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Journal of Education Finance, Volume 48, Number 3, Winter 2023, pp. 289-305 (Article)

Published by University of Illinois Press



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## Declining Pell Support at Community Colleges Since the Great Recession

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In 1982 and 1983, the Hispanic Higher Education Coalition under the leadership of Michael A. Olivas helped the U.S. House Postsecondary Education Subcommittee chaired by Paul Simon (D-Ill.) organize the first hearings by a congressional committee on Hispanic Access to Higher Education. The subcommittee approached the 1984 reauthorization of the Higher Education Act,<sup>1</sup> and at its Houston hearing received a staff report that found while numbers of Hispanics in college were increasing, because of the appallingly high rates of Hispanic dropout from high school, there was an actual decline of Hispanic students as a percentage of the whole Hispanic population.<sup>2</sup> Texas Tech University's Lauro Cavazos, one of the first Hispanics to serve as a major university president, testified that "The major disincentives for Hispanic students include financial, personal, and academic obstacles, and sometimes a combination of these," and that Hispanic students often have "a lack of understanding of the personal commitment required for success," and "...often drop out due to the lack of resources for college."<sup>3</sup>

Then as now, stable funding for the Federal Pell Grant program, the largest grant program administered by the U.S. Department of Education and America's foundational program to providing equal postsecondary access to all citizens, was recognized as important. In 2019-20, Pell provided \$29.5 billion to 6.7

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1. Paul Simon (Chairman), Subcommittee on Postsecondary Education, Committee on Education and Labor, U.S. House of Representatives, *Hispanic Access to Higher Education*, Hearings. Superintendent of Government Printing, 1983, Washington, D.C.: U.S. Government Printing Office. Olivas' role is cited on p. 422, in testimony by Richard Van Horn, President of the University of Houston, which hosted the December 2, 1983 Hearing.

2. Annette Jaimes and William A. Blakley, "Memorandum for Chairman Simon," *Hispanic Access to Higher Education*, p. 406.

3. *IBID*, Simon, 1983, December 2, p. 432-434.

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million students, including \$19 billion to support 4.1 million students at 1,497 public higher education institutions. By public sector, \$3.4 billion went to the 0.7 million students attending America's 107 flagship universities, \$6.4 billion to the 1.3 million enrolled at 439 regional universities, and \$8.8 billion to the 2.1 million students enrolled at America's 951 community colleges. For 50 years, Pell's need-based grants have helped academically-talented low income students finance college.

This article analyzes U.S. Department of Education data on appropriations on Pell Grants using the new Mission-Driven Classification (MDC)<sup>4</sup> to disaggregate enrollment, finance, and need-based Pell Grant data by major public higher education sector and, within community colleges, by geography (rural, suburban, and urban) as well as by the presence or lack of local funding. Three key takeaways from The University of Alabama's Education Policy Center's (UA/EPC) 20 studies of federal Pell Grants since 2011 are: first, the best way to keep college affordable and debt manageable is to avoid large debt in the first place; second, for students to graduate, they first must be enrolled; and third, the millions of needy students and our nation's 951 U.S. community colleges that serve them deserve stable, sustainable Pell funding.

Sadly, since the Great Recession, volatile Pell Grant program funding has shown the federal government to be an unreliable partner for states and institutions to deliver the promise of access and completion. When combined with the state operating budget cuts simultaneously implemented in Fall 2012, first-generation students and the colleges serving them have been challenged, especially at the 496 with no local funding. The confusion is not limited to Federal Application for Student Financial Aid (FASFA) forms, it is embedded in published research consistently using the maximum and not the average Pell grant as a yardstick for access. Few students in 2019-20 received the maximum Pell of \$6,195, awarded only when family income was below \$24,000 and Expected Family Contribution is therefore \$0.<sup>5</sup> Our analysis uses Average Pell—the dollars actually received—that students, families, and financial aid counselors use to assess affordability. Average Pell can help to show the interplay between state policies (community college operating budgets cuts, higher tuition) and federal policies (volatile increases and deep cuts in the Pell program) to assess their impact on student access.

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4. Forthcoming 2023.

5. U.S. Department of Education, Office of Postsecondary Education, "The EFC Formula, 2021-2022," <https://fsapartners.ed.gov/sites/default/files/attachments/2020-08/2122EFCFormulaGuide.pdf>

## PELL FUNDING SINCE THE GREAT RECESSION

America faced a substantial access gap well before the Great Recession.<sup>6</sup> In 2002, while finding public community colleges the most affordable postsecondary choice in every state, Kipp, Price, and Wohlford found that half of community colleges were affordable for low-income independent students who don't depend on their parents for support in 38 states only if they were willing to incur loans<sup>7</sup>, and not surprisingly, students at rural community colleges who by definition lack access to publicly subsidized mass transit are more loan dependent than their counterparts at suburban and urban community colleges, as Hardy found in 2005.<sup>8</sup> Hardy (2005) found that students at rural community colleges were more dependent on loans than students at urban and suburban colleges. Many authors over the years echo conclusions similar to Kipp, et.al., in 2002: "College is becoming less affordable for low-income students, and more than half of American undergraduates now incur debt to pay for college."<sup>9</sup> In 2003, the college Board's Sandy Baum noted that the focus of student aid investments by the federal government and many states on serving middle-income students may be providing them more choice regarding where to attend, but may fail to assist low-income students for whom access is much more important than choice.<sup>10</sup>

The Pell Applicant-Awardee Gap—the difference between those applying for Pell and those receiving it—increased from two million in the 1980s to over eight million in the 2010s. Applicants who do not receive Pell must turn to loans or simply do not enroll. The Pell Coverage Gap grew following the 2012 eligibility restrictions, when the Average Pell Grant fell four consecutive years: *by 2017-18, Average Pell failed to cover basic costs for two-thirds of U.S. community college*

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6. Samuel M. Kipp III, Derek V. Price, and Jill K. Wohlford, J. K. (2002). *Unequal Opportunity: Disparities in College Access Among the 50 States*, 2002. Washington, DC: Lumina Foundation.

7. Michael A. Kennamer, Stephen G. Katsinas, and Randall E. Schumacker, "The Moving Target: Student Financial Aid and Community College Retention," *Journal of College Student Retention*, v. 12(1), p. 87-103 (2010-2011). <https://journals-sagepub-com.libdata.lib.ua.edu/doi/pdf/10.2190/cs.12.1.f>

8. David E. Hardy, Stephen G. Katsinas, and V. Barbara Bush, "Tidal Wave II, Community Colleges, and Student Financial Aid. *Enrollment Management Journal*, 2007, v. 1(1), p. 23-48.

9. IBID, Kipp et al., 2002.

10. Sandy M. Baum, "The Financial Aid Partnership: Strengthening the Federal Government's Leadership Role." In *National Dialogue on Student Financial Aid*, 2003. Washington, DC: The College Board.

students.<sup>11</sup> That Pell funding nearly doubled from \$23 billion in FY2008-9 to \$40 billion in 2010-11, only to be followed by a deep decline of two million awardees in five years reflects the lack of long-term policy consensus regarding the federal role in student aid. Recently enacted FASFA reforms passed in 2020—an idea also mentioned in 1983<sup>12</sup>, miss this much larger underlying problem.

Pell during the Great Recession was used by the Obama Administration as a policy tool to fight high unemployment. The federal government partnered with states to finance surging community college enrollments that retooled and upskilled the American workforce. In Iowa, for example, in just one year from 2008-9 to 2010-11, Pell awards at Iowa community colleges jumped from 35,555 to 62,295—an increase of 75 percent—as funding rose from \$85 million to \$158 million. The \$74 million in added Pell funding resulted in a statewide unduplicated headcount increase of 12 percent, in a state that had seen only a 3 percent population increase from 2000 to 2010.<sup>13</sup>

But critics soon termed Pell “the new welfare.”<sup>14</sup> After Congress changed hands in 2010, the FY2012 budget saw deep cuts in Pell, negatively impacting students, colleges, and states. Colleges and states were in effect penalized for choosing an unreliable, inconsistent federal partner, one that funds its Pell program with 20 percent mandatory and 80 percent discretionary funding. Since both houses of Congress have approved all 13 appropriations bills just four times since the

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11. We define the Pell Coverage Gap as Average Pell minus tuition, fees, books & supplies. This is a conservative figure; it does not include room and board, childcare, and transportation costs (“wrap-around” services). From 1973-4 to 2017-18, the average Pell Grant award in inflation-adjusted dollars declined 9 times, while postsecondary enrollment among Americans ages 18 to 24 years old grew from about 26 percent in 1970 to about 40 percent. The demand for higher education rose steadily, while the mix of funding dramatically changed. The purchasing power of Pell grants in inflation-adjusted 2018 dollars declined from roughly three-quarters of tuition, fees, and room and board in the 1970s to one-third today. The average Pell award of \$3,400 in 1975-76 was not exceed until the first Obama-Biden administration. No one should be surprised that loan debt has skyrocketed (see Katsinas, Stephen G., Nathaniel J. Bray, Noel E. Keeney, Hunter D. Whann, and Michael S. Malley, Jr., “Keeping the Promise: Stabilizing the Pell Grant Program, an Opportunity for Bipartisan Leadership in the 117<sup>th</sup> Congress,” Policy Brief, College Promise, (December 2020). <https://fsapartners.ed.gov/sites/default/files/attachments/2020-08/2122EFCFormulaGuide.pdf>

12. Eddie Burkhalter, “Congress OKs Jones Legislation to Simplify FASFA, Aid HBCUs,” December 22, 2022, *Alabama Political Reporter*, <https://www.alreporter.com/2020/12/22/congress-oks-jones-legislation-to-simplify-fafsa-aid-hbcus/>. Reforming FASFA was an idea suggested by Rep. Paul Simon in the 1982-83 Hispanic Access to Higher Education hearings and was enacted as part of the December 2021 CARES Covid relief package.

13. Stephen G. Katsinas, Linda Serra Hagedorn, R. Frank Mensel, and Janice N. Friedel, “The Growing Impact of New Pell Funding: A Statewide Profile of Iowa’s Community Colleges,” Tuscaloosa, Alabama: Education Policy Center, The University of Alabama. [edpolicy.ua.edu/wp-content/uploads/2017/09/1106\\_epc\\_growing-impact-of-pell-in-iowa.pdf](http://edpolicy.ua.edu/wp-content/uploads/2017/09/1106_epc_growing-impact-of-pell-in-iowa.pdf)

14. Rep. Denny Rehberg (R-MT), Chair of the House Appropriations Subcommittee on Education, Labor, Health, and Pensions, said Pell Grants are “turning out to be the welfare of the twenty-first century. See Amanda Terkel, “GOP Congressman: Pell Grants Are Becoming ‘The Welfare of the 21<sup>st</sup> Century,’” *HuffPost*, April 1, 2011, [https://huffpost.com/entry/denny-rehberg-pell-grants-welfare-21st-century\\_n\\_843712](https://huffpost.com/entry/denny-rehberg-pell-grants-welfare-21st-century_n_843712).

U.S. Department of Education began in 1979<sup>15</sup>, the economically-disadvantaged students Pell serves are susceptible to the yearly appropriations battles in Congress. The first column of Table 1 shows Pell awardees nearly doubled in just three years during the Great Recession, plateauing in 2010-11 and 2011-12, and then sharply dropped by over a million awardees in three years. Thanks to the Maintenance of Effort (MOE) provisions contained in the 2009 American Recovery and Reinvestment Act (ARRA), passed to address rapidly rising unemployment and preserve state funded services, including public higher education operating budgets, were maintained, and the Pell increases went much farther.<sup>16</sup>

As noted, Pell's volatility reflects fast-changing federal budget priorities. Pell funding doubled from 2007-8 to 2011-12, then awards dropped for eight consecutive years as funding declined for seven. The Pell cuts coincided with severe pressure on states to fund rapidly rising Medicaid matches after ARRA ran out. This challenged institutions with low endowments, especially the 295 Rural-Medium and 123 Rural-Small community colleges. Table 1 shows the steep declines nationally in Pell awardees. How can states possibly be expected to align their policies for appropriations, tuition, and state student aid to better serve financially disadvantaged students, as experts recommend,<sup>17</sup> when federal Pell aid is so volatile? Just two of 32 respondents to the 2015 National Finance and Access Survey reported policy alignment, while only 13 raised state student aid above the inflation rate.<sup>18</sup> This underscores why "high tuition/high aid" sounds good as an idea but doesn't work in practice. Policy calibration isn't possible when federal appropriators enact new Pell restrictions in June 2012 and implement them two months later in August, after state legislative sessions had ended. This is a clear breakdown in the federal-state partnership.

Pell funding in the first Obama-Biden Administration jumped from about \$21 billion in 2008-9 to about \$42 billion in 2010-11, accelerating upward the Pell increases that began in the Bush Administration's last two years. Savings gained from ending federal subsidies to banks for student loans were plowed into one-time summer Pell grants in 2011.<sup>19</sup> *The impact was positive: the Pell Coverage*

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15. John Lucas Adair, John Lucas, Stephen G. Katsinas, Nathaniel J. Bray, and Phillip D. Grant. "Federal Spending for Higher Education: The Impact of Budget Reconciliation." *Journal of Education Finance*. 2020.

16. American Recovery and Reinvestment Act of 2009, Public Law 111-5 111th Congress.

17. Longenecker, David. "ATFA, A Nice Four-Letter Word," Higher Education Funding Symposium, Chicago 2006. <https://education.illinoisstate.edu/downloads/csep/longeneckerpresentation.pdf>

18. Stephen G. Katsinas, Mark M. D'Amico, Janice N. Friedel, J. Lucas Adair, Jake L. Warner, and Michael S. Malley, "After the Great Recession: Higher Education's New Normal, An Analysis of National Access and Finance Surveys, 2011 to 2015," 2016 (January), p.4.

19. Health Care and Education Reconciliation Act of 2010. (2010, March 30). P.L. 111-52. 124 Stat. 1029. <https://www.congress.gov/111/plaws/publ152/PLAW-111publ152.pdf>

Table 1: Pell Grant Awards, Funding, and Average Grant by Public Higher Education Sector, 2008-9 to 2019-20

	Pell at All Publics				Pell at Flagships				Regionals				Community Colleges			
	No. (000s)	\$ (bil)	Max Pell in \$	Ave. Grant (\$)	No. (000s)	\$ (bils)	Ave. Grant (\$)	No. (000s)	\$ (bil)	Ave. Grant (\$)	No. (000s)	\$ (bil)	Ave. Grant (\$)			
2008-09	2,855	10.5	5,540	3,685	486	1.9	3,949	687	2.7	3,932	1,682	5.9	3,508			
2009-10	3,749	17.5	6,360	4,663	592	3.0	5,068	840	4.2	4,949	2,318	10.3	4,455			
2010-11	4,451	21.2	6,464	4,756	694	3.5	5,066	983	4.9	4,967	2,774	12.8	4,603			
2011-12	4,739	20.7	6,285	4,367	730	3.4	4,652	1,017	4.7	4,628	2,992	12.6	4,208			
2012-13	4,586	19.7	6,125	4,297	711	3.3	4,599	1,013	4.6	4,547	2,862	11.8	4,134			
2013-14	4,488	19.3	6,193	4,304	712	3.2	4,557	1,007	4.6	4,561	2,769	11.5	4,146			
2014-15	4,381	18.6	6,180	4,255	714	3.3	4,556	1,008	4.6	4,537	2,659	10.8	4,067			
2015-16	4,099	17.6	6,217	4,299	703	3.2	4,604	987	4.5	4,566	2,408	9.9	4,101			
2016-17	3,930	16.8	6,194	4,270	695	3.2	4,585	982	4.4	4,529	2,253	9.1	4,060			
2017-18	3,930	17.4	6,186	4,419	717	3.4	4,791	1,010	4.7	4,689	2,203	9.2	4,175			
2018-19	3,787	16.8	6,202	4,446	713	3.4	4,797	992	4.6	4,689	2,082	8.8	4,210			
2019-20	3,752	16.7	6,195	4,459	707	3.4	4,816	960	4.5	4,670	2,085	8.8	4,240			
Change 11-20	-698	-4.4	-269	-297	13	-0.1	-250	-23	-0.4	-297	-688	-3.9	-363			

Note: Only 951 of the 963 community colleges that reported dates each year are included here.  
Source: USED/IPEDS analyzed by the Education Policy Center at The University of Alabama.



Table 2: Pell Grants at Community Colleges: Maximum & Average Pell, Percentage of Students on Pell, and Percentage of Tuition and Fees Covered by Pell and Presence or Lack of Local Funding, 2008

	PELL GRANTS		Students on Pell (% of Community College Students on Pell)			Pell Coverage Gap (% of Tuition & Fees at Community Colleges Covered by Pell)		
	Max. Pell (dollars)	Ave. Pell (dollars)	All 951	Local 455	Non-local 496	All 951	Local 455	Non-Local 496
2008-09	5,540	3,479	25	23	28	90	96	83
2009-10	6,360	4,405	32	29	36	124	129	118
<b>2010-11</b>	<b>6,464</b>	<b>4,504</b>	<b>37</b>	<b>34</b>	<b>41</b>	<b>120</b>	<b>128</b>	<b>111</b>
2011-12	6,285	4,026	40	36	45	104	113	96
2012-13	6,125	3,985	39	36	44	101	108	93
2013-14	6,193	3,986	39	35	43	98	104	91
2014-15	6,180	3,973	38	34	43	93	101	85
2015-16	6,217	4,014	35	32	40	89	97	82
2016-17	6,194	3,982	33	31	38	86	92	79
2017-18	6,186	4,213	33	30	37	88	95	81
2018-19	6,202	3,530	32	29	36	89	96	82
2019-20	6,195	3,501	31	29	35	85	91	79
<b>Change FY11-20</b>	<b>-268.6</b>	<b>-1,003</b>	<b>-5</b>	<b>-5</b>	<b>-7</b>	<b>-34</b>	<b>-36</b>	<b>-32</b>

Note: Only the 951 of 963 community colleges that reported data each year are included here.

Source: USED/IPEDS analyzed by the Education Policy Center, University of Alabama.

Gap for all public higher education sectors narrowed. By 2010-11, Pell covered 34 percent of in-state tuition and fees for students at 108 Flagship Universities, 53 percent at America's 461 Regional Universities, and 126 percent at 963 Community Colleges.<sup>20</sup>

#### THE HARMFUL 2012 PELL ELIGIBILITY RESTRICTIONS

After Congress enacted its 2012 Pell Grant Eligibility Restrictions, Pell Awards sharply declined. While some of the enrollment decline within the community

20. Readers may notice the slight changes in numbers of Regional Universities and Community Colleges. This is because the federal government collects data by accrediting units. For example, when the Dallas Community College District changed its accreditation status with the Southern Association Commission on Colleges, seven colleges reported data to IPEDS was reduced to one.



college sector is attributable to an improving economy, when the Pell Eligibility Restrictions were enacted in June 2012, the national unemployment rate still stood at 8.2 percent (it would not be until December 2015 before unemployment fell to five percent).<sup>21</sup> By 2016-17, the percentage of community college students on Pell Grants had fallen to 37 percent from a high of 45 percent in 2011-12. It was 31 percent in 2019-20.

But unlike Social Security and the federal Guaranteed Student Loan Program, four of five Pell dollars are discretionary and require Congress' annual approval. Year-to-year volatility results—when congressional priorities change, so too does Pell funding. The record number of regular and summer Pell awardees in 2010-11 coincided with peak Great Recession unemployment. But it created a program deficit of roughly \$2 billion, so rather than reduce the maximum Pell Grant in a presidential election year, and allow Democrats to make Republican Pell cuts a campaign issue, the new Republican House majority appropriators closed the \$2 billion gap in discretionary Pell funding by enacting three Pell Eligibility Restrictions in the FY2012 budget, immediately implemented in fall 2012:

- ***Lifetime Pell*** was reduced from 18 to 12 semesters.
- ***Ability-to-Benefit***, which let financial aid directors start students who could benefit from postsecondary programs, such as welding, without possessing the GED, was eliminated.
- ***The Expected Family Contribution (EFC)***—the maximum income for automatic zero-EFC students was cut from \$32,000 to \$23,000 (the 2012 poverty standard was \$22,350).

The 2012 Pell Eligibility Restrictions clearly accomplished their intended purpose of addressing the \$2 billion budget shortfall in the program, as Tables 1 and 2 show. Table 2 brings national data down to the institutional level, teasing out a vitally important distinction across America's 951 community colleges noted in 2003 by then-American Association of Community Colleges President George Boggs: the presence or lack of local funding.<sup>22</sup> *Readers will note the maximum Pell Grant is nearly the exact same across all three public sectors, while only a small variance exists across sectors in Average Pell.* From FY2011 to 2020, thanks to Pell eligibility restrictions little understood by the general public or the media, *the number of full-time students enrolled at U.S. community colleges fell by 914,910 students, or 18 percent, and fees were covered by Pell fell by 88,111*

21. Bureau of Labor Statistics, Unemployment. [https://data.bls.gov/timeseries/LNS14000000?years\\_option=all\\_years](https://data.bls.gov/timeseries/LNS14000000?years_option=all_years) (the U-6 unemployment rate includes underemployed, marginally attached, and discouraged workers, was 14.6 percent).

22. Phillippe, Kent A. , and George R. Boggs, "The Perspective of the American Association of Community Colleges," in Special Issue: Classification Systems for Two-Year Colleges, *New Directions for Community Colleges*, Summer 2003, pp. 79-85

students or 24 percent from FY2011 to FY2020. The public cannot assume that just because the maximum Pell is raised, it results in expanded access.

#### THE WIDENING PELL COVERAGE GAP AT COMMUNITY COLLEGES: THE IMPACT OF LOCAL FUNDING

Table 2 again shows that averages masks differences. The 455 community colleges with local funding saw smaller percentage declines in their students on Pell than those without (-5 percent compared to -7 percent). Their total enrollment fell by fewer students (Table 1), and their percentage of students on Pell fell by slightly less than their 496 community colleges with no local funding. Since more students enrolled, their tuition revenue loss was lower too.

Thus, the Pell Coverage Gap grew significantly at all community colleges as funding fell. The percentage of the tuition and fees covered by Pell fell by 34 percent all 951 community colleges (Table 2), and by a slightly larger percentage it fell at the 455 community colleges with local funding (36 percent) than at the 496 community colleges without (22 percent). But the starting points were different: because local funds come on top of state funds, the 2008-9 Pell funding brought the Pell Coverage Gap to 128 percent of tuition and fees at the 455 locally-funded community colleges in 2010-11, 17 percentage points above the 496 community colleges without. With millions existing at the fault line, this explains why average and not maximum Pell is the correct metric, because millions of low-income students exist at the fault line of opportunity, as future Education Secretary Cavazos observed in 1983.

#### THE WIDENING PELL COVERAGE GAP: THE IMPACT OF LOCAL FUNDING COMBINED WITH GEOGRAPHY

America's 951 Community Colleges are place-bound institutions by their very nature, and as Friedel, et.al. note in the Fourth Edition of *Fifty State Community College Systems*, their service delivery areas are typically assigned by statute or regulation at the state level.<sup>23</sup> Tables 3 and 4 use the MDC to simultaneously show the impact of the presence or lack of local funding along with geography (rural, suburban, and urban). Table 3 shows the percentages of students on Pell Grants at Rural-, Suburban-, and Urban-Serving Community Colleges at the 951 colleges in the sample that reported data for each year from FY2008-9 to FY2019-20, with the year FY2011-12, the top year for each of the 14 MDC subtypes, highlighted.

In each of the seven community college types, regardless of the presence of

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23. Friedel, Janice N., Jim Killackey, Emily Miller, and Steve Katsinas, *Fifty State Systems of Community Colleges, Mission, Governance, Funding, & Accountability*, 4<sup>th</sup> Edition, Johnson City, TN: Overmountain Press (2014).

Table 3: Percentage of Students on Pell Grants at Rural, Suburban, and Urban Community Colleges Since the Great Recession (number of institutions of each type/subtype is listed)

	RURAL (575)						SUBURBAN (214)				URBAN (162)			
	Small (<2,500) 123	Non- local	Medium (2,500- 7,500) 295	Non- local	Large (>7,500) 157	Non- local	Single Campus 108	Non- local	Multi- Campus 106	Non- local	Single Campus 37	Non- local	Multi- Campus 125	Non- local
2008-9	34	41	29	34	26	28	19	25	16	21	32	31	24	25
2009-10	42	45	37	42	31	35	25	34	21	28	39	38	31	32
2010-11	46	50	42	47	37	40	29	40	25	33	45	45	35	38
2011-12	47	51	43	49	38	43	32	43	29	36	47	51	38	43
2012-13	46	49	42	48	38	43	32	42	28	36	44	49	38	43
2013-14	43	49	41	47	37	42	32	41	28	35	44	48	38	42
2014-15	41	47	39	46	36	42	32	41	28	35	43	47	36	44
2015-16	39	44	36	42	34	38	30	38	26	32	40	44	34	41
2016-17	37	43	34	40	32	36	29	36	25	31	39	41	32	38
2017-18	36	42	33	40	32	36	29	35	25	30	39	40	31	37
2018-19	34	39	32	38	30	34	28	35	23	28	37	41	30	36
2019-20	33	38	31	37	30	33	29	34	24	28	36	39	30	36
Change FY12-20	-14	-13	-12	-14	-18	-10	-3	-9	-5	-8	-11	-12	-8	-13

Note: Only the 951 of 963 community colleges that reported dates each year are included here.  
Source: USED/IPEDS analyzed by the Education Policy Center at The University of Alabama.



local funding, the percentage of students on Pell fell from the FY2011-12 high point, and within six of the seven subtypes—Rural-Small community colleges with less than 2,500 headcount students was the exception—the percentage of students on Pell declined by less if local funding was present. The gains in students on Pell tended to be larger between FY2008-9 and FY2011-12 when Pell funding was doubled, and losses were larger afterwards. The majority of Rural-Large, Suburban Single Campus, Suburban Multi-Campus and Urban Multi-Campus Community Colleges possess local funding, while a majority of Rural-Small, Rural-Medium, and Urban Single-Campus Community Colleges do not. Pell funding clearly matters for all types of access-oriented community colleges, and rural community colleges in particular.

Table 4 presents Pell Grant Coverage of tuition and fees at community colleges by MDC geographic type (rural, suburban, and urban) and by the presence of local funding from 2008-9 to 2019-20. If coverage is above 100 percent, more Pell funding is left over after deducting tuition and fees to help with books and supplies and other food, transportation, and housing costs. With a few exceptions, colleges with local funding had higher Pell Coverage of tuition and fees than those without. Tuition is lower at community colleges with local funding because taxpayers off-set the state cuts *and* partially subsidize tuition and fees, through local taxes (sales or property).

The high point in Pell Coverage was 2010-11, when Congress appointed the one-time summer Pell funding. Every one of the seven Rural, Suburban, and Urban Community College subtypes saw substantial Pell Coverage increases from FY2008-9 to FY2010-11, and each had declining Pell Coverage from FY2010-11 forward, after summer Pell ended and the new Pell eligibility restrictions were implemented. As percentages fell below 100 percent, Pell failed to cover tuition and fees at XX Rural-Large, YY Suburban Single Campus and YZ Suburban Multi-campus Community Colleges, and ZZ Urban Single- and ZM Urban Multi-Campus Community Colleges. Restoring year-round Pell was for the next five years on the agendas of the American Council on Education, the American Association of Community Colleges, the American Association of State Colleges and Universities, the Association of Public and Land-grant Universities, the United Negro College Fund, and virtually every national higher education organization.

#### THE GROWING PELL SURPLUS AND SUMMER PELL RESTORATION IN 2017

So effective were the 2012 Pell eligibility restrictions in reducing federal Pell spending that by March 2016, the General Accounting Office predicted the Pell surplus would grow to \$7.8 billion in FY2017, and nearly double to almost \$15

billion by FY2018.<sup>24</sup> But it would take a united effort on the part of the Washington D.C. higher education organizations, spurred on by a three-year bipartisan effort led by the Mississippi and Alabama congressional delegations, higher education leaders from both states, and Southeastern Conference presidents and chancellors, to restore year-round (summer) Pell Grants, to which Mississippi State University's Stennis Institute of Government and UA-EPC provided placed-based supportive research. In June 2016, the Senate Appropriations Committee, led by Chairman Thad Cochran (R-MS) and ranking majority member Richard Shelby (R-AL), approved appropriating some of the surplus to reinstate year-round Pell at \$1,550 in a lopsided, bipartisan 29-1 vote.<sup>25</sup>

It would take another year after the near unanimous 29-1 bipartisan vote for appropriators to get their way, however, and enact restoration of summer Pell. Congress first passed its only half-year federal budget in American history in fall of 2016. After Donald J. Trump's surprise election in 2016, his new Budget Director, former House Budget Chairman Mick Mulvaney, in February 2017 submitted the administration's "skinny budget." It called for putting all of the growing Pell surplus into deficit reduction.<sup>26</sup> Within weeks, both Secretary of Education Betsy DeVos<sup>27</sup> and House Speaker Paul Ryan disavowed the proposed Pell diversion, and announced support to restore year-round Pell.<sup>28</sup> Congress wisely ignored the president's initial recommendation and enacted on a bipartisan basis a near doubling of the June 2016 year-round (summer) Pell maximum of \$2,950 that President Trump signed into law as part of the Consolidated Appropriations Act of May 2017.<sup>29</sup> This arrived too late for students in summer 2017; 2018 would begin permanent year-round Pell, however.

## DISCUSSION

*Students flock to opportunity when it lies within their grasp.* The UA/EPC study of

24. General Accounting Office, "Federal Pell Grant Program, Cumulative Shortfall/Surplus and Available Funding," 2016 March, <https://www.cbo.gov/sites/default/files/recurringdata/51304-2016-03-pellgrant.pdf>

25. Katsinas, S.G. (2018, March 30). On Thad Cochran: A going away gift from the 'Quiet Persuader' Clarion Ledger (Jackson, MS). <https://www.clarionledger.com/get-access/?return=https%3A%2F%2Fwww.clarionledger.com%2Fstory%2Fopinion%2Fcolumnists%2F2018%2F03%2F30%2Fthad-cochran-going-away-gift-quiet-persuader%2F472912002%2F>

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27. Fain, Paul. (2017, March 29). "White House Calls for More Cuts to Pell" InsideHigherEd. <https://www.insidehighered.com/quicktakes/2017/03/29/white-house-calls-more-cuts-pell>

28. Smith, A. (2017, March 1) "Paul Ryan Expresses Support for Year-Round Pell," InsideHigherEd, <https://www.insidehighered.com/quicktakes/2017/03/01/paul-ryan-expresses-support-year-round-pell>

29. Consolidated Appropriations Act, 2017. <https://www.congress.gov/bill/115th-congress/house-bill/244/text>



Pell Grant funding in Kansas showed the impact of Pell funding on community college students. Between 2008-9 and 2011-12, Pell funding had doubled while the population in every county in the western third of Kansas had declined between 2000 and 2010. Since the largest loss was in the traditional college going years of 18 to 34-year-olds, it was assumed prior to conducting the study that dramatically increasing the Pell funding would likely turn part-time students into full-time students because “God isn’t making any more people.” What happened instead was that both full- and part-time student enrollments jumped, demonstrating that many more rural Kansas community college students exist on the fault line of opportunity.<sup>30</sup> Indeed, students *do* flock to opportunity.

This is demonstrated by the fact that about half of all community college enrollments in the years after the Great Recession (48 percent) were clustered at the 266 colleges where the Average Pell Grant still covered 100 percent of tuition, fees, books, and supplies charges. These colleges charged on average \$3,374, while their students’ Average Pell Grant was \$4,175, leaving \$801 for food, housing, and transportation.

*The Pell Coverage Gap widened after the 2012 Pell restrictions were enacted*, from 109 percent at Community Colleges in 2011-12 to 91 percent in 2017-18. Removal of ARRA’s MOE provisions that had forced states to keep “skin in the game” ushered in a new round of cuts in state appropriations and tuition increases. *The worst state cuts for public higher education operating budgets—and tuition and fee increases—were 2012 to 2014, not 2009 to 2011 when MOE was in place*, as confirmed by UA/EPC’s state community college director surveys.<sup>31</sup> Pell’s slide after the Great Recession justifies putting it on the federal budget’s mandatory side, an idea suggested by Congressman Paul Simon and others back in 1983.<sup>32</sup>

*State policymakers should use the average Pell Grant as their primary access metric, so that state need-based student aid can better complement federal aid.* Most students do not receive the Maximum Pell Grant and both the Pell Applicant-Awardee and Pell Coverage Gaps fluctuate according to year-to-year federal investments. When Pell rises, enrollments grow at public access Community Colleges (and Regional Universities as well), and when investments

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30. Stephen G. Katsinas, R. Frank Mensel, Linda Serra Hagedorn, Janice N. Friedel, and Mark M. D’Amico, “Pell Grants and the Lifting of Rural America’s Future,” 2012, February 10, Tuscaloosa, Alabama: Education Policy Center, The University of Alabama. <http://edpolicy.ua.edu/research/pell-grants/>

31. Katsinas, Stephen G., D’Amico, Mark A., Friedel, Janice N., Adair, J. Lucas; Warner, Jake L., Malley, Michael S. (2016, January). “After the Great Recession: Higher Education’s New Normal. An Analysis of National Surveys of Access and Finance Issues, 2011 to 2015.” Tuscaloosa, AL: Education Policy Center, University of Alabama [http://edpolicy.ua.edu/wp-content/uploads/2017/09/1601\\_epc\\_sdr\\_afterthegreatrecession.pdf](http://edpolicy.ua.edu/wp-content/uploads/2017/09/1601_epc_sdr_afterthegreatrecession.pdf)

32. IBID, Simon, 1983.



decline or are flat as tuition rises, enrollment falls, and loans rise. The starting metric to align federal and state student aid access policies and aligning state policies for appropriations, tuition, and student aid (they aren't in most) is a stable, sustainable Average Pell Grant.

*To help low-income students requires stable, sustainable need-based student aid funding.* A 2018 report by the Republican Staff of the U.S. Senate Budget Committee chaired by Mike Enzi (R-Wyo.) found dollars expended in the Pell program dropped from about \$40 billion to about \$27.5 billion.<sup>33</sup> The 2012 Pell cuts occurred at the precise time federal ARRA money had run out in state capitols, resulting in severe competition for funding. The national unemployment rate was still high—at 8.2 percent in June 2012—and state matches for Medicaid were rising fast. The federal Pell reductions resulted in an immediate decline in enrollments, and tuition revenue, in the fall 2012 term and the four years following at the 951 Community Colleges and 439 Regional Universities, the trunk lines of America's public access system. It is likely that the seeds for America's skilled labor shortage that continues to this day, a skilled labor shortage that is particularly severe in our nation's rural areas, was planted by the Pell Grant cuts that occurred immediately after the Great Recession.

In testimony before the U.S. House Postsecondary Education Subcommittee in 1983, Texas Tech University President Lauro Cavazos noted "At the undergraduate level, particularly entry level, financial aid for minority students should come primarily from scholarships and grants." At the time of his testimony, the Pell program was just a decade old, and Guaranteed Student Loans were five years old. Rep. Paul Simon (D-Ill.), Chairman of the Subcommittee, said "one of the things that we are thinking about is making the Pell grant an entitlement, just as the Guaranteed Student Loan is an entitlement." Simon then asked Cavazos about this idea. Cavazos, who would be appointed the first Hispanic to be U.S. Secretary of Education under President George H.W. Bush, responded, "This would be a good step."<sup>34</sup> Whether it be through a new matching program, as proposed by the Bipartisan Policy Council, or through other means, stable, sustainable funding to help academically-talented, economically disadvantaged students attend and complete postsecondary education is clearly an essential American imperative.

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