

PELL GRANT'S VITAL ROLE IN LIFTING UP MISSISSIPPI

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The Giant Impact of Pell:

Record numbers of Mississippi students use their federal Pell Grants to access higher education and the American Dream. In FY2010-2011 alone...

- 81,254 students at Mississippi public universities and community colleges received \$379,914,402 in Pell aid.
- 27,848 of the 56,987 Mississippi public university students (49% of total), received Pell Grants totaling \$134 million.
- 53,406 of Mississippi's 73,957 community college students (72% of total), received Pell Grants totaling \$245 million.
- At the University of Mississippi and Mississippi State University, 4,345 and 5,435 students received \$20 and \$25 million, respectively, in Pell aid.

From 2008-2009 to 2011-2012:

- The number of Pell awards grew by 12,452, from 40,816 to 53,264 (31%).
- Pell funding grew by \$134 million, from \$141 to \$274 million or 52%.
- Pell = Access: The average Pell Grant increase per Mississippi community college student (\$1,502) exceeds the average increase in tuition and fees (\$1,204).
- Pell recipients as a percentage of total enrollment grew from 40% to 48%.

The New Pell Restrictions Passed by Congress in June 2012 Mean:

- 7,154 will lose their Pell eligibility in the next several semesters; 2,960 lost it in the Fall 2012 term.
- The lower zero-Expected Family Contribution for Pell eligibility (\$23,000, down from \$32,000) will hurt access over time.
- Ending ATB means Mississippians without a GED or HS diploma can no longer enter welding programs on Pell Grants, despite workforce needs.

CONCLUSIONS:

- New Pell restrictions resulted in lower enrollment at 14 of Mississippi's 15 community colleges, even in regions with high unemployment.
- Many of Mississippi's community colleges now face major reductions in tuition revenue, even as state funding cuts end.

Introduction: Mississippi and Pell

Recent years have seen significant growth in the federal government's foundational program to provide for access to college, the Pell Grant program. Nationally, the number of Pell participants have increased by 50% since 2008, from 6 million to 9 million students.¹ This reflects a federal commitment to serve a fast-growing traditional-aged population—there were one million more Americans ages 18 to 24 years old in 2012 than in 2009.² For Mississippi students and families, and community colleges, the timing of these increases could not have been better, as the state entered a long recession.³

The National Bureau of Economic Research, the federal agency that determines when recessions start and end, affixes June 2007 as the recession's start. In July of 2007, the unemployment rate was above 5% in just 12 states; by July of 2009 it was below 5% in only 3. The "Great Recession" produced double-digit statewide unemployment rates in Mississippi. In October 2012, Mississippi's statewide unemployment rate of 9.2% was well above the 7.8% national average.⁴ Only the northeast and coastal regions have lower rates.

In decades prior to the mid-1990s, before the personal computer revolution impacted rural America, community college enrollments closely echoed economic conditions. When jobs were plentiful, enrollments trended down, and up when conditions worsened. Starting in the mid-1990s, as rural Americans began to use community colleges for life-long

training, enrollments tracked up even as unemployment was low.⁵ Yet, in the Fall of 2012, despite persistent high unemployment, 14 of Mississippi's 15 community colleges report an enrollment decline compared to the Fall of 2011. The economy has not fully recovered, so what is going on?

This Report

This report argues enrollment declines at Mississippi community colleges can be directly traced to changes enacted by Congress in June 2012, effective with the Fall 2012 term, to the federal Pell Grant program. In 2010-11, a total of \$34.3 million for state-funded awards and administration was authorized by the Mississippi Legislature to be available to Mississippi students to attend colleges and universities. In 2010-11, 28,664 awards were made; the average award was \$978.40, an increase of 0.69% over 2009-10.⁶

This state investment is dwarfed by the impact of Federal Pell Grants in Mississippi. Table 1 shows that in federal FY2010-11, which roughly corresponds to the Fall 2010, Spring 2011, and Summer 2011 academic terms, a total of 147,976 Full-Time Equivalent students were enrolled at Mississippi's community colleges,

"We're living in a global economy. And we've got to stay competitive as we head into the 21st century, and the best way to stay competitive is to make sure people have access to good education. Pell grants send a message to students in need: If you work hard and stay in school and you make the right choices, the Federal Government is going to stand with you. That's what a Pell grant says."

—President George W. Bush, 2007

public senior universities, and non-profit colleges and universities. In FY2010-11, 90,480 received Pell Awards, or 61% of all students enrolled; by sector, 70% of community college, 49% of public university, and 57% of private, non-profit Mississippi students received Pell Grants. *More than two of every three Pell Awards went to community college students. In dollars, \$251 million of the \$404 million total, or 62%, went to Mississippi community college students.* While delivering on the promise of student access to public higher education is a shared responsibility of the federal and state governments and individual colleges, *in Mississippi the Federal Pell Grant program is the de facto state student aid program, making Pell a key economic development driver for the state's future workforce.*

“Today students hoping to attend college on a Pell grant are going to be able to feel more secure because not only are we going to offer over 800,000 additional Pell awards over the next 10 years, we’re also going to raise the amount they’re worth to almost \$6,000, so that inflation does not erode the value of your grant.

“And we’ll put the entire Pell grant program on firmer footing for years to come. Altogether, we are more than doubling the amount of Pell grants”

—President Barack Obama, March 30, 2010

Pell Grants are vital to student success at every sector and at every institution in Mississippi. Mississippi’s four doctoral-granting universities classified by the Carnegie Foundation for the Advancement of Teaching enrolled 20,466 students on Pell Grants; and its 3 public Master’s and Baccalaureate Universities enrolled just over 5,000 students on Pell Grants. This is about 60% and 35%, respectively, of total enrollments. The 4,345 Pell awardees at the University of Mississippi received over \$20 million, and the 5,435 Pell awardees at Mississippi State University received more than \$25 million, or 30% and 36% of total FTE, respectively.

Substantial as these figures are, they are far exceeded by Pell’s impact at Mississippi’s 15 community colleges, where 56,249 of the total 79,813 FTE received Pell

	Full-Time Equivalent Enrollment	Pell Grants...			
		Number of Awards	as a % of FTE	In Dollars (FY2010-2011)	
				Total	%
Community Colleges	76,767	53,406	70	\$245,928,255	59%
Public Universities	56,987	27,848	49	\$133,986,147	32%
Not-Profit Institutions	11,176	6,383	57	\$27,362,117	7%
For-Profit Institutions	3,046	2,843	93	\$12,879,929	3%
Total	147,976	90,480	61	\$420,156,448	100%

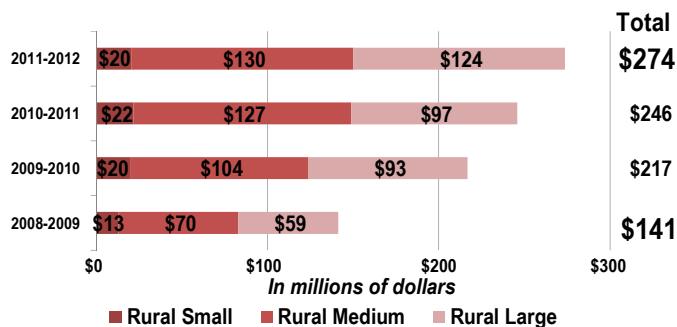
Note: Estimates are based upon Preliminary Analysis of IPEDS data for 2010-2011 calendar year, including Summer 2011, as analyzed by the Education Policy Center, The University of Alabama.

Grants in FY2011. Pell aid to needy Mississippi public university students totaled \$125 million in FY2011, compared to \$251 million at community colleges. With several consecutive years of across-the-board state budget cuts, federal Pell Grants even more important to Mississippi students to access the American Dream.

Part I: Pell Funding Grows in Mississippi

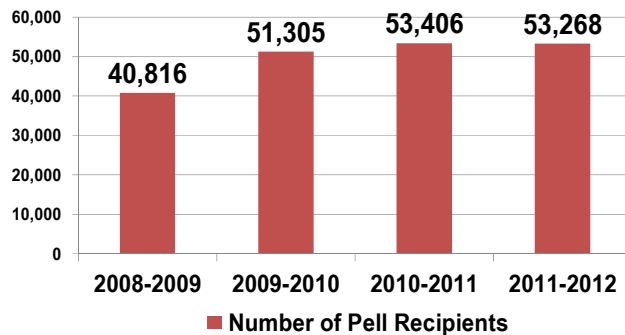
To assess the impact of recent changes in the Pell Grant program on institutions and students at Mississippi’s community colleges, the Mississippi Association of Community and Junior Colleges invited the Education Policy Center at The University of Alabama to study the issue. This report draws on data from two sources. First, quantitative data drawn from the U.S. Department of Education and a survey of Mississippi’s 15 community and junior colleges is presented. Part II consists of the results of a qualitative survey of Mississippi community college financial aid administrators regarding the impact of the new Pell Grant restrictions on student access. The survey was approved by the Institutional Review Board at The University of Alabama.

Table 2: In Dollars, Pell Awards to Mississippi Community College Students Nearly Double in Four Years, from \$141 to \$274 million
ALL Types of Mississippi Community Colleges are Positively Impacted, Despite State Budget Cuts and the Worst Recession since the 1930s



Notes: (1) Pell data for Fall, Spring, and Summer terms of 2008-2009, 2009-2010, and 2010-2011 are from the Integrated Postsecondary Education Data System, National Center for Education Statistics, U.S. Department of Education. (2) Pell data for Fall, Spring, and Summer terms of 2011-2012 are from the 2012 Survey of Pell Grants in Mississippi, Education Policy Center, The University of Alabama.

Table 3: Mississippi Community College Students on Pell Grants Rises, 2008-2009 to 2011-2012



Notes: (1) Pell data for Fall, Spring, and Summer terms of 2008-2009, 2009-2010, and 2010-2011 are from the Integrated Postsecondary Education Data System, National Center for Education Statistics, U.S. Department of Education. (2) Pell data for Fall, Spring, and Summer terms of 2011-2012 are from the 2012 Survey of Pell Grants in Mississippi, Education Policy Center, The University of Alabama. (3) Number of Pell Recipients is derived from Fall semester data which is consistent with the way IPEDS collects data.

Tables 2 and 3 show opposite sides of the same coin. In four years, federal Pell Grants for academically-talented, economically disadvantaged students to enroll at Mississippi community colleges doubled, from \$141

to \$274 million, an increase of \$133 million or 94%. By Carnegie type, Pell grew by \$7 million, \$60 million, and \$65 million, respectively, at Rural-Small, Rural-Medium, and Rural-Large colleges, or 54%, 86%, and 110%. Table 3 shows a big jump in the number of Pell awards occurred between 2008-2009 and 2009-2010. Yet the number of awards has fallen from 2010-2011 to 2011-2012. What accounts for this decline? We believe that as the recession persists, more students are receiving the maximum Pell, and rely more on Pell to enroll and stay in college. This explains why when the Pell restrictions are imposed, enrollment immediately falls. We do not believe that improvement in the Mississippi economy accounts for the recent decline of Pell awards.

Pell Grants & Enrollments Grow Even as Tuition Rises

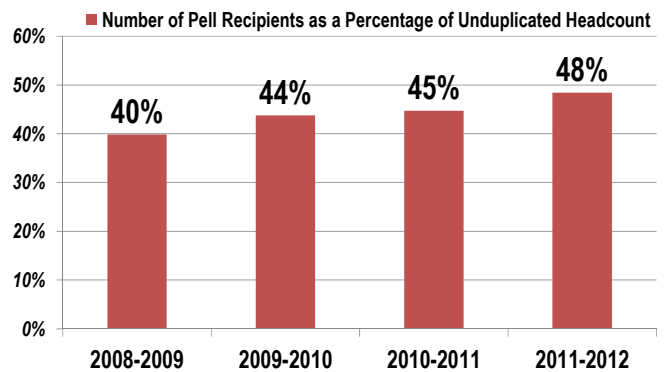
The various Delta Cost Project reports document how state operating funds for public colleges have been offset by tuition increases. *Since tuition started at a much lower base, it has had to be increased by much larger percentages to cover smaller percentage cuts in state operating budgets.* For example, at Itawamba Community College tuition produced 23% of total revenue in 1992-93; it is 32% now, while enrollment has basically doubled over the past twenty years as the College built its Tupelo campus. All community colleges are more tuition-sensitive today; cuts in Pell result in enrollment declines that immediately impact tuition revenue, particularly at Rural-Small colleges, where large tuition increases produce few dollars. Itawamba's trustees are now wrestling with a \$1.6 million tuition revenue gap from Fall 2011 to Fall 2012.

Table 4 shows in the past four years, the average increase in academic year community college tuition (\$408) was far exceeded by the average increase in federal Pell award (\$1,502). Despite persistently high unemployment and the relative lack of jobs, more students were likely able to stay in Mississippi community colleges (and senior institutions, too) due to the Federal Pell Grant increases. We also believe it is probable that,

after deducting for key costs of attendance (tuition & fees, plus books & supplies) more students may be getting less back for their living expenses. As community college expert Robert Pedersen notes, in rural America access to higher education means a reliable used car, due to the lack of public mass transit.⁷

Table 5 shows that the percentage of students on Pell Grants has grown substantially as the recession has persisted in Mississippi. Over the past four years, Pell awardees as a percentage of total unduplicated enrollments grew from 40% to 48%. A higher percentage of Mississippi community college students are using Pell Grants now than at any time in recent history.

Table 5: Pell Recipients as a Percentage of Enrolled Students Increases Significantly at Mississippi Community Colleges



Notes: (1) Pell data for Fall, Spring, and Summer terms of 2008-2009, 2009-2010, and 2010-2011 are from the Integrated Postsecondary Education Data System, National Center for Education Statistics, U.S. Department of Education. (2) Pell data for Fall, Spring, and Summer terms of 2011-2012 are from the 2012 Survey of Pell Grants in Alabama, Education Policy Center, The University of Alabama. (3) Percentages were calculated by taking the total unduplicated headcount and dividing it by the total number pell recipients.

Table 6 shows a direct relationship of changes in Pell Grant funding and Mississippi community college enrollments. When Summer Pell funding came in 2009, enrollments spiked. But from 2010-11 to 2011-12, as Pell awards fell by 138 statewide, enrollments fell by 14,479 students. In the Fall 2012 term, 14 of Mississippi's 15 community colleges reported an enrollment

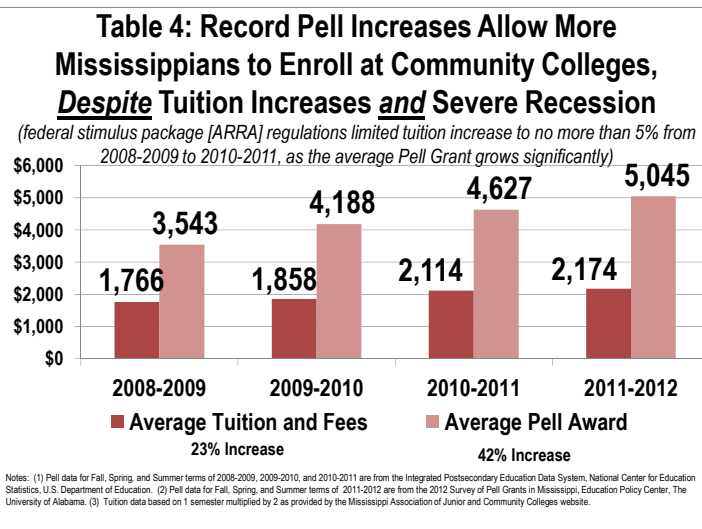


Table 6
Year-to-Year Changes in Pell Awards and Enrollment at Mississippi Community Colleges

	PELL GRANTS AWARDED						ENROLLMENT					
	Number			% Change			Number			% Change		
Carnegie Classification	08-09 to 09-10	09-10 to 10-11	10-11 to 11-12	08-09 to 09-10	09-10 to 10-11	10-11 to 11-12	08-09 to 09-10	09-10 to 10-11	10-11 to 11-12	08-09 to 09-10	09-10 to 10-11	10-11 to 11-12
Rural-Small (2)	736	177	481	24	5	12	389	90	-495	7	1	-8
Rural-Medium (9)	3,630	2,339	-1917	17	9	-7	8,297	534	-6820	17	1	-12
Rural-Large (4)	6,123	(415)	1298	37	-2	6	6,139	1,618	-7164	13	3	-13
Total (15)	10,489	2,101	-138	26	4	0	14,825	2,242	(14,479)	14	2	-12

Notes: (1) Pell data for Fall, Spring, and Summer terms of 2008-2009, 2009-2010, and 2010-2011 are from the Integrated Postsecondary Education Data System, National Center for Education Statistics, U.S. Department of Education. (2) Pell data for Fall, Spring, and Summer terms of 2011-12 are from the 2012 Survey of Pell Grants in Mississippi, Education Policy Center, The University of Alabama. (3) For colleges that did not report a figure for Unduplicated Headcount enrollment and Pell Grants awarded, an average of the previous 3 years was used. (4) Enrollment and Pell data for the 9-month academic year are collected in the same manner NCES/IPEDS uses.

decline from the Fall 2011 term, even though most regions of the state still suffer from persistently high unemployment. The new restrictions for Pell Grant eligibility, passed by Congress under P.L. 112-74 in June 2012 that were effective in the Fall 2012 term, is why.

Part II: The Future of Pell from the Front Lines

It is more important than ever, as the new 113th Congress considers changes in the Pell Grant program, for there to be fewer restrictions. More restrictions on access to Pell Grants likely will result in an immediate, negative impact on Mississippi's community colleges and four-year universities, which are increasingly serving as portals of access in the Magnolia state. If higher education is economic development, the vital importance of the federal Pell Grant program as a driver of economic development in rural Mississippi and rural America cannot be understated.

Table 7 shows that all 15 of Mississippi's community and junior colleges responded to the survey, and their enrollment and 2010 Carnegie Basic Classification.

Table 8, on the page following, offers estimates of financial aid administrators at Mississippi community colleges of the impact of the new Pell Grant restrictions passed by Congress effective in Fall 2012.

The three most important new mandated restrictions on Pell eligibility are first, the lifetime maximum number of hours or semesters; second, the reduction in the maximum Estimated Family Contribution income level

from \$32,000 to \$23,000 for students to even be eligible for Pell Grant aid; and third, changes in the "Ability to Benefit" restriction that previously allowed institutions to assess if students applying for college who had yet to complete either a high school diploma or a GED are qualified and can benefit from postsecondary education. *This third restriction impacts open-access community colleges in first-certificate programs that prepare students for immediate entry into the workforce, such as welding.*

I. Lowering the Lifetime Maximum Number of Hours or Semesters for Pell Eligibility

With the passage of P.L.112-74 in June 2012, Congress mandated students lose their Pell eligibility after 12 total semesters of full-time enrollment (measured as 600% of total hours, to incorporate both full- and part-time course-taking). We estimate 7,154 Mississippi community college students will lose their Pell Grant eligibility in the next several semesters (first column of Table 8). *We further estimate that 2,960 students have already lost their Pell eligibility in the Fall 2012 term.* Many of these

students registered for classes in the Spring 2012 term and at the same time applied for Pell; instead of receiving their Federal Pell Grants in the Fall 2012 term, they received bills for tuition and fees.

All of these students filed their Federal Application for Student Financial Aid forms, on which they indicate the institution(s) to which they apply. It is thus possible that a student could apply to both Pearl River Community College and the University of Southern Mississippi at the same time. Financial aid administrators at both institutions report students at the time they apply for financial aid; however, experienced aid administrators say that duplication happens rarely.

The next two columns of Table 8 reveal how many students are close to losing their Pell eligibility. We estimate 5,610 students at Mississippi community colleges are within three semesters of losing their Pell Grant funding (3,268 these students are in the 500% to 599 total hours range, and 2,452 are in the 450% to 499% total hours range). Thus, while 2,960 Mississippi students have already lost their Pell eligibility, more than 6,000 students soon face this possibility.

We note Mississippi's public four-year universities are likely even more impacted, because it is more likely that more students in their final semesters of Pell eligibility will be enrolled at senior institutions, having already transferred from community colleges. Our recent survey of neighboring Alabama included all 14 public senior universities; it found that better than

	Carnegie Classification	Responses Obtained for...		Enrollment of Responding Colleges		
		Part I (Quant)	Part II (Qual)	Number	% of Type	% of Total
Coahoma Community College	Rural Small	yes	yes	3,539	56%	3%
Southwest Mississippi Community College	Rural Small	yes	yes	2,767	44%	2%
Rural-Small, Sub-Total	2	2	2	6,306	100%	5%
Copiah-Lincoln Community College	Rural Medium	yes	yes	5,290	9%	4%
East Central Community College	Rural Medium	yes	yes	3,622	6%	3%
East Mississippi Community College	Rural Medium	yes	yes	9,116	15%	8%
Itawamba Community College	Rural Medium	yes	yes	11,112	19%	9%
Jones County Junior College	Rural Medium	yes	yes	6,956	12%	6%
Meridian Community College	Rural Medium	yes	yes	5,300	9%	4%
Mississippi Delta Community College	Rural Medium	yes	yes	4,926	8%	4%
Northeast Mississippi Community College	Rural Medium	yes	yes	4,419	7%	4%
Pearl River Community College	Rural Medium	yes	yes	8,184	14%	7%
Rural-Medium, Sub-Total	9	9	9	58,925	100%	49%
Hinds Community College	Rural Large	yes	yes	18,180	34%	15%
Holmes Community College	Rural Large	yes	yes	10,033	19%	8%
Mississippi Gulf Coast Community College	Rural Large	yes	yes	14,193	26%	12%
Northwest Mississippi Community College	Rural Large	yes	yes	11,781	22%	10%
Rural-Large, Sub-Total	4	4	4	54,187	100%	45%
TOTAL	15	15	15	119,418	100%	100%

Notes: (1) Enrollment numbers are unduplicated headcount from the 2010-2011 Academic Year.
(2) Data source is US Department of Education's Integrated Postsecondary Education Data System.

II. Expected Family Contribution

The Expected Family Contribution is the amount of dollars a student or family is expected to contribute toward college costs. Income and family size largely determine the EFC calculation. Previously, zero EFC students had a family income of \$32,000 or less, and met other standard qualifications. Under the new Pell restriction, maximum income for automatic zero EFC students was reduced from \$32,000 to \$23,000. This new EFC standard applies to both dependent and independent students (the poverty standard set by the U.S. Department of Health and Human

	(1) Lifetime Pell Restriction <i>(maximum number of semesters/hours)</i>				(2) EFC reduction		(3) Ability-to-Benefit
	Pell Eligibility Already Lost or Will Be Soon	Pell Eligibility Already Taken Away as of Fall 2012	Will Lose Pell Eligibility in 1 to 2 Semesters		How many students had a zero-EFC and were awarded the maximum Pell Grant Award (\$5,550) from Fall 2011 to Summer 2012?	How did the income reduction in the automatic Expected Family Contribution from \$32,000 to \$23,000 impact your students?	How did the loss of "Ability to-Benefit" funding for students without a certificate of graduation from high school or GED impact your students?
			600%	500%			
			or	to			
	Total	above	599%	to			
			450%	to			
			499%				
Rural Small (2)	649	248	239	162	3,732	Negative	Very Negative
Rural Medium (9)	3,055	1,024	1,129	902	18,107	Negative	Neutral
Rural Large (4)	3,450	1,160	1,324	966	13,968	Negative	Negative
TOTAL	7,154	2,960	3,268	2,452	35,807	Negative	Negative

two of three impacted students were attending public universities as compared to public community colleges.⁸ We believe, had the senior universities in Mississippi been surveyed, similar results would be reported.

Eleven of the 15 financial aid administrators believed that if their students are within a semester of graduation, financial aid professionals should be allowed to suspend the Lifetime Pell Maximum restriction. They were split as to whether or not the new Pell lifetime eligibility restriction should have been grandfathered in gradually from 18 semesters to 12 semesters, as Congress did under P.L. 112-74. Here are comments:

- "...they should have been able to complete current degrees."
- "Because students are within one semester of graduation, financial aid professionals should be allowed to suspend this regulation. It encourages transfer into the four year system where a degree will be obtained."
- "We do not support students being grandfathered in since the 600% rule seems reasonable, especially considering that 150% is the equivalent of the 93 hours for Satisfactory Academic Progress for community college students. My college supports allowing financial aid professionals to have the authority and responsibility to suspend this regulation. Educational attainment is our institution's most important mission and when students are close to graduation financial aid professionals should be allowed to use their professional judgment and other means to motivate and provide these students with a means to complete their degree."
- "Students should not be grandfathered in. If students are within one semester of graduating financial aid professionals should be allowed the authority to suspend the regulation and award for one term."

Services for a family of 4 for FY 2011-12 is \$22,350⁹).

Not surprisingly, financial aid administrators at Mississippi community colleges were "Negative" about this new restriction. The two Rural Small colleges believed that the reduction in EFC negatively affected their students in a minor way. At Coahoma Community College, the number of students who received the maximum amount of Pell award dropped by 4.3% from 2011 to 2012. In the Fall 2012 term, 76.9% of their current enrollment is receiving the maximum Pell award, down from 81.2% in the Fall 2011 term. Eight of the nine responding Rural Medium colleges found that the new EFC regulations affected the number of students who received automatic maximum Pell awards by between 10% and 14%. At Copiah-Lincoln Community College, all of the students within the range still qualified for the maximum award, these students just did not score an automatic zero EFC as they did prior to the implementation of the new restriction. At Hinds Community College, 215 students who applied for Pell via FASFA and returned in the Fall 2012 term fell in the \$32,000 to \$23,000 range (their financial aid office was not sure how many chose not to re-apply for financial aid). Mississippi Gulf Coast Community College reported that it had a fairly high impact, as that salary range (\$32,000 to \$23,000) is typical for families of community college students. East Mississippi Community College reported that about 14% of its Pell recipients were negatively impacted by this new restriction.

We do note that the more rural and small the community college, the more negative they are about this restriction. This may reflect the fact that students are typically from the local regions and that high unemployment still persists across much of rural Mississippi.

For the future, there is high uncertainty among financial aid officers regarding the long-term impact of this new regulation. One said that their college's data tracking system was not designed to import data on who got knocked out from year to year. As one financial aid officer said, "The change in the automatic EFC income reduction did have an impact on our student body. Students who previously qualified were caught off guard due to the change." Other comments include:

- "Approximately 10.2% of our students received less than full Pell due to this reduction."
- "We had students that were eligible for a full Pell Grant in 2011-2012 that were now not receiving enough funds to cover all of their expenses."
- "None, the students within this range still qualified with an EFC of zero at our school. It just was not an automatic qualifying zero EFC."

III. Ability-to-Benefit without Completing HS or Passing a GED

As expected, the new "Ability-To-Benefit" Pell eligibility restriction was a concern to Mississippi community college financial aid administrators. Prior to the implementation of these new ATB restrictions, a prospective student without a high school diploma or GED, after a professional determination made that the student can benefit from postsecondary education by a financial aid administrator, could be placed into a first-certificate program such as welding. This makes changes in ATB a workforce training issue, and we were not surprised that Southwest Mississippi Community College reported that enrollment of ATB students fell by more than 20% due the ATB changes. Mississippi financial aid administrators largely believe the new ATB restriction had a negative impact on their students. An issue for education policymakers interested in expanding the base of well-educated adult workers is if the open door of access to a first-certificate welding program is closed to those without a high school diploma or a GED, will these potential students ever try public higher education again? The written comments of financial aid officers underscore this point:

- "Enrollment among students classified as Ability-to-Benefit fluctuates annually depending on many of the same factors that affect enrollment at large. However, because they do not hold a high school diploma or a GED, their earning power is typically much lower, only 60% of the national median weekly salary of \$797. Unemployment rates for this sector are also much higher at 14.1% further illustrating the need of this sector of the population for job training (U.S. Department of Labor, 2012). Lower income levels create greater barriers to college attendance if students do not have access to funding

for their education. The data shows that the ABT students at our college performed as well or better than their diploma/GED counterparts."

- "The loss of ATB affected a small percentage of students."

Toward the Future of the Pell Grant Program

Often, the views of financial aid administrators, the individuals who are charged to implement any new changes, additions, or restrictions regarding federal student aid, are not well considered. One of the many issues Congress faces is filling a shortfall in the Pell Grant program of between \$2 and \$3 billion. Will further restrictions be placed on Pell while a high maximum Pell Grant figure is maintained, or will a slightly lower maximum Pell Grant be approved that rolls back the unpopular new restrictions?

The views of those charged with implementation matter. One need only ask the 4,345 and 5,435 academically talented, economically needy students who rely on Pell Grants to attend the University of Mississippi and Mississippi State University, respectively. For this reason, our research design included a survey of the views of financial aid officers at Mississippi community colleges regarding the future of the Pell Grant program.

The Short-Lived Summer Pell Grant

Mississippi community college financial aid administrators believed that the "double Pell" Grant initiated in the Summer of 2009 improved completion rates at their institutions (Table 9). Coahoma Community College, a Rural-Small college, reported a 31% increase in their graduation rate. All of Mississippi's reporting Rural-Medium colleges reported increase in *both* enrollments *and* completion rates. Jones County Junior College reports, "Yes, especially for those students in vocational and technical programs that required attendance in the summer." All of the Rural-Large college responses were in agreement; Holmes Community College notes, "...not only did our completion rate increase, but we are convinced our transfer rate improved as well." Others said:

- "It doubled our summer enrollment. Very few of our students can find jobs in the summer. The year-round Pell was an opportunity for them to continue their education and graduate faster."
- "One of the most important factors in college degree attainment for non-traditional, part-time students is year-round Pell grant availability. These students face a myriad of obstacles and challenges and often times will succumb to those if they are forced to sit out a semester, in particular summer, due to lack of funding. The diverse student population of community colleges in general makes this an issue. The year-round Pell grant goes to the very heart of the need for persistence and it is imperative that this be restored for the success of all students, but in particular the non-traditional students."
- "Both our completion and transfer rates improved."

Developmental Education

Public advocacy entities financially supported by the Bill & Melinda Gate Foundation, including Complete

College America and Completion by Design, support eliminating or reducing federal and state funding for public community colleges to deliver developmental education. The very title of CCA's April 2012 report, *Bridge to Nowhere: Remediation at U.S. Community Colleges*, suggests a particular point of view.¹⁰ In the spring of 2012, CCA urged lawmakers in Connecticut to remove state operating funds for community colleges for developmental education courses, a policy idea that many national experts, including Hunter R. Boylan, Director of the National Center for Developmental Education at Appalachian State University, challenged ("Complete College America Declares War on Remediation, Overkill on Remediation?" in *InsideHigherEd*, June 19, 2012).¹¹ As Congress considers Pell restrictions, some argue funding should no longer be permitted for community college developmental education courses.

We believe such a policy choice would produce disastrous results for Mississippi students, the community colleges where they start their higher education enrollments, and ultimately, the senior institutions to which they would transfer. For example, under the new Pell restrictions, potential new welders for Mississippi's shipbuilding industry can no longer receive Pell ATB benefits to be trained at community colleges. The negative impacts would touch all industries statewide.

As it pertains to Pell Grants, geography matters. Rural Mississippi lacks community-based organizations needed to serve the large numbers of students who enter college in need of developmental education. This infrastructure simply does not exist. The comments of the financial aid administrators underscore the vital importance of developmental education:

- "More students would be able to reach their educational goals."
- "This would allow us to serve a greater number of students."
- "It will be more beneficial for the student body."

- "Our college does not separate the issue of access and expectation of degree completion. Further, there is no better process that touches local student opportunity than the financial aid packages that can be offered to foster success. Less regulation with a broader interpretation will lead to greater access, not only to college, but to degree completion as well."

Fewer Restrictions, More Access

As Congress considers the future of the Pell Grant program, there is strong support on the part of Mississippi's community college financial aid officers to lower the number of Pell restrictions. A majority of financial aid administrators at each Carnegie classification type (Rural-Small, Rural-Medium, and Rural-Large) supported fewer restrictions, as Table 10 shows. This is supported by the written comments:

- "The Pell amount is generally more than enough to cover the needs of our students."
- "More access to more students would be helpful. Many community college students are non-traditional and self-supporting and would prefer to be part-time but are ineligible for Pell at this level of enrollment. Increasing access for students that need to be part-time to manage their life and be successful in their education would get more students to complete their education."
- "According to the National Association of School Financial Aid Administrators' President Justin Draeger, there have been more regulations issued by the U.S. Department of Education the past three years than in the previous seven. We find these new regulations are expensive to administer and comply with and very confusing to parents and students."
- "Poor students have EFC's greater than zero. Pell should provide access, the only means for a student to earn a degree."

Implementation is a Major Issue

The new Pell Grant restrictions passed by Congress in P.L.112-174 related to Estimated Family Income, Ability-to-Benefit, and especially the Lifetime Pell Eligibility were not phased-in through creation of a formula gradually lowering the maximum number of semesters from 18 to 17 in Fall 2012, to 16 in Spring 2013, and to 15 in Summer 2013, etc. Instead, the new restrictions were immediately implemented in Fall 2012 term. Many students who registered for Fall 2012 classes last April, who had received Pell in prior semesters and were counting on it this fall, were suddenly without it.

Response by Carnegie Type	Did the short-lived "year-round" Pell improve the completion rate at your institution?	Developmental Education		In the past five years, the Pell Grant program experienced a number of regulatory changes. Do you believe the Pell Grant program needs more or less restrictions?	In your opinion, how would a reduction in the maximum Pell award affect your students? If the maximum award was reduced from \$5,550 to \$5,200, what impact would the reduction have on your students?
		How many students who are Pell Grant recipients are taking at least one Developmental Education at your college this term (Fall 2012)?	How many hours of Developmental Education courses are students on Pell Grants currently taking this term (Fall 2012)?		
Rural-Small (2)	Improve	518	2,520	Less Restrictions	Negative Effect
Rural-Medium (9)	Improve	7,615	34,334	Less Restrictions	Negative Effect
Rural-Large (4)	Improve	8,133	36,854	Less Restrictions	Negative Effect
Total (15)	Improve	16,266	73,708	Less Restrictions	Negative Effect

Table 10 Mississippi Community College Financial Aid Administrators <u>Strongly Favor</u> a Slightly Lower Maximum Pell Grant with Fewer Restrictions		
Carnegie Classification (15 of Mississippi's 15 community and junior colleges responding)	<i>If given the following two options, which would you choose?:</i>	
	More Pell Grant regulations resulting in less overall access to Pell Grant funding.	A lower maximum Pell Grant with less regulations and more access to students.
Rural-Small (2)	0	2
Rural-Medium (9)	0	9
Rural-Large (4)	0	4
Total	0	15

Source: Pell Grants and the Lifting Up of Mississippi, Education Policy Center, The University of Alabama, October 2012

Our survey revealed that Mississippi community college financial aid administrators strongly favored fewer regulations. They generally support gradual implementation of the new Pell Lifetime Eligibility standard, and lean toward giving financial aid professionals the power to suspend the regulation if a student is within just a semester of graduating. In contrast, two year institutions strongly favor gradual implementation of Pell's new Lifetime Benefit maximum. Comments include:

- “Overall, fewer restrictions would be better. The constant regulatory changes have taken a toll on students and institutions.”
- “There should be consideration for a moratorium on new regulations. The regulatory compliance is very difficult and confusing to parents, students, and schools.”
- “Regulations regarding proper documentation to meet verification requirements are becoming difficult for many students, particularly poor students. Regulations on the Pell program are already burdensome for students and institutions. Additional regulations are a mistake.”

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The Education Policy Center seeks to inform and improve education policy making and practice, and our understanding of the roles education plays in a free society, through a program of research, topical and historical analyses of education issues, and services for education practitioners and policy makers.

Stephen G. Katsinas is director of the Center; his research interests are in higher education and state and federal policy, and access and finance issues for both two- and four-year institutions. Associate Director Wayne Urban, a historian of elementary and secondary education in the United States, recently authored the book *More Than Science or Sputnik: The National Defense Education Act of 1958*, and has written about No Child Left Behind and charter schools.

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