. The amount of student loans applied for by 1367 people was 8000 yuan, the upper limit for undergraduate students, which accounting for 66.9% of the total number of student who applied for loans. The amount of student loans accounted for 37.7% of the total aids. The tuition fees charged by this college varied depending on major, ranging from ¥5,200 to ¥7,800 in recent 5 years. So the standard of student loans upper limit for each loan application with ¥8000 is enough to cover the tuition fees of most majors in public universities. According to the 2018 Student Aid Development Report in China, in 2018, banks issued ¥32.554 billion of state student loans, accounting for 28.3% of the total amount of student financial aids in higher education.

### 3.4 Posts and Wages of Work-study Program

As the main way to encourage students to support themselves, in 2018, the number of work-study posts in this college was 410, the number of subsidized students was 638, the amount of work-study students' remuneration was

¥587,300, the wage standard was ¥140 per person monthly, and then in November it was raised to ¥170 by the college. For outstanding work-study students, there was a work-study scholarship, the prize was ¥100-300 per semester. In 2018, the total amount of student financial aids in this college, including student loans, was ¥40.51 million, the work-study salary and scholarship related accounting for 1.45% of all student financial aids.

### *3.5 Distribution of Total Grants College Students Got*

Among students who were aided in this college in 2018, there were 5337 students got a total grant amount between ¥100 and ¥2000, accounting for 47% of all recipients. 2314 students got the amount of aid between ¥2001 and ¥4000, accounting for 20% of all recipients. The number of students who got aid totally between ¥4001 and ¥6000 was 1163, accounting for 10% of all. 611 students got aid totally between ¥6001 and ¥8000, accounting for 5% of all recipients. 504 students of all recipients got aid totally between ¥8001 and ¥10000, accounting for 5% of all. The number of students who got aid between ¥10001 and ¥12000 was 791, accounting for 7% of all. 344 students got aids between ¥12001 and ¥14000, accounting for 3%. The number of students who got aids above ¥14000 was 313, accounting for 3% of all, and the average number of funded items these students received in 2018 was five, among them, 279 (89%) students applied loans. The number of student loans accounted for 40% of the total grants they received.

## **4. Discussion**

### *4.1 Ways and Sources of Student Aid*

In this general undergraduate college, student financial aids programs have covered general programs in China, such as scholarships, grants, student loans, work-study and other regular programs, which could meet the basic needs of students in school. As long as students make use of these financial assistance effectively, existing aids can cover their basic school expenses during the university. With student loans to pay tuition, grants to cover basic living costs, while scholarships to achieve the incentive effect. This is mainly due to the high government investment in the field of student financial assistance in higher education. According to the distribution data of student aid funds in ordinary universities of China (the 2008 Student Aid Development Report in China), in 2018, 46.1% of all aid funds came from the central and local governments, 24.22% from schools, 1.38% from social funds and 28.3% from state-funded student loans. And secondly, in accordance with the government's request, the college extract 6% of the annual income from the work of student funding work also ensures the adequacy and stability of the financial assistance projects and the amount of aids. The power of government execution and the influence of the central government over educational institutions are reflected here. For this ordinary local undergraduate colleges involved in this study, its attraction in social funding is limited. Social donations choose to big cities and well-known universities, which, in addition to the universities themselves own strong alumni resources, donations can also bring a broader social impact to the donors. However, although the total amount of social donations was low, compared with the government, schools, student loans, the per capita amount of social donations was ranked second. because donations from social individuals or enterprises often have only a few thousand or hundreds of thousands of aids, compared to a wide range of recipients with a lower grant amount, donors tend to have a high standard of subvention for a small number of people to achieve the effects of poverty alleviation and the social impact of the projects set up. Three items of social donations in 2018 in this college were all ¥5000 per qualified student. Although there were various kinds of grants from the college financial income, covered the most number of receipts, the amount of per capita funding was the lowest, because some subsidy projects per capita was only ¥200-300. On-campus Professional Scholarship as a kind of aids based on academic performance of a wide range of incentives (60% of students in the college), the award criteria were divided into ¥100, ¥200, ¥500, ¥1000 four grades, far below the grants and scholarships set up by the state, which has a minimum of ¥2,000 per capita. In this college, the subsidies for the establishment of school funds are characterized by wide coverage and low standards, while the social subsidies are characterized by narrow coverage and high standards.

### *4.2 Characteristics of Work-study Posts Program*

The number of work-study posts in this college was 2% of the total number of students. The average monthly salary of each student participating in work-study was only ¥150. The small number and low wages of work-study posts in the college made it lack of attraction to poor students, so the work-study posts could not play an effective effect in stimulating students to support themselves. As a result, students either simply gave up applying for on-campus work-study or apply for a number of grants that do not require labor instead, or earn much higher wages through off-campus work-study, which had a minimum of ¥30 an hour of local tutoring in 2018. The grants and subsidies provided by the college have reached 3500 per capita for students with difficulties. The annual salary for work-study in the college was about ¥1400, only 40% of the former. Students may also be rotated for various reasons. The

advantages of on-campus work-study positions, including low risk, less disputes, and more communication with teachers to bring more professional learning opportunities of became insignificant in the face of obvious reward disadvantages. Nowadays, economic and social development also provides more opportunities for college students to choose from, wages usually are the primary consideration of their work-study choice.

#### *4.3 Characteristics of Utilization of Student Loans*

In this college, the state student loan is sufficient to help poor students solve the problem of tuition fees, but it has not become a common choice for poor students

In China, the state student loan management departments and banks related in recent years have provided as many conveniences as possible for applicants in terms of qualification examination, loan processing process, loan quota, etc., (Guides to The Application and the Repayment of Student Loans of The National Development Bank) including no more strict examination of applicants' family economic situation, and eliminating the restrictions on the total amount of state student loans granted by universities and local administrative departments, realizing "Loan should be loaned", according to the actual situation of rising university tuition fees to raise the upper limit of personal loans, simplify the procedures for students to apply for loans again, to provide students with convenient ways to repay loans. But it has not yet become a common choice for poor students. The reasons are as follows: First, objectively, the university has tuition waiver, state grants, and various subsidies for students with difficulty, loans because of its nature to be repaid, often not the first choice of poor students. In exchanges with students of financial difficulties, some students said that since they had been eligible for the school's tuition waivers, they would no longer apply for student loans in the following year. The second is people's consumption habits, parents in China have not yet formed the habit of borrowing money for kids' schooling. For schooling expenditure, they first rely on family income, then unreimbursed financial assistance projects, if it is not enough, they will consider student loans. Third, because of the tendency of fewer children and the improvement of the whole social and economic conditions, some students are relatively poor, even though their families are poor relatively, they have the ability to pay the basic expenses for schooling.

#### *4.4 Who Got Aids?*

The subsidized projects of this school can be divided into three categories according to the requirements of subsidization: one was to reward outstanding students with academic achievements, the second was to subsidize students with financial difficulties, and the third was to designate specific categories by the government, including enrolled university students, students majoring in normal education, etc. The first kind is usually measured the scores directly according to the ranking, the third category is based on the objective facts that could be identified and verified. It is less controversial to subsidize these two types of students because the conditions are clear and easy to distinguish. But, in the second category which related to many projects, the identification of students with financial difficulties is easy to be questioned. Because there has been no accurate way to inquire about family income in China, especially those freelancer or families with diverse sources of income. Apart from a few clear categories such as disability, orphans and single parents, the family low-income certificates provided by more students cannot be verified. To the students, if there were no significant differences between the poor students and others in family economic conditions and consumption levels, students would feel that the financial aids was lacking in rigor and fairness, as someone can enjoy several thousand RMBs a year in financial support only because they applied for the recognition of poor students and pass the qualification easily. To the colleges, the development of schools needs a lot of funds. If students with financial difficulties can meet the basic expenditure needs of schooling by using student loans and state grants provided by government financial funds, the colleges would not willing to invest too much money to set up difficulties subsidies and tuition relief any more. The enthusiasm of the university to continue to put money in student funding will diminish, college administrators intend to put funds to fields that they thought of related closely to the school's development. Therefore, when the basic school security for poor students has been achieved, college students and universities all call for the accuracy of the identification of poor students. However, the administrative requirements of the government make it impossible for colleges and universities to arbitrarily reduce their student financial aids, once they did, they might face criticism and pressure from higher authorities. That would adversely affect the colleges' efforts to get other governmental support. Then, the college administrators chose to control the investment of student financial aid by other means, such as keeping the per capita funding standard unchanged after years of implementation, instead of increasing with the increase of students' basic living expenses.

## 5. Conclusion and Implications for Research and Practice

### 5.1 *The Positive Side Shown of the Survey*

As an ordinary undergraduate college, the school concerned located in the underdeveloped cities of Eastern China, without regional and school advantages, it is the result of the joint efforts of the government, schools and society which last for many years that it can provide students with diverse, wide coverage and high funding standards. From the project settings, we can see that the government refers to the experience of many advanced countries in student aid in the implementation of the construction of the funding system. It guarantees the educational rights and interests of students from low-income families and achieves the basic goal of subsidizing students in higher education.

### 5.2 *There are Different Characteristics in the Use of Student Aid Funds from Different Sources*

Government financial input is the main source of student funding. The project is stable, the number of scholarships is the largest, the level of scholarship is high, and the influence is great. School financial input ranks second, the number of students who benefit from school financial input is the largest, but the per capita standard is the lowest, and the corresponding projects are set up in compliance with the administrative requirements of the government, and the social projects are supported. The number of people is the smallest, but the per capita government's administrative requirement for schools is that schools change the funding structure, which is in contradiction with the government's emphasis and requirement for funding. But since the governmental financial assistance is the main part of this college's existing student financial aids, there are no significant differences between colleges and universities, the college also lack the internal motivation to increase student funding, the student aid in this college will have little impact on the enrollment.

### 5.3 *Subsidized Projects Encountered Students' Egoism Choices*

66% of students with financial difficulties in this college did not apply for student loans and relied on unreimbursed funding programs. Low wages and few posts of on-campus work-study program made it unattractive for students, so the value of part-time work-study could not be realized fully. Students should be encouraged to solve part of their living expenses through paid labor. The more of no-paid aids, the less of the appeal of paid student loans, students and parents usually tend to apply for "free" aid projects for their own benefit, actually, many of poor students were subsidized more than one item, so students developed psychological and behavior habits of "rely on free bread" easily. It causes the waste of subsidized resources, brings pressure to school funds, and adverse social and educational effects.

### 5.4 *From a Psychological and Educational Point of View, There is a Need to adjust Student-funded Programs*

According to Maslow's theory of needs, people have hidden five different levels of need, from low to high are physiological needs, security needs, social needs, respect needs, self-realization needs, low-level needs once met no longer have incentive effect, instead, high-level needs will replace them as the main reason for promoting behavior. Therefore, the incentive effect of aids for students in need will not increase with the increase in the amount of financial assistance. Once the basic admission guarantee for students is realized through student aids, the students' low-level needs are met, and the needs of higher levels of social needs, respect needs and self-realization are generated. Besides, in order to be able to complete the application of financial support projects efficiently, the implementation of student support work is usually simplified for the counselor teacher clearly recommended specific students before guiding students to apply, resulting in students themselves do not have the habit of actively understanding the specific requirements and rules of the projects, some recipients even do not know the name and the amount of the grants they got.

We should reconsider and explore ways which can motivate students in a more diverse way and stimulate their inner development. Control the total amount of unpaid funding and set a ceiling on the amount of aids that one can get during one academic year, reduce the free and unreasonable aid for poverty alleviation, and set up more projects that are stimulating to students, such as for outstanding performance in academic, sports, skills and voluntary services. Let the student become the individual applicant for the granted project not just waiting for. Establish data information system to find out problems from students' choice of subsidized projects, and constantly adjust subsidized projects. As policy makers, governments and schools must be determined and enforceable to face and change the issue of student aids.

## Acknowledgements

This work is supported by Jiangsu Education Science 13th Five-Year plan 2018 (Key funding project of Student

financial aid special topics). The project name: Study on the identification of students with family financial difficulties in colleges and universities under the idea of precision financial support. The project number: X-a/2018/19. This study is a phased result of the project.

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