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
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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)

- Alabama: $554 Mil
- Mississippi: $420 Mil
- Arkansas: $301 Mil
The Percentage of Total Undergraduates on Pell Continues to Rise at Deep South's 62 Community Colleges

<table>
<thead>
<tr>
<th>State</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mississippi</td>
<td>38%</td>
<td>40%</td>
<td>44%</td>
<td>45%</td>
</tr>
<tr>
<td>Alabama</td>
<td>27%</td>
<td>31%</td>
<td>35%</td>
<td>38%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>29%</td>
<td>27%</td>
<td>31%</td>
<td>35%</td>
</tr>
</tbody>
</table>
Recent Increases in Pell Have Exceeded Average Tuition & Fee Increases at Deep South Community Colleges

Here is a comparison of tuition and fees in 2009, 2010, 2011, and 2012 for Mississippi, Alabama, and Arkansas:

<table>
<thead>
<tr>
<th>State</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mississippi</td>
<td>$1766</td>
<td>$1858</td>
<td>$2114</td>
<td>$2534</td>
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<tr>
<td>Alabama</td>
<td>$2911</td>
<td>$2920</td>
<td>$3481</td>
<td>$4049</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$2233</td>
<td>$2260</td>
<td>$2403</td>
<td>$2534</td>
</tr>
</tbody>
</table>

Academic Year

2009 2010 2011 2012
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.

- AL (18 of 25)
- MS (9 of 15)
- AR (20 of 22)
Lower FTE enrollment means less tuition revenue, limiting colleges' ability to retrain workers

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

- 7,277 fewer students = $6.5 million less in tuition revenue
- 3,444 fewer students = $4 million less in tuition revenue
- 2,494 fewer students = $1.2 million less in tuition revenue

Alabama
Mississippi
Arkansas
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

- Alabama: 5,074
- Mississippi: 8,680
- Arkansas: 3,225
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?

- AR: Negative
- AL: Very negative
- MS: negative
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?

- AR 440 to 660 students
- AL 480 to 720 students
- MS 300 to 450 students

AR Neutral
AL Negative
MS Negative
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.
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)

- 86% YES (21 Colleges) for lower Maximum Pell
- 83% YES (24 Colleges) for lower Maximum Pell
- 100% YES (15 Colleges) for lower Maximum Pell

Alabama: 4 Colleges favored higher Maximum Pell grants with more restrictions
Mississippi: 3 Colleges favored higher Maximum Pell grants with more restrictions
Arkansas: 4 Colleges favored higher Maximum Pell grants with more restrictions