

The Impact of the New Pell Grant Restrictions on Community Colleges: A Three State Study

Alabama, Arkansas, and Mississippi

Rural Council of the White House Domestic Policy Issues Staff

by

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Introduction:

Our past studies found Deep South states...

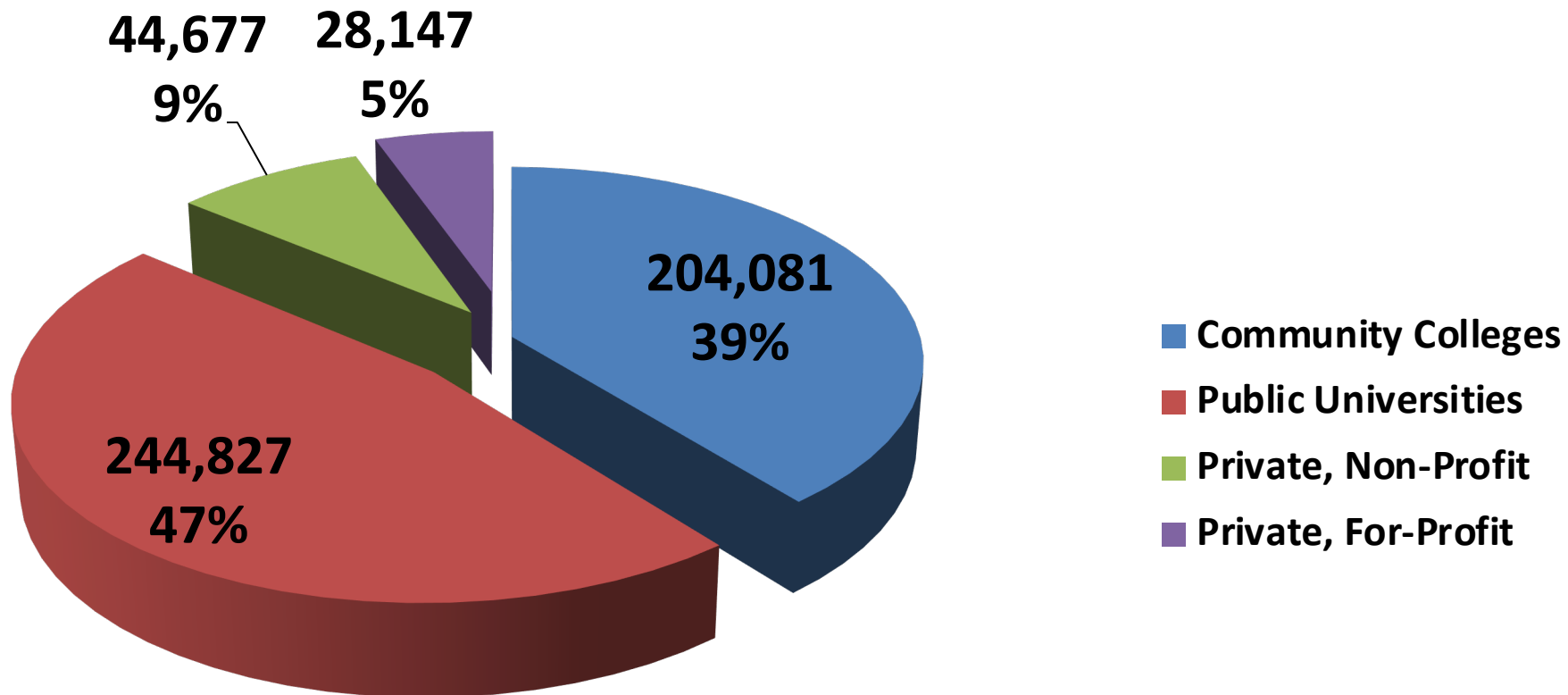
- ...have **very small** need-based state student aid programs
(Pell is the *de facto* state need-based aid program)
- ...**rely on public institutions for access** and have *very small* private (for-profit and non-profit) sectors.
- ...have **students who are very sensitive** to the net of changes in tuition & fees and books & supplies and Pell aid.
- ...**increased enrollment** in the recession ***was driven by growth in Pell (awards & dollars)***. The short-lived Summer Pell was especially popular in rural areas of the Deep South.
- ...*had already seen a slight decline in Pell (awards & dollars)* from 2010-11 to 2011-12, **prior** to Congress' passage of new Pell restrictions in June 2012, effective Fall 2012 term.

This study of three Deep South states...

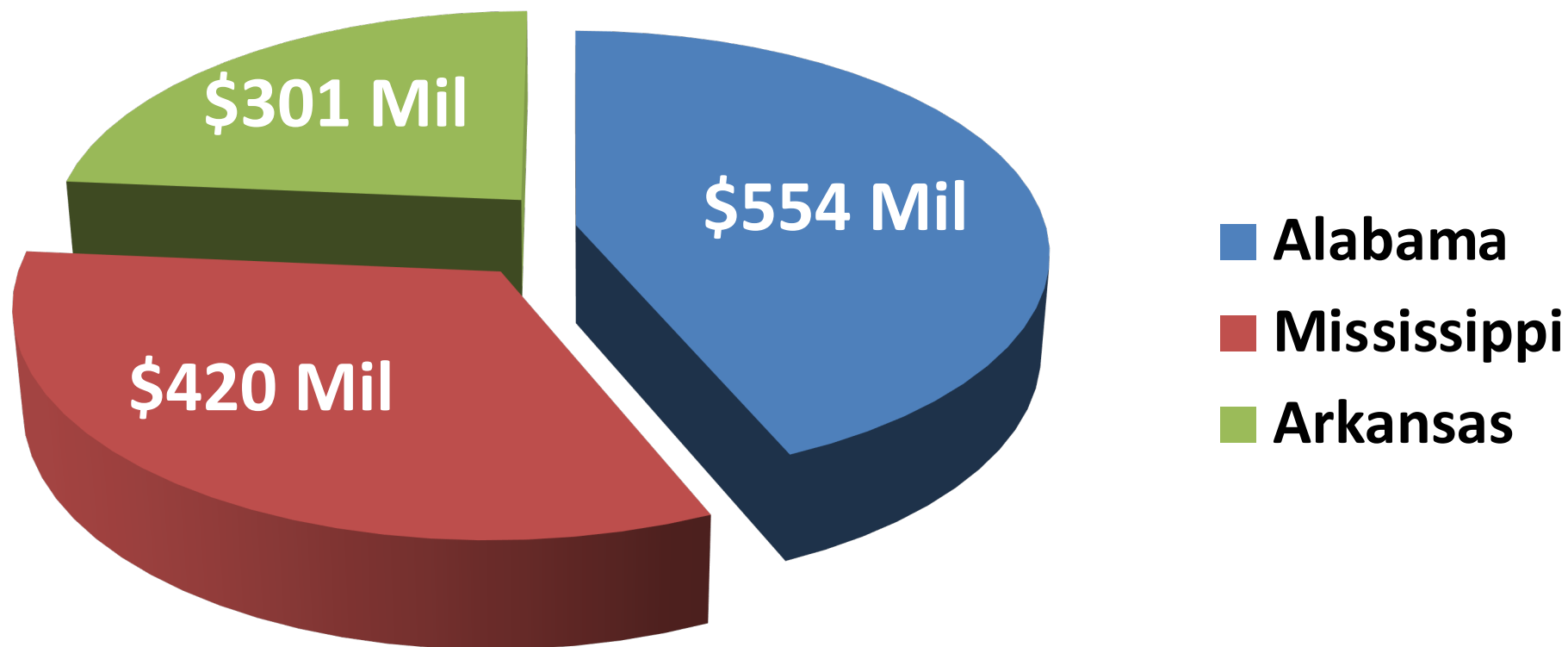
- ...was conducted between September and November of 2012.
- ...obtained a 100% response rate of front-line community college financial aid administrators from all 62 colleges in 3 states.
- The 2010-11 enrollment at the 62 colleges was 351,362 students, of which 140,714 were in Alabama (40%), 91,228 were in Arkansas (26%), and 119,418 were in Mississippi (34%).
- Part I analyzed quantitative data, Part II qualitative data
- Parts of this study were previously published as state-level reports, but never as a whole across all three states.
- **This is one of the first studies to document *the impact of the new Pell eligibility restrictions passed by Congress in June 2012, effective with the fall 2012 term.***
- Of the three most important new Pell eligibility restrictions, good data could be obtained on only two.

Nearly 9 of every 10 students in the Deep South attend Public Two- and Four-Year Colleges

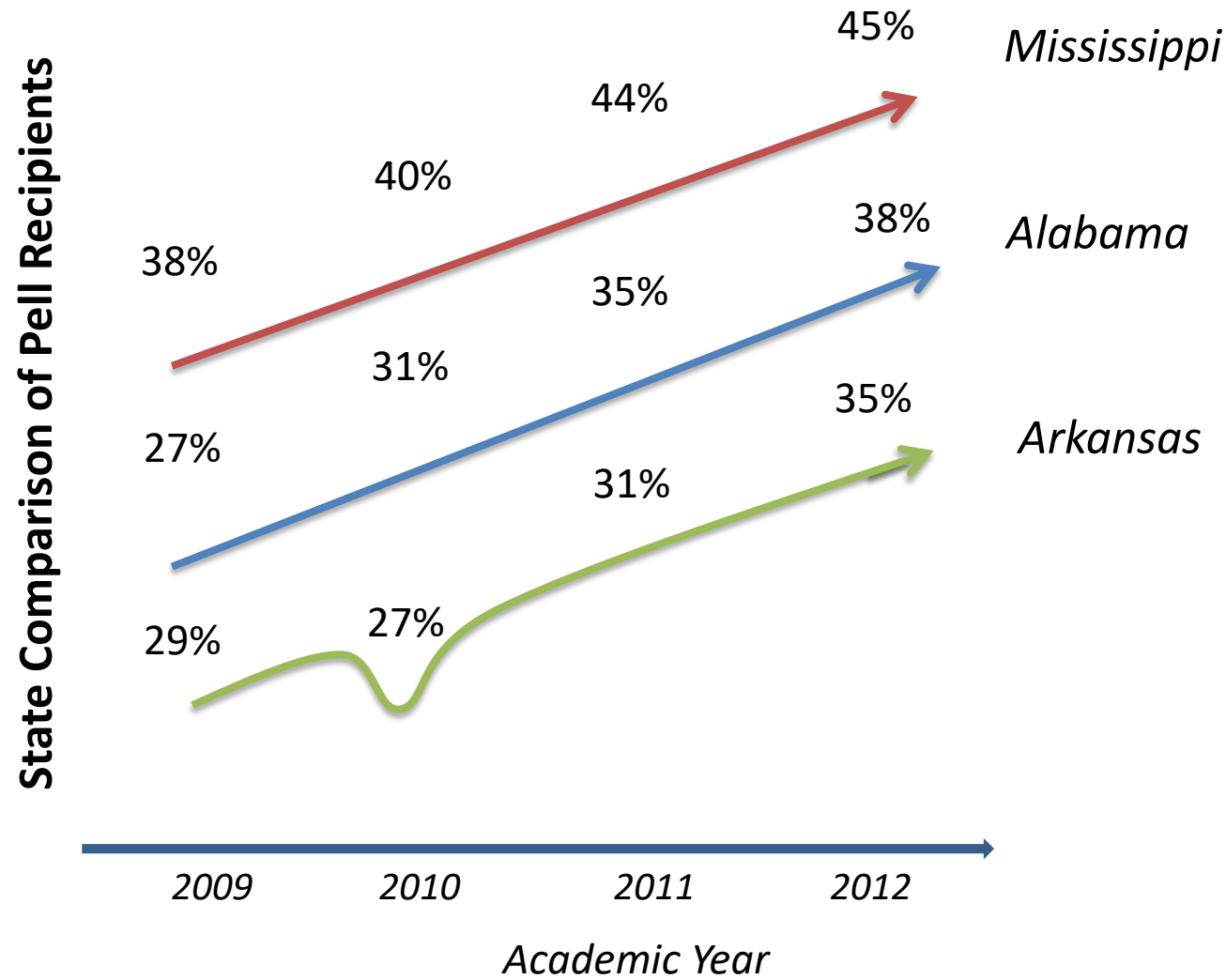
(n=521,732 total students in 2010-2011)



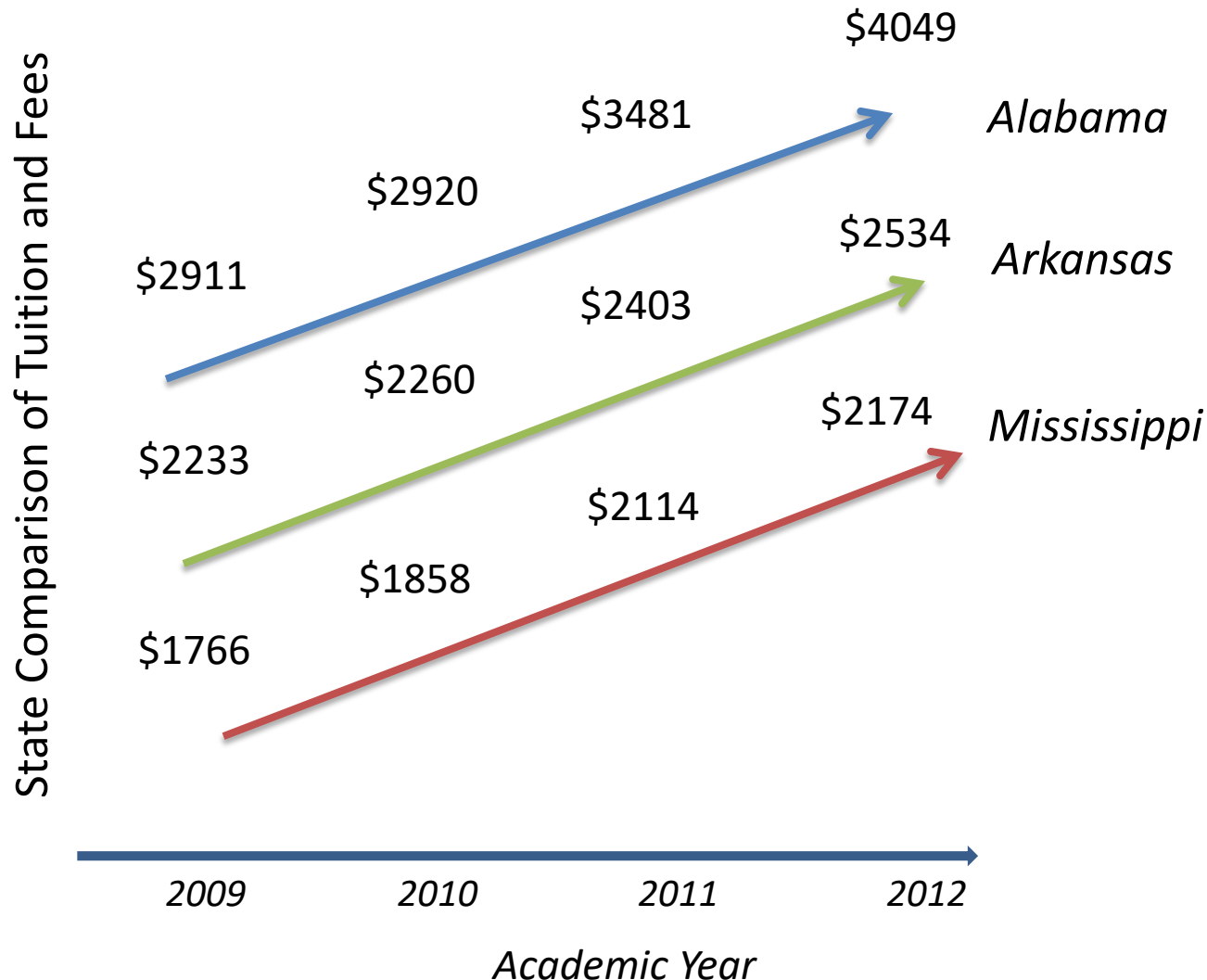
With little/no state-need-based student aid,
the \$1.3 billion in Pell Grant aid is the Deep South's de facto need-based financial aid program (2010-11)



The Percentage of Total Undergraduates on Pell Continues to Rise at Deep South's 62 Community Colleges

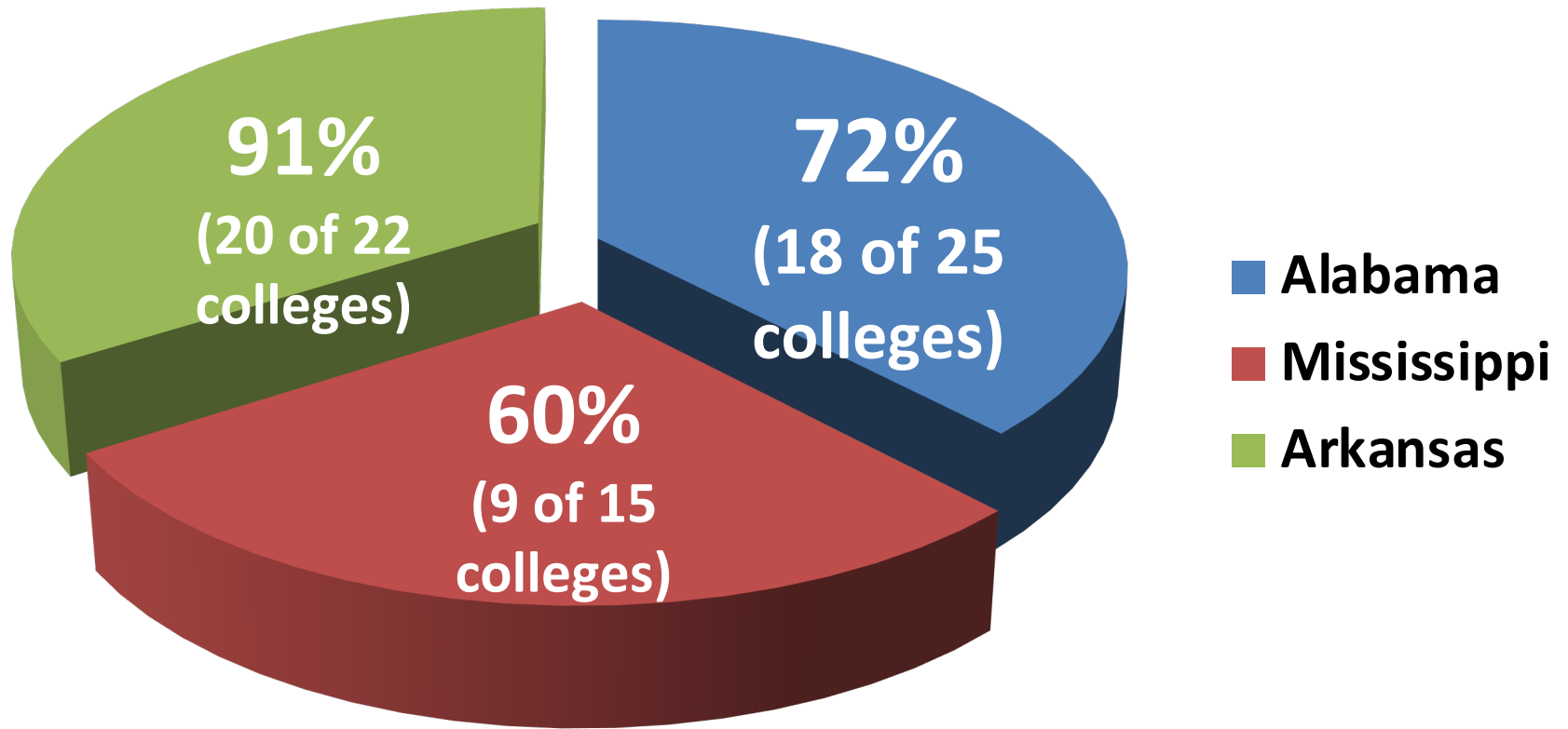


Recent Increases in Pell Have Exceeded Average Tuition & Fee Increases at Deep South Community Colleges



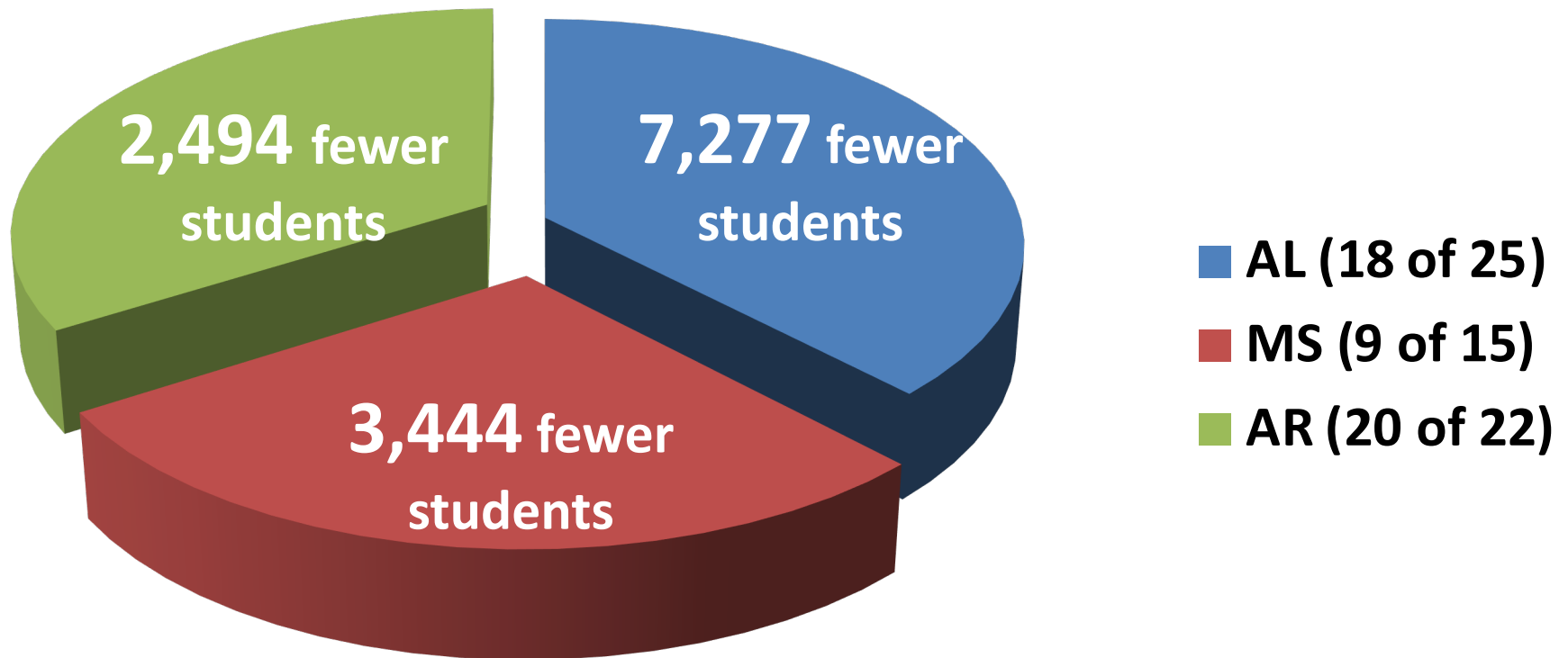
In Fall 2012, FTE enrollment declines

at 47 of 62 Deep South community colleges from F11



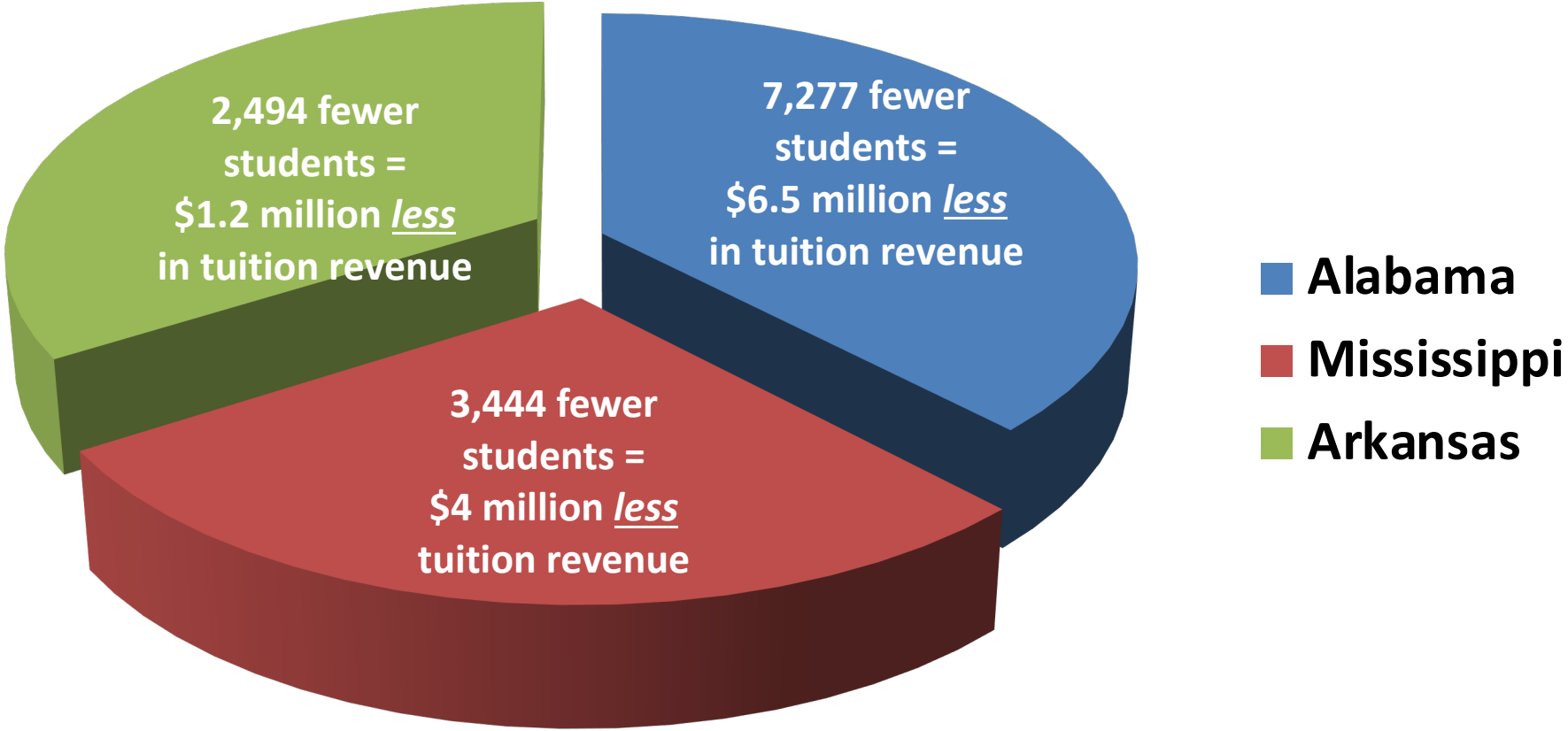
13,665 fewer students in Fall 2012

*compared to Fall 2011, 47 of 62 reporting colleges
reported a decline in FTE enrollment*



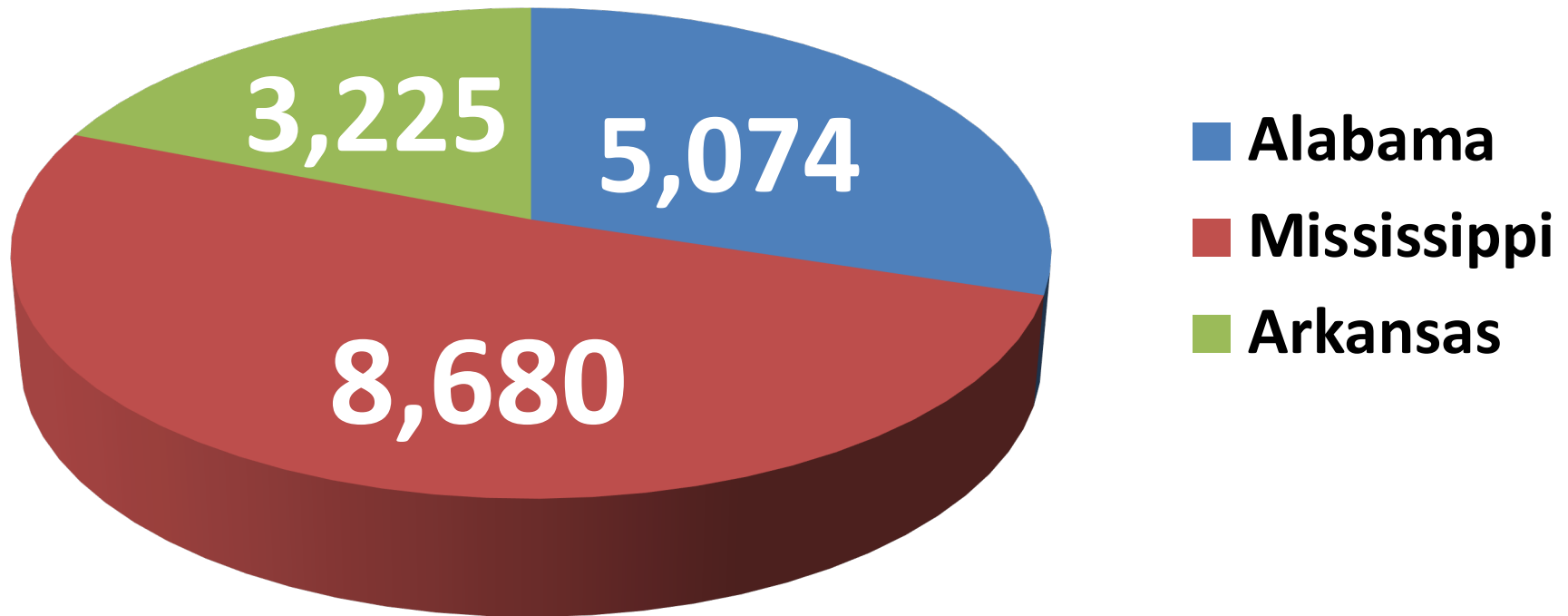
Lower FTE enrollment means less tuition revenue, limiting colleges' ability to retrain workers

(N=62 community colleges; enrollment is Full-Time Equivalent)



Nearly 17,000 Deep South students lose Pell due to new Lifetime Eligibility Limit in 2012-13

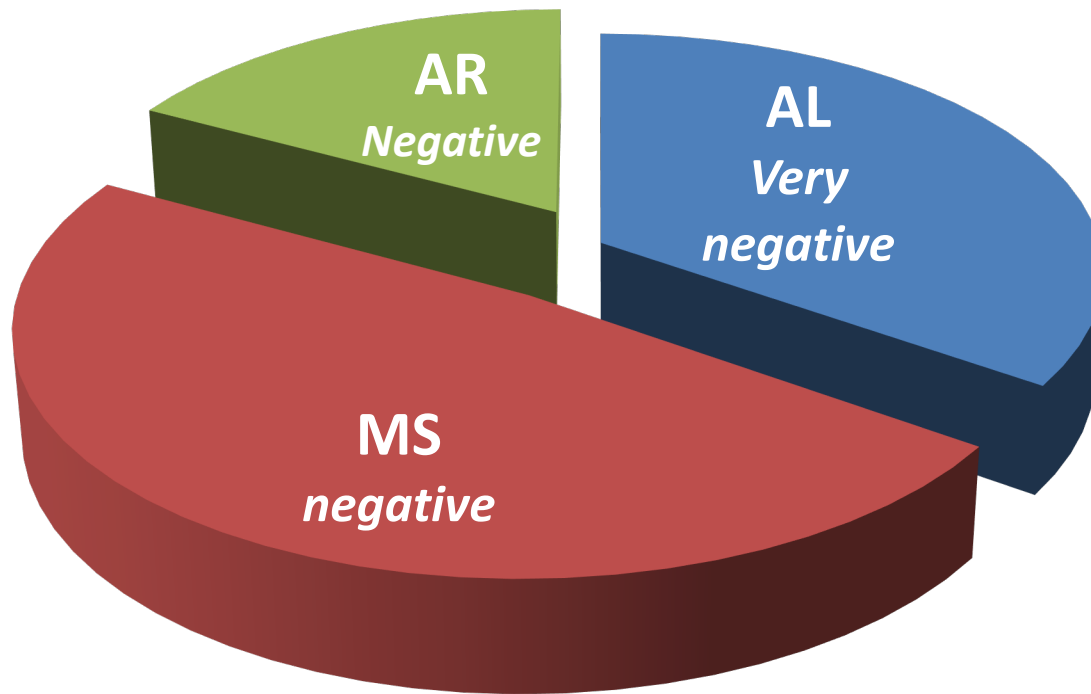
5,387 students already lost Pell in Fall 2012



Zero-Expected Family Contribution

lowered from \$32,000 to \$23,000 to receive maximum Pell Grant

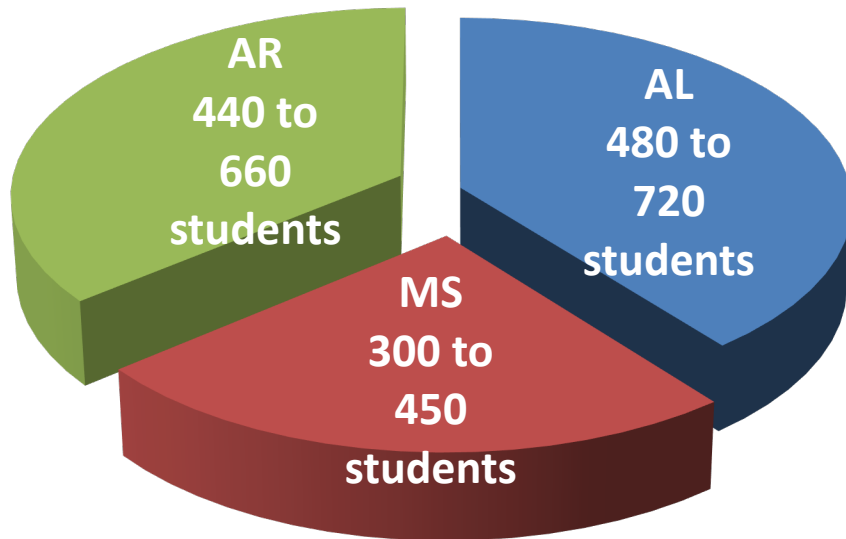
How did the income reduction in the automatic Expected Family Contribution from \$32,000 to \$23,000 impact your students?



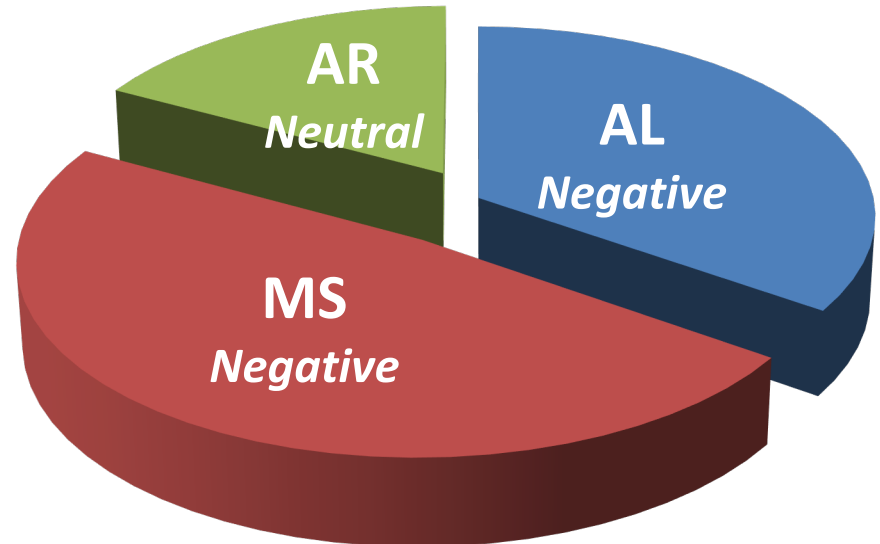
Ability-to-Benefit eliminated

allowed community colleges to place qualified students without HS Diplomas or GEDs into first-certificate programs (such as welding)

Estimated impact: Between
20 and 30 students per college



How did the loss of ATB impact your students?



Front-line community college financial aid administrators in Deep South states believe:

- The short-lived "year round" Pell Grant improved completion rates at their colleges -- of 35 responses, 21 noted improvement, 14 indicated decline.
- The Pell Grant program needs fewer restrictions --of the 51 responses, 32 want fewer restrictions, 14 neutral, 5 want more.
- A reduction in the maximum Pell Grant from \$5,550 to \$5,200 would negatively impact their students (of 56 responses, 39 said negative impact, 17 believed there would be no change).
- If given the following two options, which would you choose?: A higher maximum Pell Grant with more regulations resulting in less overall access to Pell funding, or a lower maximum Pell Grant with less regulations and more access to students. Of the 60 responses, 53 (88%) favor a lower max Pell that ensures access.

IF FORCED TO CHOOSE:

Deep South community college financial aid officers strongly support a lower Maximum Pell with less regulations and more access to students, and not a higher Maximum Pell with more restrictions and less access.

(N=60 Community Colleges, 53 responding)

