April 2011

Public Education/Private Funding - The Growing Impact of the New Pell Grant Funding

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THE GROWING IMPACT OF THE NEW PELL GRANT FUNDING:  
A profile of 205 Community Colleges in 25 States
The cover picture was taken outside the single building that houses the Carrollton Center of main office of the Pickens County Center of Bevill State Community College in Carrollton, Alabama. Students pictured, from right include Shanese Sullivan, Travisha Bailey, and Maresha Lacy, who are waiting with many others to apply for the new Summer Pell Grants. New Summer Pell Grant funding was provided by the Health Care and Education Affordability Act of 2010, signed into law on March 27, 2010, which provided expanded year-round Federal Pell Grant for college students.

**Pickens County, Alabama is one of America’s poorest rural counties.** Located in Alabama’s Black Belt, Pickens is one of the few federally designated counties in both the federal Appalachian Regional Commission and the Delta Regional Authority (ARC, 2011; ADECA, 2011). Through its 4 campuses and outreach centers, Bevill State Community College strives to serve its sparsely-populated west-central Alabama service area. The February 2011 unemployment rate in Pickens County was 11.5% (Alabama Department of Industrial Relations, 2011).

**Introduction**

On behalf of the College of Education at The University of Alabama, I am pleased to share The Growing Impact of New Pell Grant Funding: A Profile of 205 Community Colleges in 25 States.

With impending anniversary of the Health Care and Education Affordability Reconciliation Act of 2010, it is appropriate to examine the impact of expanded Pell Grant funding in extending access for low-income students who use community colleges as their portal of entry to U.S. higher education and to access the American dream.

We hope you will find this a useful report, and we invite you to call our Education Policy Center whenever we can be of assistance.

*James E. McLean*

*Dean, College of Education, The University of Alabama*
THE GROWING IMPACT OF NEW PELL GRANT FUNDING:
A profile of 205 Community Colleges in 25 states

A research project of the Education Policy Center at The University of Alabama and Iowa State University, conducted under the auspices of the National Rural Scholars Panel of the Rural Community College Alliance

by
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With the assistance of Joyce Lui, Dustin Smith, Melissa Tarrant, Rhonda Kilgo, Chad Clark, Dr. Delphine Harris, and J. Matthew Short

Released on April 8, 2011 at the Council for the Study of Community Colleges Annual Meeting, New Orleans, Louisiana
April 8, 2011

Dear Friends:

It is my pleasure to convey The Growing Impact of New Pell Grant Funding: A Profile of 205 Community Colleges in 25 States.

This research project is sponsored by the Education Policy Center at The University of Alabama, Iowa State University, and California State University Northridge under the auspices of the National Rural Scholars Panel of the Rural Community College Alliance. The goal of RCCA’s National Rural Scholars Panel is to bring non-partisan cutting-edge research on key issues of concern to federal and state leaders on community college issues, with special emphasis on rural community colleges.

This report was authored by Stephen G. Katsinas, Director, Education Policy Center and project director, Dr. Linda Serra Hagedorn of Iowa State University, Frank Mensel, Senior Fellow at the Education Policy Center, and Dr. Janice N. Friedel of California State University-Northridge, with the assistance of graduate students from each university. Dr. Katsinas also serves as the President of the Council for the Study of Community Colleges, Dr. Hagedorn is President of the Association for the Study of Higher Education, Mr. Mensel is former Vice President of Government Affairs for the American Association of Community Colleges, and Dr. Friedel is the former state director of Iowa’s community colleges.

More than 200 urban, suburban, and rural community colleges responded to our survey. Given the many surveys they receive each day, why the enthusiastic response from college CEOs and financial aid administrators?

The answer is that state community college directors, college presidents, and campus financial aid directors of the 557 rural community and 40 tribal colleges that the Rural Community College Alliance represents, and our urban and suburban colleagues as well, know full well the vital role Pell Grants play.

They see every day how Pell Grants help academically talented, economically disadvantaged students access and succeed in higher education, as they pursue their American Dream.

They know President George W. Bush was right when he said, “Pell grants make it possible for people from all walks of life to afford a college education. Pell grants send an important message to students in need: If you work hard and you 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.”

They know making the Pell Grant year-round has been a bipartisan federal policy goal for some 20 years.

And they know that developing our human capital is their job, indeed their mission. They know the Pell Grant program is our nation’s leading driver and enabler to help community colleges develop America’s most important asset--and in particular, rural America’s most important asset--its human capital.

Thanks to Drs. Katsinas, Hagedorn, Mensel, and Friedel and their research team for their efforts, and to the colleges and state offices for responding. Please let me know if we can ever be of assistance to you.

Sincerely,

Randy Smith, Ph.D.
President, Rural Community College Alliance
The Rural Community College Alliance National Scholars Panel

The Rural Community Colleges Research Panel's goal is to bring critical issues and policy on access to rural higher education and sustainable rural development to the attention of rural people and policymakers at state and federal levels. This panel is a joint program of the Rural Community College Alliance and the Education Policy Center at The University of Alabama, and the attached study is the first major study conducted under the auspices of both organizations. We launched this study because recent research has shown that since 2000, rural community college enrollment growth was highest among all community college types, and because studies show them to be the most highly aided students. The panel includes:

**Brent D. Cejda**, Executive Director, National Council of Instructional Administrators, and Associate Professor, University of Nebraska

**Allen Cissell**, former Program Specialist, Office of Community College Liaison, US Department of Education, Carbondale, Illinois

**Ed Davis**, Associate Professor, Mississippi State University

**David M. Deggs**, Assistant Professor of Workforce Development, University of Arkansas

**Pamela Eddy**, Associate Professor, College of William and Mary

**Dennis Golladay**, Vice Chancellor for Community Colleges, State University of New York

**Linda Serra Hagedorn**, Associate Dean, College of Human Sciences, Iowa State University and President, Association for the Study of Higher Education

**Cliff Harbour**, Associate Professor, University of Wyoming

**Michael A. Kennamer**, Director of Workforce Development and Skills Training, Northeast Alabama Community College

**John Clinton Kinkead II**, Assistant Professor, Dalton State College

**Jay Leist**, Assistant Professor, Texas A & M University-Commerce

**Frank Mensel**, former Vice President of Governmental Affairs, American Association of Community Colleges and Senior Fellow, Education Policy Center, Plano, Texas

**Michael T. Miller**, Professor of Higher Education, University of Arkansas

**Regina Garza Mitchell**, Assistant Professor, Educational Leadership, Central Michigan University

**John P. Murray**, Professor, Advanced Studies in Education and Counseling, California State University-Long Beach

**Juanita Gamez Vargas**, Assistant Professor, University of Oklahoma

**Marty Wiseman**, Director, Stennis Institute of Government, Mississippi State University

**Randy Smith**, President, Rural Community College Alliance (ex-officio)

**Stephen G. Katsinas** (Chair), Professor and Director, Education Policy Center, The University of Alabama; President, Council for the Study of Community Colleges
ABOUT THE STUDY

The University of Alabama launched the Education Policy Center to provide nonpartisan research on key policy issues, including postsecondary access and student financial aid, with special emphasis on the use of historical analysis. Education Policy Center Associate Director Wayne J. Urban’s 2010 book, More Than Science and Sputnik, the National Defense Education Act of 1958, documents the passage of the NDEA and how Sputnik impacted federal education policy. Other ongoing Center projects include: (1) The University of Alabama Superintendents’ Academy, (2) Our annual surveys of members of the National Council of State Directors of Community Colleges; (3) the Carnegie Basic Classification of Associate’s Colleges; developed initially by the late Clark Kerr, the largest sector, Associate’s Colleges, was not classified until its 2005 Basic Classification. Katsinas, Senior Fellow Vincent Lacey, and EPC Director of Research David Hardy are Consulting Scholars to the Carnegie Foundation to assist with this ongoing project; (4) The Alabama College Transfer Advising Corps, one of 10 national demonstration programs funded by Jack Kent Cooke Foundation as part of the National College Advising Corps, a nationwide consortium of colleges and universities that aims to increase the number of low-income, first-generation, and under-represented students entering and completing higher education (ACTAC is the only demonstration program working solely with community colleges. (5) Projecting College and University Enrollments, 1996 to 2025. This EPC report, to be released later in 2011, will present state-by-state data on traditional (ages 18-24), young adults (25-34), and older adults (ages 35-64) from 1996 to 2025. For more information about the Center, please visit our website at http://uaedpolicy.weebly.com/index

The Center’s interest in community colleges stems from their evolution into the largest and fastest growing branch of undergraduate enrollment in our country. This interest includes two components: First, into rural community colleges, which had moved into the forefront of community college growth; and second, into federal student financial aid, which clearly was fueling that growth. To the first, the development of this survey of community colleges was designed to document the impact, if any, of the new Pell funding on access. To the second, we will analyze data received using the new Carnegie Foundation for the Advancement of Teaching 2005 Basic Classification of Associate’s Colleges. To accomplish this survey, we enlisted partners via the Rural Community College Alliance’ National Scholars Panel.

The survey was conducted in summer through winter of 2010. Selected state directors of community colleges were contacted to assist in disseminating and collecting survey responses. Responses from 205 community colleges were received from 25 states, and complete responses from community and technical colleges in 9 states were obtained. This report presents the national data, a report to be issued in several weeks will highlight those states for which complete results were obtained. In some states, responses were obtained directly from the state director’s office (Florida, Kentucky, Washington, Louisiana, and Rhode Island); in others responses were obtained directly from individual colleges (Iowa, Colorado, North Dakota and Wyoming). With data reported by individual colleges, we note that our data may vary from state-issued reports. We thank the community colleges and state directors for participating in this research project. Any errors in tabulation of data are our responsibility alone.

Stephen G. Katsinas      Linda Serra Hagedorn      R. Frank Mensel      Janice N. Friedel
EXECUTIVE SUMMARY

1. **Enrollment jumps as Pell grows:** Unduplicated student enrollments increased by more than quarter million students in just one year (254,777 or 9%). Total Pell awards increased by 388,588 or 56%.

2. **Pell Grants extend educational opportunity:** That 70% of all full-time students enrolled at community colleges in the 2009-10 calendar year received Pell Grants means community colleges reach exactly the academically promising, economically disadvantaged students for whom federal aid is intended.

3. **Access expands as Pell funding grows significantly:** Across the 205 community colleges in the 25 states in our study, Pell funding grew by $1.1 billion, or 76% in one year, from $1.4 to $2.5 billion. President Obama proclaimed the national policy goal of more 800,000 Pell Grants in 10 years—at these 205 community colleges, new Pell awards increased by half that figure (388,588) in just 1 year.

4. **Marginal Cost of Attendance for disadvantaged students declines as Pell funding grows:** Along with restraints on state tuition increases due to ARRA provisions, Pell clearly lowered marginal costs for poor students to attend community colleges. When the two key components of (1) tuition and fees and (2) books and supplies are subtracted from the average Pell Grant, marginal costs were lowered in 2009-10. Average 12 month tuition & fees and books & supplies costs rose modestly by $255 or 5% from 2008-09 to 2009-10, while the average Pell award rose by $596 (from 3,408 to $4,004, or 17%).

5. **The popular Summer Pell Grant recognizes the year-round attendance reality of low income students.** At these 205 community colleges, Summer Pell Grants awarded increased by 113% in one year, from 154,254 to 328,224. Total Summer Pell funding nearly tripled from $158 to $456 million, increasing by 188%, as the nation moved to accomplish President George W. Bush’s 2007 year-round goal.

6. More students are taking more credit hours in the academic year and especially in Summer. Pell awards as a percentage of headcount enrollments was exceeded by Pell as a percentage of enrolled full-time, especially in summer, where Pell awards as a percentage of unduplicated headcount jumped sharply from 24% to 35%, yet was exceeded by Pell awards as a percentage of full-time students (51% to 70%). More students are taking more hours, which likely will lower time-to-degree for economically disadvantaged students, while improving overall system efficiency.

| Table 1: Enrollment Headcount Enrollment and Pell Awards at 205 Community Colleges in 25 States in Numbers and Dollars, 2008-2009 and 2009-2010 |
|--------------------------------------------------|------------------|------------------|------------------|------------------|
| **Year** | **2008-2009** | **2009-2010** | **CHANGE** | **Percent** |
|  | Numbers/Dollars | Numbers/Dollars |  |  |
| Headcount Enrollment | 2,832,533 | 3,087,310 | 254,777 | 9% |
| Full-Time Enrollment | 1,362,290 | 1,548,986 | 186,696 | 14% |
| Pell Awards (9 months) | 535,072 | 749,690 | 214,618 | 40% |
| Pell Awards (Summer) | 154,254 | 328,224 | 173,970 | 113% |
| **ALL Pell Awards numbers** | 689,326 | 1,077,914 | 388,588 | 56% |
| *percent* | $1,439,323,640 | $2,535,790,915 | $1,096,467,274 | 76% |

Source: Analysis by The University of Alabama Education Policy Center.

Notes: (1) "Headcount Enrollment" is Unduplicated Headcount Student Enrollments. (2) "Full-Time Enrollment" is Full-Time Equivalent Enrollment. (3) Summer Pell Awards include both Pell I and new Pell II awards authorized by April 2010 federal law.
Briefly about the survey

A total of 205 colleges that together operate more than 300 campuses from 25 states responded. These colleges served about 3.1 million unduplicated headcount students and 1.6 million full-time students in 2009-10. Not all responses were made directly to the Education Policy Center; data from some states were gathered by the state community college office and forwarded to us. Our survey was conducted from Summer 2010 through January 2011. Data collected will eventually be reported through the federal data sets.

Figure 1 summarizes pictorially the complete and partial responses to the survey from the various states. Among community colleges from the 25 states that sent responses, we received usesable and complete responses from all of the colleges in 9 states (Colorado, Florida, Iowa, Kentucky, Louisiana, North Dakota, Rhode Island, Washington, and Wyoming), and partial results from 16 other states.

Figure 1: Responses to the Survey—Complete and partial responses by state (25 states and 205 colleges)
Growing Pell funding made a major impact on community college enrollments in the 205 colleges surveyed, as Figures 2 and 3 show. Between 2008-09 and 2009-10, 84% of the reporting colleges reported a decrease in the key components of the marginal cost of attendance in the 9-month academic year, 83% in summer, and 87% in the 12 month calendar year—a decrease in the marginal cost of attendance* for the...

<table>
<thead>
<tr>
<th>Colleges between 2008-09 and 2009-10 reporting…</th>
<th>9 month Academic Year</th>
<th>Summer</th>
<th>12 month Calendar Year</th>
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<tbody>
<tr>
<td>...a decrease in the marginal cost of attendance* for the..</td>
<td>84%</td>
<td>83%</td>
<td>87%</td>
</tr>
<tr>
<td>...Pell awards as a percentage of Full-Time enrollments increased by more than Pell awards as a percentage of total unduplicated headcount enrollment for the…</td>
<td>77%</td>
<td>86%</td>
<td>80%</td>
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*Attendance costs are defined as average full-time tuition & fees plus average books & supplies costs minus the dollar value of the average Pell Grant.

Figure 3: More students earn more credits

New Pell investments produce declining marginal cost* so that more low-income students can attend 205 community colleges, Academic Year 2008-09 to Academic Year 2009-10

1 The authors wish to acknowledge the contributions of J. Matthew Short in preparing the figures in this report.
lowering of the net tuition and fees, plus books and supplies, due to the much higher average Pell Grant combined with modest tuition increases thanks to ARRA restrictions. Perhaps most relevant to those interested in propelling forward the policy goal of increasing the graduation rate of students who start at community colleges, Pell awards as a percentage of full-time enrollments increased by more than Pell awards as a percentage of total unduplicated headcount for 77% of reporting colleges in the regular academic year, 86% in summer, and 80% in the calendar year.

Figures 3 and 4 show the impact of the growing Pell funding from the 9-month Academic Year and Summer, respectively. From Academic Year 2008-09 to AY2009-10, with moderate tuition increases, added Pell funding produced a 17% decline in the marginal cost of attendance. Both unduplicated headcount enrollments and full-time student enrollments increased; that FTE enrollments grew by more than unduplicated headcount enrollments (14%, compared to 9%), speaks to the impact of federal student aid investments. Figure 4 shows federal Pell investments produced a 43% decline in the marginal cost of key components of summer attendance, resulting in a 10% increase in unduplicated headcount and 15% in FTE student enrollments. By definition this means more students took more hours, which over time should produce a shorter trajectory to degree completion, an important federal policy goal for US higher education.

**Figure 4: More students earn more credits**
*New Pell investments produce declining marginal cost* so that more low-income students can attend 205 community colleges, *Summer 2009 to Summer 2010*

- **Green bar graph:** Decrease in Marginal Costs
- **Blue bar:** Increase in Headcount Enrollment
- **Red bar:** Increase in Full-Time Equivalent Enrollment

* Remaining average Pell Grant Award after key attendance costs of Tuition & Fees plus Books & Supplies are deducted from average Academic Year Pell Award.
THE GROWING IMPACT OF NEW PELL GRANT FUNDING:
A Profile of 205 Community Colleges in 25 States
A research project of the Education Policy Center at the University of Alabama,
Iowa State University, California State University-Northridge,
under the auspices of the National Rural Scholars Panel of the Rural Community College Alliance
Prepared by Stephen G. Katsinas, Director, Education Policy Center

Introduction to the Federal Pell Grant Program

The Federal Pell Grant Program is the bipartisan result of the landmark Education Amendments of 1972, signed into law by President Richard M. Nixon. The Pell Grant Program is the foundation of federal student aid, providing access to postsecondary education for low-income undergraduate students seeking for-credit degrees and certificates.

Academically qualified students with demonstrated ability to benefit from attending an eligible college or university may apply for a Federal Pell Grant to help defray costs. To receive a Pell Grant, a student first must demonstrate financial need based upon a formula established by Congress. Award amounts depend upon financial need, attendance costs, status as a full- or part-time student, and plans to attend college for a full academic year or less. While two consecutive two-term presidents from both political parties promised a $5,000 Pell Grant in their campaigns, as of the 2008-2009 award year (July 1 to June 30), the maximum Federal Pell Grant was $4,731. Congressional investments starting in the FY2008 federal budget increased the maximum Pell Grant to $5,350 in 2009-2010, and $5,550 in 2010-2011. Students must demonstrate satisfactory academic progress toward a for-credit degree or certificate each term to maintain eligibility. Pell Grants are limited to undergraduates who have not yet earned a bachelor’s degree.

Before the summer of 2010, students could only apply Pell tuition funding to summer course-taking if they did not deplete funding for which they qualified in the previous academic year. The Higher Education Opportunity Act of 2008 made it possible for some students to qualify for a second/ summer Pell Grant, with the policy goal of encouraging more students to accelerate and complete their programs more quickly. If a student had a maximum Federal Pell Grant of $5,350 in the fall 2009 and spring 2010 terms, that student could qualify for an additional $2,675 of maximum Summer Pell Grant funding in Summer 2010.

Education Policy Center studies show that an additional 2.3 million students have enrolled at US community college enrollments since 2000 (Hardy & Katsinas, 2007). Dramatic double-digit enrollment increases in the past 3 recession years coincide with deep mid-year budget cuts in 34 states (see Katsinas and Friedel’s 2010 study of state community college
directors at http://uaedpolicy.weebly.com/uploads/6/1/7/1/6171842/uncertain_report.pdf). In the Fall of 2008, U.S. community colleges enrolled about 7.4 million students in credit courses, and 5 million in noncredit courses (American Association of Community Colleges 2011 Fact Sheet). Of these 7.4 million students, approximately 3 million received Pell Grants annually. Thus, community college students account for roughly one-third of the 9 million U.S. students in postsecondary education who receive Pell Grants annually (AACC, 2011).

Reversing the 20 Years of Stagnant Funding Increases in Pell Grants:
The Bipartisan National Policy Context of Recent Increases in Pell Grant Funding

“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 an important message to students in need: If you work hard and you 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.

“I wish we could make the Pell grant process last year round…That recognizes the realities for Pell grant recipients.”

--PRESIDENT GEORGE W. BUSH, SEPTEMBER 27, 2007

Achieving the federal policy objective President Bush spoke of in 2007, to fund a year-round Pell Grant that recognizes the reality that low income students attend and work year-round to achieve higher education at their neighborhood schools of higher education, the community colleges, at levels sufficient to keep pace with fast-rising tuitions, has not been easy. Numerous federal reports have documented the significant decline in purchasing power when measured against the rising costs of college (see Advisory Committee on Student Financial Aid, 2008 and 2010). Tuition and fees have risen at rates well beyond double that of inflation—from 2000-01 to 2010-11, public four-year tuition and fees rose at an average rate of 5.6%. From 2009-10 to 2010-11, tuition and fees at public four-year and two-year institutions rose by 7.9 and 6 percent, respectively. Average tuition and fees and room and board charges for in-state public four-year students total $16,140, an increase in one year of 5.6% (College Board, 2010). In his unpublished remarks to the February 2005 meeting of the American Council on Education, John Boehner, then Chairman of the U.S. House Committee on Education and the Workforce, argued colleges and universities needed to control tuition cost increases and be more accountable and transparent.

2 Noted community college scholar James C. Palmer of Illinois State University coined this term in 2000.
Representative Boehner is hardly alone. Some blame public flagships, either for not enrolling sufficient numbers of low-income and/or minority students from high schools within their states, or for spending more of their institutional aid dollars on wealthy students than low income students. The 2010 report *Opportunity Adrift: Our Flagship Universities Are Straying From Their Public Mission* argues public flagship universities “spend hundreds of millions of dollars every year to aid wealthy students who don’t need it, while providing inadequate support to low-income and minority students who do,” and that while on average, low-income students receive higher grant awards than wealthy students, flagships spend about the same amounts to aid students in the top two quintiles of family income as on students from the bottom two quintiles (Haycock, Lynch, and Engle, 2010, p.1). Others blame flagships for simply not controlling their cost increases.

Against this backdrop lies the fact that the nation finds itself in the largest bulge of 18 to 25 year olds since the “baby boom” that ran from 1965 to 1973. There will be one million more 18 to 24 year olds, and 3 million additional young adults ages 25 to 34 in the US population between 2009 and 2012, whether or not our institutions of higher education are funded to serve them (DeMonBrun, Katsinas, and Hardy, 2009). In its 2009 survey, to which 50 members of the National Council of State Directors of Community Colleges responded, 12 reported enrollment caps at their state’s public universities (including all five of the nation’s largest), and 7 reported enrollment caps at their state’s public regional universities (including four of the nation’s five largest). From Fiscal Year 1997 to FY2008, the US population grew by 36 million or 13.6%, and headcount enrollments at US public institutions grew by 22.3%, yet state tax appropriations measured on a per capita basis for operating budgets grew by only 5.3% over that same period, and the estimated deferred maintenance for the 20 states that supplied a figure was $22.7 billion. Record enrollments are coming at a time of unprecedented fiscal strain on state budgets; as they cope with recession there are no major federal investments in the nation’s public higher education infrastructure accompanying the enrollment boom (Harris, 2011, forthcoming).

The June 2010 report of the Federal Advisory Committee on Student Financial Assistance notes the need to restrain public college and university tuition increases if recent investments in Pell Grants are to have any meaningful impacts. This report notes growing “large-scale mismatches” between aspirations and qualifications of low- and moderate-income high school graduates seeking bachelor’s degrees who are qualified and then are admitted to four
year institutions. Families are concerned about rising expenses and financial aid availability, and the report notes that this may be producing enrollment shifts away from initial enrollment at four-year colleges, and that low- and moderate-income students starting at community colleges are less likely to obtain a bachelor’s degrees. “These findings are persuasive evidence that [current] grant aid from all sources is not adequate to ensure access and persistence of qualified low- and moderate-income high school graduates.” (Advisory Committee, 2010, piii). The report continued to note that their analysis did not include “the widespread negative effects of the current economic downturn, including the sizeable impact of financially induced enrollment caps at many public colleges.” (p. iii). We also note that this report was published prior to any ability to assess, even on a preliminary basis, the impact of funds invested as a result of the higher education provisions of the Health Care and Education Affordability Reconciliation Act of 2010, approved in late March, 2011.

Concerns over rising college tuition and declining federal student aid

We note that concerns over the declining value of the Pell Grant are not new. In his 1985 Lyndon B. Johnson Distinguished Lecture at Southwest Texas State University to mark the 20th anniversary of the signing of the 1965 Higher Education Act, the Chairman of the U.S. House of Representatives Committee on Education and Labor, William D. Ford, noted that the “great success” of the Higher Education Act: “Enrollments…increased from 5.5 million in 1965 to 13 million this year. In 1966, 1,120,000 student aid awards were made to approximately 750,000 students under all of the student aid programs. In the current year, 8,745,000 student aid awards are being made to approximately 6,000,00 students...I believe that this growth in enrollments and the increased participation in higher education by students from moderate- and low-income families is in large measure a product of this federal investment in student aid. For example, by 1975 the proportion of black high school graduates enrolling in college equaled the proportion of whites.” Ford voiced concerns that “since the mid-seventies the rate of participation in higher education of students from families with incomes below $10,000 has dropped 17%, and that of Black students has dropped 11%.” He added, “This narrowing of educational opportunity is related to the decline in the purchasing power of federal student aid in the last five years and to the extraordinary shift in federal aid from grants to loans. In constant dollars, the value of student aid eroded by 21% between the 1980-81 school year and the
1984-85 school year. Of particular significance is the fact that in FY1979, the maximum Pell Grant represented 46% of the average cost of attendance at all postsecondary institutions in the United States. In the academic year 1984-85, the maximum Pell Grant provided only 26% of the average cost of attendance. In short, while the value of all federal student aid declined by one-fifth, the purchasing power of the primary federal grant program decreased by nearly one-half (Ford, 1985, p 10-14).

*Expansion of Pell Grant Funding Since 2006*

Beginning in 2007, Congress and two successive presidents have worked to turn around the long-term decline in the purchasing power of the Pell Grant, the nation’s key program for college attendance and successful graduation for academically talented, low-income students. In his 2005 State of the Union Address, President George W. Bush pledged “…we will make it easier for Americans to afford a college education by increasing the size of Pell grants” (Bush, 2005). At the signing ceremony for the College Cost Reduction and Access Act, President Bush again spoke to the value of the Pell Grant program and the need for it to include summer, “I wish we could make the Pell grant process last year round. I think that would be helpful. I want to work with the Members of Congress to see if we can't get that done. That recognizes the realities for Pell grant recipients.” (Bush, 2007). Under President Barack Obama, Pell funding expanded through the American Recovery and Renewal Act (February, 2009), the Higher Education Opportunity Act of 2010, and the Health Care and Education Affordability Act of 2010.

> “… to help open the doors of higher education to more students, we'll also reinvest part of that $68 billion in savings in Pell grants, one of the most popular forms of financial aid. Pell grants once covered more than three-quarters of the cost of going to college. But now, because the cost of college has skyrocketed, the amount Pell grants cover is about one-third.

> “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 grant.”

--**PRESIDENT BARACK OBAMA, MARCH 30, 2010**
Survey Methodology

The University of Alabama’s Education Policy Center under the leadership of Dr. Steve Katsinas, Dr. Linda Serra Hagedorn of Iowa State University, Frank Mensel, Senior Fellow at the Education Policy Center, and Dr. Janice N. Friedel of California State University Northridge, with the assistance of graduate students from the University of Alabama and Iowa State University, are working to assess the impact of the new Pell Grant funding, and particularly the new Summer Pell funding. The project is sponsored by their respective institutions, under the auspices of the National Rural Scholars Panel of the Rural Community College Alliance.

We believe this is one of the first national studies of the new Pell Grant program. Our interest was spurred by a May 2010 visit to the Bevill State Community College’s Pickens County Center. Located in one of America’s poorest counties—Pickens County is in both the Appalachian Regional Commission and Delta Regional Authority,—we saw a long line of students waiting to sign up for the new Summer Pell funding (see cover picture to this study). Between the summer of 2009 and the summer of 2010, Bevill's Full-Time Equivalent (FTE) enrollment grew by a greater percentage than its unduplicated headcount enrollment, a highly unusual occurrence at a community college. A story in The Daily Yonder, an online blog on

| Expanding Opportunity, Changing Lives: The Impact of Year Round (Summer) Pell Grants at Bevill State Community College (Alabama) |
|---|---|---|---|
| **COLLEGEWIDE** | **Summer** | **Change** |
| | **2009** | **2010 (unofficial)** | **Number** | **Percent** |
| Enrollment, total | 2,630 | 3,038 | +408 | +13% |
| Pell Grant recipients, total | 940 | 1,647 | +707 | +17% |
| Summer Pell Recipients Only | 520 | | | |
| Pell Grant recipients as a percentage of total enrollment | 36% | 54% | |

| **PICKENS COUNTY CENTER** |
|---|---|---|---|
| Enrollment, Summer | 169 | 249 | +80 | +63% |
| Pell Grant recipients, total | 106 | 189 | +80 | +55% |
| Pell Grant recipients as a percentage of total enrollment | 63% | 75% |

Note: Bevill State Community College in rural west-central Alabama has four campuses, and its single building Pickens County Center in Carrollton.
Source: Education Policy Center analysis of BSCC data, June 2010.
rural issues, followed (Katsinas, 2010). Katsinas’ Summer 2010 University of Alabama Gadsden Center Higher Education graduate class, “The Community College,” co-instructed by Michael A. Kennamer and J. Clinton Kinkead, took on as a class assignment further research.³

A survey instrument to collect institutional data that will eventually be reported by colleges to the National Center for Education Statistics/Integrated Postsecondary Education Data System, but not for up to two years (making it largely irrelevant in the public policy domain) was developed and pilot tested. The survey was pilot tested at two community colleges in Alabama, and could be filled out by financial aid officers in 20 minutes. Preliminary results at two rural Associate’s Colleges under the 2005 Carnegie Basic Classification revealed the same phenomenon found at Bevill State—that percentage growth of FTE enrollment exceeds unduplicated headcount enrollment growth. Approval for the survey was obtained from The University of Alabama’s Institutional Review Board. Thus, the purpose of our study is to learn if the phenomenon observed at Bevill’s Pickens County Center of FTE enrollment increasing at levels higher than unduplicated headcount enrollment occurred, as this would mean the new Pell funding likely has shortened time-to-degree, a major bipartisan national policy goal.

Responses were solicited from selected members of the National Council of State Directors of Community Colleges (Katsinas has surveyed NCSDCC since 2003, and Friedel was the former Iowa state director). Full results were obtained from 9 states-CO, FL, IA, KY, LA, ND, RI, WA, and WY-and partial results were obtained from 16 states: AL, AZ, AR, GA, ME, MD, MO, MT, NH, NY, OH, OK, SC, TX, UT, and WV. A total of 205 community colleges from 25 states participated; these 205 colleges have an additional 55 identifiable campuses. The research team presented preliminary findings at the U.S. Department of Education in Washington, DC, at a meeting sponsored by the Rural Community College Alliance on February 16, 2011. Two additional reports will be released in coming weeks: (1) A summary of the 9 states from which complete results were obtained, and (2) A report analyzing responses using the new 2010 Basic Classification of the Carnegie Foundation for the Advancement of Teaching, to show differences across urban, suburban, and rural community colleges.

³ Katsinas wishes to thank class members Jennifer Breland, Kevin Holt, Rhonda Kilgo, Dendy Moseley, Dustin Smith, Charlotte Speer, Hadyn Swecker, and Melissa Tarrant for their assistance, as well as his colleague at The University of Alabama David E. Hardy and Education Policy Center student worker Rebecca Midkiff and doctoral student Chad Clark. Hagedorn wishes to thank Joyce O. Lui, a Doctoral Student in the Department of Educational Leadership and Policy Studies at Iowa State University for her assistance in data analysis. The authors also thank Dr. Delphine Harris of The University of Alabama; Mr. Matt Short, a nationally recognized expert in student financial aid, and Dr. Mark D’Amico of the University of North Carolina-Charlotte for their assistance.
PART ONE: ANALYSIS OF THE NATIONAL SURVEY DATA

The six tables below analyze the 205 community colleges from the 25 states that responded to our survey, comparing the regular nine month calendar year, summer only, and the entire calendar year for 2008-2009 and 2009-2010. That total Pell awards jumped by 388,588 or 56% in just one year, as dollars awarded increased from about $1.4 billion to $2.5 billion, underscores the Pell Grant program's impact as a key human resource driver as our nation recovers from a deep recession. The tables that follow show the significant one-year change for the year, and for summer only.

ACROSS THE RESPONDING COMMUNITY COLLEGES FOR THE CALENDAR YEAR:

- The number of Pell Grant awards in the 12-month calendar year increased from 689,326 in 2008-2009 to 1,077,914 in 2009-2010, an increase of 383,429 or 56% in just one year (Table 2). Total dollars awarded increased from $1,439,323,640 awarded in 2008-2009 to $2,535,790,915 in 2009-2010, an increase of $1,096,467,724 or 76% (Table 4).

- Total annual unduplicated headcount enrollment increased from 2,832,533 to 3,087,310 students, an increase of 254,777 or 9%. The percentage of unduplicated students enrolled on Pell Grants increased from 24% in 2008-2009 to 35% in 2009-2010 (Table 2).

- Total Full-Time Equivalent (FTE) students enrolled jumped from 1,362,290 to 1,548,986, an increase of 186,696 students or 14%. The percentage of FTE students enrolled on Pell Grants increased from 51% in 2008-2009 to 70% in 2009-2010 (Table 3).

- The 12-month average total of key costs of attendance (tuition and fees, plus books and supplies), between 2008-2009 and 2009-2010, rose from $5,313 to $5,568 an increase of $254 per student or 5%. During this same period, the Average Pell Grant for a year-round community college student rose from $3,420 to $4,163, an increase of $743 or 22%. The higher enrollments and lower average net costs strongly suggest that growing Pell Grant funding has lowered the marginal cost of attendance for academically talented, low-income students to access community colleges. (Table 5)
ACROSS THE RESPONDING COMMUNITY COLLEGES FOR SUMMER ONLY:

- For the 205 responding community colleges, total unduplicated headcount enrollment for summer increased from 727,569 in Summer 2009 to 799,674 students in Summer 2010, an increase of 72,105 or 10%. Pell Grant awardees as a percentage of the total unduplicated summer enrollment rose from 21% to 41% (Table 6).

- For the 205 responding community colleges, the number of summer Pell Grant awards increased from 154,254 in Summer 2009 to 328,224 in the Summer of 2010, an increase of 173,970 new summer Pell awards or 113%. Summer Pell I awards rose by 113,534 in one year, or 74%, and the new Summer Pell II awards created by federal legislation in March 2010 numbered an additional 60,436, bringing the total to 328,224.

- By dollar volume, Pell I awards rose from $158,212,838 to $361,293,911, an increase of $203,081,073 or 128% from Summer 2009 to Summer 2010. New Pell II (summer only) awards added an additional $94,258,153 in Summer 2010, bringing the Summer 2010 total (Pell I + Pell II) to $455,552,063, an increase in one summer of $297,339,225 or 188%. (Table 6).

- For the 205 responding community colleges, the Average Total of Key Costs of Attendance (tuition and fees, plus books and supplies) from $1,674 in Summer 2009 to $1,758 in Summer 2010, an increase of $84 or 5%, while the dollar value of the Average Pell Award Per Student rose from $1,026 in Summer 2009 to $1,388 in Summer 2010, an increase of $362 or 35%. Thus, the Average Dollar Value of Tuition & Fees plus Books & Supplies remaining AFTER the Average Pell Award decreased from $648 in Summer 2009 to $370 in Summer 2010, a decrease of $278 or -43%. The striking enrollment increases—particularly that the full-time enrollments rose at percentages far above those of headcount enrollments—strongly suggest the new Summer Pell funding is lowering the marginal cost of attendance for community college students (Table 5).
To assess the impact of the new Pell funding on Summer Enrollment, when data on Pell Grants awarded are placed next to enrollment, expressed both by unduplicated headcount and FTE enrollment (Table 6), a striking picture of the impact of growing Pell funding on expanding access for qualified low income students emerges:

- Pell Grant awardees in 2009 accounted for 21% of the total summer unduplicated headcount enrollment while the Pell Grant awardees in 2010 accounted for 41%.

- Pell Grant awardees in 2009 accounted for 52% of the total Summer FTE enrollment while the Pell Grant awardees in 2010 accounted for 95%.
<table>
<thead>
<tr>
<th>ACADEMIC YEAR (9 Months-Fall/Winter/Spring)</th>
<th>Change</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unduplicated Headcount Enrollment</td>
<td>2,104,964</td>
<td>2,287,636</td>
<td>182,672</td>
</tr>
<tr>
<td>Pell Grant Awards (Pell I)</td>
<td>535,072</td>
<td>749,690</td>
<td>214,618</td>
</tr>
<tr>
<td>Pell Grant Awards (Pell I) as a Percentage of Total Academic Year Unduplicated Headcount Enrollment</td>
<td>25%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>SUMMER</td>
<td>Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unduplicated Headcount Enrollment</td>
<td>727,569</td>
<td>799,674</td>
<td>72,105</td>
</tr>
<tr>
<td>Pell Grant Award (Pell I)</td>
<td>154,254</td>
<td>267,788</td>
<td>113,534</td>
</tr>
<tr>
<td>Pell II (Summer Pell ONLY)</td>
<td>60,436</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pell I + II (Sub-Total, ALL Summer Pell Awards)</td>
<td>154,254</td>
<td>328,224</td>
<td>173,970</td>
</tr>
<tr>
<td>Pell Grant Awards as a Percentage of Total Summer Unduplicated Headcount Enrollment</td>
<td>21%</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>CALENDAR YEAR</td>
<td>Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unduplicated Headcount Enrollment</td>
<td>2,832,533</td>
<td>3,087,310</td>
<td>254,777</td>
</tr>
<tr>
<td>Pell I Grant Award - 9 months</td>
<td>535,072</td>
<td>749,690</td>
<td>214,618</td>
</tr>
<tr>
<td>Pell I - Summer</td>
<td>154,254</td>
<td>267,788</td>
<td>113,534</td>
</tr>
<tr>
<td>Pell II - Summer</td>
<td>60,436</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pell I + II - Total Summer Pell</td>
<td>154,254</td>
<td>328,224</td>
<td>173,970</td>
</tr>
<tr>
<td>Total Pell, 12 month calendar year</td>
<td>689,326</td>
<td>1,077,914</td>
<td>388,588</td>
</tr>
<tr>
<td>ALL Pell Grant Awards as a Percentage of Total Annual Unduplicated Headcount Enrollment</td>
<td>24%</td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Analysis by The University of Alabama Education Policy Center.  
Note: Under the heading “Pell I + Pell II (Sub-Total, ALL Summer Pell Awards)”, the 328,224 figure is not an unduplicated number, as some of the 60,436 may have received both types of Pell awards.
Table 3
Impact of New Pell Grant Funding on Full-Time Equivalent Enrollments at 205 Community Colleges in 25 States: 2008-2009 and 2009-2010 (for credit enrollments only)

<table>
<thead>
<tr>
<th>ACADEMIC YEAR</th>
<th>Change</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9 Months-Fall/Winter/Spring)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTE Enrollment</td>
<td>1,063,344</td>
<td>1,203,753</td>
<td>140,408</td>
</tr>
<tr>
<td>Pell Grant Awards (Pell I)</td>
<td>535,072</td>
<td>749,690</td>
<td>214,618</td>
</tr>
<tr>
<td>Pell Grant Awards (Pell I) as a Percentage of Total Academic Year FTE Enrollment</td>
<td>50%</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>SUMMER</td>
<td>Change</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTE Enrollment</td>
<td>298,946</td>
<td>345,234</td>
<td>46,287</td>
</tr>
<tr>
<td>Pell Grant Awards (Pell I)</td>
<td>154,254</td>
<td>267,788</td>
<td>113,534</td>
</tr>
<tr>
<td>Pell II Awards (Summer Pell ONLY)</td>
<td></td>
<td>60,436</td>
<td></td>
</tr>
<tr>
<td>Pell I + Pell II (Sub-Total: ALL Summer Pell Awards)</td>
<td>154,254</td>
<td>328,224</td>
<td>173,970</td>
</tr>
<tr>
<td>Pell Grant Awards as a Percentage of Total Summer FTE Enrollment</td>
<td>52%</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>CALENDAR YEAR</td>
<td>Change</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTE Enrollment</td>
<td>1,362,290</td>
<td>1,548,986</td>
<td>186,696</td>
</tr>
<tr>
<td>Pell I Grants - 9 months</td>
<td>535,072</td>
<td>749,690</td>
<td>214,618</td>
</tr>
<tr>
<td>Pell I - Summer</td>
<td>154,254</td>
<td>267,788</td>
<td>113,534</td>
</tr>
<tr>
<td>Pell II - Summer</td>
<td></td>
<td>60,436</td>
<td></td>
</tr>
<tr>
<td>Pell I + II - Summer Pell, Sub-Total</td>
<td>154,254</td>
<td>328,224</td>
<td>173,970</td>
</tr>
<tr>
<td>Total Pell, 12 month calendar year</td>
<td>689,326</td>
<td>1,077,914</td>
<td>388,588</td>
</tr>
<tr>
<td>ALL Pell Grants as a Percentage of Total Annual FTE Enrollment</td>
<td></td>
<td>51%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: Analysis by The University of Alabama Education Policy Center.
Note: Under the heading "Pell I + Pell II (Sub-Total, ALL Summer Pell Awards)", the 328,224 figure is not an unduplicated number, as some of the 60,436 may have received both types of Pell awards.
## Table 4
Dollar Volume of New Pell Grant Funding in Dollars at 205 Community Colleges in 25 States: 2008-2009 and 2009-2010

<table>
<thead>
<tr>
<th>Term</th>
<th>Type of Pell Grant</th>
<th>YEAR</th>
<th>Change</th>
<th>Dollars</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Year (9-months)</td>
<td>Pell I</td>
<td>2008-2009: $1,281,110,802</td>
<td>2009-2010: $2,080,238,852</td>
<td>$799,128,049</td>
<td>62%</td>
</tr>
<tr>
<td>Summer</td>
<td>Pell I</td>
<td>$158,212,838</td>
<td>$361,293,911</td>
<td>$203,081,073</td>
<td>128%</td>
</tr>
<tr>
<td></td>
<td>Pell II</td>
<td>$94,258,153</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer, Total</td>
<td>Pell I + Pell II</td>
<td>$158,212,838</td>
<td>$455,552,063</td>
<td>$297,339,225</td>
<td>188%</td>
</tr>
<tr>
<td>Total, Calendar Year</td>
<td>Pell I + Pell II</td>
<td>$1,439,323,640</td>
<td>$2,535,790,915</td>
<td>$1,096,467,274</td>
<td>76%</td>
</tr>
</tbody>
</table>

Source: Analysis by The University of Alabama Education Policy Center.
Table 5
The Decline of Marginal Cost of Attendance as a Result of Growing Pell Grant Funding at 205 Community Colleges in 25 States: 2008-2009 and 2009-2010

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>Change</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dollars</td>
<td>Dollars</td>
<td>Dollars</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>Average Tuition and Fees (12 hours)</td>
<td>$2,541</td>
<td>$2,678</td>
<td>$137</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Average Books and Supplies</td>
<td>$1,098</td>
<td>$1,133</td>
<td>$35</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Average Total of Key Costs of Attendance</td>
<td>$3,639</td>
<td>$3,810</td>
<td>$171</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Average Pell I Award Per Student</td>
<td>$2,394</td>
<td>$2,775</td>
<td>$381</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Average Dollar Amount of Tuition &amp; Fees, and Books &amp; Supplies Remaining AFTER Pell Award</td>
<td>$1,245</td>
<td>$1,035</td>
<td>-$210</td>
<td>-17%</td>
<td></td>
</tr>
<tr>
<td>Average Percentage of Tuition &amp; Fees, and Books &amp; Supplies Remaining AFTER Pell Award</td>
<td>34%</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Summer</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>Change</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Tuition and Fees (12 hours)</td>
<td>$1,187</td>
<td>$1,256</td>
<td>$69</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Average Books and Supplies</td>
<td>$487</td>
<td>$502</td>
<td>$15</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Average Total of Key Costs of Attendance</td>
<td>$1,674</td>
<td>$1,758</td>
<td>$84</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Average Pell Award Per Student</td>
<td>$1,026</td>
<td>$1,388</td>
<td>$362</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Average Dollar Value of Tuition &amp; Fees, and Books &amp; Supplies Remaining AFTER Average Pell Award(s)</td>
<td>$648</td>
<td>$370</td>
<td>-$278</td>
<td>-43%</td>
<td></td>
</tr>
<tr>
<td>Average Percentage of Tuition &amp; Fees, and Books &amp; Supplies Remaining AFTER Average Pell Award(s)</td>
<td>39%</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>Change</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Tuition and Fees (12 hours)</td>
<td>$3,728</td>
<td>$3,934</td>
<td>$206</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Average Books and Supplies</td>
<td>$1,585</td>
<td>$1,634</td>
<td>$50</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Average Total of Key Costs of Attendance</td>
<td>$5,313</td>
<td>$5,568</td>
<td>$255</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Average Pell Award Per Student</td>
<td>$3,420</td>
<td>$4,163</td>
<td>$743</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Average Dollar Value of Key Costs of Attendance Remaining AFTER Pell Award(s)</td>
<td>$1,893</td>
<td>$1,405</td>
<td>-$488</td>
<td>-26%</td>
<td></td>
</tr>
<tr>
<td>Average Percentage of Key Costs of Attendance Remaining AFTER Pell Award(s)</td>
<td>36%</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Analysis by The University of Alabama Education Policy Center. Notes: (1) Average Pell Award Per Student is calculated by dividing the total dollar amount of Pell awards at the institution by the total number of students receiving Pell awards. (2) Percentage of Remaining Key Costs of Attendance Remaining After Pell Awards is calculated by dividing the key costs of attendance per year by the cost of attendance remaining after Pell award.
<table>
<thead>
<tr>
<th>SUMMER PELL GRANTS</th>
<th>YE AR</th>
<th>CH ANGE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008-2009</td>
<td>2009-2010</td>
</tr>
<tr>
<td>Pell I</td>
<td>Dollar Value of Awards</td>
<td>$158,212,838</td>
<td>$361,293,911</td>
</tr>
<tr>
<td></td>
<td>Number of Awards</td>
<td>154,254</td>
<td>267,788</td>
</tr>
<tr>
<td>Pell II</td>
<td>Dollar Value of Awards</td>
<td>$94,258,153</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of Awards</td>
<td>60,436</td>
<td></td>
</tr>
<tr>
<td>Pell I+II</td>
<td>Dollar Value of Awards</td>
<td>$158,212,838</td>
<td>$455,552,063</td>
</tr>
<tr>
<td></td>
<td>Number of Awards</td>
<td>154,254</td>
<td>328,224</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUMMER PELL GRANTS &amp; UNDUPLEXICATED</th>
<th>YE AR</th>
<th>CH ANGE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008-2009</td>
<td>2009-2010</td>
</tr>
<tr>
<td>Unduplicated Headcount Enrollment</td>
<td>727,569</td>
<td>799,674</td>
<td>72,105</td>
</tr>
<tr>
<td>Pell I</td>
<td>Number of Awards</td>
<td>154,254</td>
<td>267,788</td>
</tr>
<tr>
<td>Pell II</td>
<td>Awards, Summer ONLY</td>
<td>60,436</td>
<td></td>
</tr>
<tr>
<td>Pell I+II</td>
<td>All Summer Awards</td>
<td>154,254</td>
<td>328,224</td>
</tr>
</tbody>
</table>

| Pell Grant (I+II) Awardees as a Percentage of Total Unduplicated Summer Enrollment | 21% | 41% |

<table>
<thead>
<tr>
<th>SUMMER PELL GRANTS &amp; FTE ENROLLMENT</th>
<th>YE AR</th>
<th>CH ANGE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008-2009</td>
<td>2009-2010</td>
</tr>
<tr>
<td>Full-Time Equivalent Enrollment</td>
<td>298,946</td>
<td>345,234</td>
<td>46,287</td>
</tr>
<tr>
<td>Pell I</td>
<td>Number of Awards</td>
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<td>267,788</td>
</tr>
<tr>
<td>Pell II</td>
<td>Awards, Summer ONLY</td>
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<td>All Summer Awards</td>
<td>154,254</td>
<td>328,224</td>
</tr>
</tbody>
</table>

| Pell Grant (I+II) Awardees as a Percentage of Total Full-Time Equivalent Summer Enrollment | 52% | 95% |

Source: Analysis by The University of Alabama Education Policy Center.

Note: Under the heading “Pell I + Pell II (Sub-Total, ALL Summer Pell Awards)”, the 328,224 figure is not an unduplicated number, as some of the 60,436 may have received both types of Pell awards.
PART TWO: THE IMPACT OF NEW PELL FUNDING ON URBAN, SUBURBAN, AND RURAL COMMUNITY COLLEGES

America’s community and technical colleges represent the most diverse sector among all American postsecondary institutions. First, there is diversity among assigned functions: In Wisconsin, for example, 14 of the 17 technical colleges do not offer general education courses for transfer to obtain the baccalaureate degree (Tollefson, et.al, 1999). And while a number of Florida’s community colleges now offer baccalaureate degrees, at none of them do baccalaureate degrees exceed 3% of all degrees awarded (Holcomb, 2007). Second, there is diversity among financing mechanisms: In 25 states, local tax appropriations, typically from ad valorem taxes on property, exceed 10% of total statewide revenue for community colleges. In the other 25 states, local tax contributions are below in 10% of total revenue, and in many cases approach zero (Grapevine, 2010).

In this section, the impact of four institutions from among the 205 community colleges that responded to our survey are highlighted: Miami-Dade College in Florida, a large multi-campus urban community college district with six full campuses; Prince George's Community College in Maryland, a Suburban Single Campus adjoining Washington, D.C.; Kirkwood Community College in Iowa, a large rural community college with two campuses in eastern Iowa; and Montana State University-Great Falls College of Technology, a small rural two-year branch campus in rural Montana. How did increased Pell Grant funding impact student enrollments at each type of two-year college?

Miami-Dade College (FL)⁴

Miami-Dade has long been one of the highest profile community colleges in the United States. The largest single community college campus east of the Mississippi is Miami-Dade North, and the second largest is Miami-Dade’s Kendall Campus. Twelve days after Barack Obama’s inauguration in January 2009, Secretary of Education Arne Duncan and Second Lady Dr. Jill Biden, a former community college faculty member, visited Miami-Dade. Eduardo J. Padron, Miami-Dade College’s District President, has just assumed the position of Board Chair of the American Council on Education. Robert McCabe, the former Miami-Dade College

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⁴ Stephen G. Katsinas was an employee of Miami-Dade between 1987 and 1990. At that time, full-time equivalent enrollment at Miami-Dade was approximately 37,000 students, and annual unduplicated headcount for-credit and non-credit enrollments—the total number of human beings served by the College—exceeded 130,000 persons. The data presented here are for-credit enrollments only.
President, was the first community college CEO to ever chair the board of directors of the College Board. President Padron has previously served on the board of the prestigious Carnegie Foundation for the Advancement of Teaching. The college has pioneered transfer from community colleges to elite institutions, and has long been a leader in the use of technology to serve academically underprepared students and in its own management systems to foster student success. This “majority-minority” community college can boast it is the largest Hispanic Serving community college in the country, as well as hosting one of the largest enrollments of African-American students in the country.

Despite its long legacy of innovation, the State of Florida’s fiscal crisis is challenging Miami-Dade College’s ability to deliver on the promise of access in today’s enrollment boom. The State of Florida has been particularly hard hit by the recession; the December 2010 unemployment rate was the second highest among the 50 states (U.S. Department of Labor, 2010). The College’s leadership attempted several years ago to get Florida’s 1968 "baby boom" era community college enabling or establishment law changed, to allow for local tax contributions to operating budgets (Moltz, 2008). The required statewide referendum was defeated. In May 2009, citing “unprecedented budget cuts and surging enrollment,” Miami-Dade cancelled all “Open House” events scheduled for May 30, 2009 and stated “The college’s administration can’t guarantee that prospective students who would have attended the event would be admitted for the fall semester,” and estimated that close to 30,000 students will not be able to take the classes they need and more than 5,000 will not be able to register for any classes this fall” (Miami-Dade College, 2009).

Miami-Dade College is one of the largest multi-campus urban community college districts in the country. According to the data submitted for this survey, unduplicated headcount enrollment at its 6 campuses in the 2008-09 academic year totaled 73,393 students; this rose by 6,039 to 79,432 in the 2009-10 academic year (these figures are larger than the total community college enrollment in a number of smaller states). Students enrolling full-time (Full-Time Equivalent or FTE enrollment) rose from 47,596 to 50,599, an increase of 3,003. The figure of new students enrolled--6,039—is larger than the total enrollment at many of the nation’s 575 rural community colleges. Figure 6, below, shows that the number of Pell Grants awarded to low income students in the 9-month academic year increased from 27,941 in 2008-09 to 33,863 in 2009-10, an increase of 5,922, while total dollar volume of those Pell Grants rose from
Figure 6: Pell Grant increases spur more students to earn more credits at an Urban multi-campus college

New Pell investments produce declining marginal cost*, and more low-income students enroll at Miami-Dade College (FL)

Academic Year 2008-09 to Academic Year 2009-10

* Remaining average Pell Grant Award after key attendance costs of Tuition & Fees plus Books & Supplies are deducted from average Academic Year Pell Award.

$86,900,804 to $110,237,389, an $23 million in one year. The average Pell award for the 9-month traditional academic year in 2008-09 was $3,110, compared to $3,255 in 2009-10.

As President George W. Bush noted in 2007, a year-round Pell Grant program recognizes the reality that today’s community college students face. The numbers behind the percentages in Figure 7 are as follows: Total Summer Pell Awards in 2008-09 were 9,180; in 2009-10, the estimated total was 19,587. In addition, a total of 2,689 students received only Summer Pell awards, bringing the total to 22,276, an increase of 13,096. The total dollar volume of Pell awards jumped from $8,944,608 in Summer 2009 to $34,014,211 in Summer 2010 (including nearly $30 million of Summer awards to previous Pell recipients and $4 million to Summer Pell awardees only). This is why the percentage change from Summer 2009 to Summer 2010 in unduplicated headcount enrollment of 6%, or 2,575 new students, was exceeded by percentage increase of full-time equivalent students of 6,254 or 13%. That FTE enrollments grew by more
than unduplicated headcount enrollments in any term is an unusual occurrence in public higher education institutions. In this case, it can mean but one thing: more students are taking more hours, thanks to new Summer Pell Grant funding.

**Prince George’s Community College: Pell’s Impact in a Suburban Setting**

Prince George’s Community College (PGCC) is one of the 109 publicly controlled two-year colleges Suburban-Single Campus Associate’s Colleges under the new 2010 Carnegie Basic Classification of Institutions of Higher Education. Together nationally, these 109 Suburban Single Campus colleges served 1,367,237 students in the 2007-08 academic year, an increase of nearly 50,000 new students from their total in 2001-02. Suburban Single Campus community colleges enroll about 12% of all annual unduplicated headcount enrollments at US community colleges (Katsinas and Hardy, 2011, forthcoming).

*Academic Year Enrollment Growth and Pell’s Impact*
Located just minutes from the nation’s capital in suburban Prince George’s County, PGCC offers more than 200 programs of study at its main campus and two extension centers. More than 40,000 students are served in the college’s for-credit and non-credit programs annually. According to data submitted by the College to the researchers, in 2008-09, a total of 15,875 students enrolled in the 2008-09 academic year; this number grew to 18,568 in 2009-10, an increase of 15%. When measured by full-time equivalent (FTE) enrollment, the regular 9-month academic year enrollment increased from 6,388 to 7,844 between 2008-09 and 2009-10, an increase of 19%. Over this same period, the number of Pell Grants made over this 9-month academic year increased dramatically, from 7,489 to 12,095, an increase of 4,606 or 38%; the dollar volume increased from $7,760,949 to $16,702,283, an increase of $8,941,334 or 54%.

What accounts for this dramatic enrollment increase in the regular 9-month academic year? One contributing factor is the bubble of area high school graduates, but clearly another is the deep recession and the lack of available jobs. Unemployment in Prince George’s County more than doubled from 3.5% in April, 2008 to 7.3% in June of 2008. The unemployment rate
Figure 8: More students earn more credits at a Suburban community college

New Pell investments produce declining marginal cost* and more low-income students attend Prince George’s Community College (MD), Academic Year 2008-09 to Academic Year 2009-10

crested at 7.9% in January 2010, and has inched back downward since, and sat at 7.3% in January 2011 (Maryland, 2011). That more students are graduating from area high schools, and jobs are much more scarce clearly impacts enrollments at Prince George’s Community College.

But there is more to the story, for without financial means in a high unemployment economy, working one’s way through college is much more problematic. In the case of PGCC, thanks to a college leadership committed to extending access in hard economic times—and this certainly includes a board of trustees, the president, and the faculty and staff--tuition was held constant. Thus, the net tuition and fees (T&F) and books and supplies figures of $3,340 and $1,100, respectively, meant a flat net. In turn this meant that the purchasing power of the average Pell Grant (total Pell award dollars divided by awardees) over that same 9-month period rose from $1,036 in 2008-09 to $1,381 in 2009-10. More students received more Pell awards, and with financial resources, were able to enroll in more courses and take more total credit hours.

The Striking Summer Enrollment Growth and Pell’s Impact
The impact of the new year-found Pell Grant funding was even more pronounced in Summer at Prince George’s Community College. Unduplicated headcount enrollment grew from 4,376 in Summer 2009 to 5,443 in Summer 2010, an increase of 1,067 or 20%. Enrollment of full-time students rose from 725 to 891, an increase of 166 students or 19%. Tuition and fees rose from $1,259 to $1,316, an increase of $57, while summer books and supplies costs remained constant at $367\(^5\). This means that the net T&F plus B&S rose from $1,626 in Summer 2009 to $1,683 in Summer 2010.

In contrast, the number of Summer Pell awards rose from 884 in Summer 2009 to 1,167 in Summer 2010, an increase of 283 or 24%. By dollars, Summer Pell awards more than doubled from $592,479 in 2009 to $1,304,914 in 2010, an increase of $712,435 or 55%. The average

**Figure 9: More students earn more Summer credits at a Suburban community college**

*New Pell investments produce declining marginal cost*, and more low-income students attend Prince George’s Community College (MD), Summer 2009 to Summer 2010

\(^5\) Prince George’s Community College submitted the figure of $1,100 for students to budget for books and supplies for both the 2008-09 and 2009-2010 academic years, and indicated there was no separate figure for books and supplies for the Summer 2009 and Summer 2010 terms. We divided the $1,100 figure by 3 for a summer books and supplies estimate of $367, a figure consistent with other responding community colleges.
Summer Pell award rose from $670 in 2009 to $1,118 in 2010, an increase of $448 or 41%. Put differently, the marginal cost of key components of summer attendance declined—the remainder of T&F plus B&S charges from the average Pell award, declined from $1,013 ($1,626 minus $670) to $565 ($1,683 minus $1,118). The significant impact of the growing Pell funding is demonstrated all the more by the flat tuition and fees and books and supplies costs over both years. This is why Figure 9 shows the unusual occurrence of Summer FTE credit enrollments exceeding headcount enrollments. The conclusion is inescapable: The dramatic decline of marginal costs of -114% in one year means more low-income students can take more summer hours at Prince George’s Community College.

The Pell Grant Program: Rural America’s Most Important Human Resource Tool

Attention is now turned to two examples of the growing impact of the new Pell Grants on rural community colleges. As an introduction, the new 2010 Carnegie Basic Classification of Institutions of Higher Education counts 575 public rural Associate’s Colleges that together reached 3.5 million students in 2007-08, a figure well over four times greater than the 726,139 students served at the 34 private for-profit colleges. Among the 575 rural colleges, 142 are classified as Large-Rural, 304 are classified as Rural-Medium, and 129 are classified as Rural-Small. The total enrollment in 2007-08 of these three types was: Rural Large, 1,810,393; Rural Medium, 1,472,639; and Rural Small, 194,417. Together, rural community colleges serve about 30% of all public Associate’s Colleges enrollment, compared to 27% at suburban, 29% at urban, and 6% at other types of Associate’s Colleges (Katsinas and Hardy, 2011, forthcoming). Since rural community colleges comprise almost 60% of all public Associate's Colleges, to highlight the impact of Pell grants two examples are presented below.

*Kirkwood Community College (Iowa): Pell’s Impact at a Large Rural College*

Kirkwood Community College is one of the 142 publicly controlled two-year colleges classified as Rural-Large under the new 2010 Carnegie Basic Classification of Institutions of Higher Education. The 142 Rural Large colleges saw their enrollments increase by 85,492 students from 2001-02 to 2007-8, or 5% (Katsinas and Hardy, 2011, forthcoming). Kirkwood

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6 Rural Large institutions have an annual unduplicated headcount of at least 7,500 students; Rural Medium colleges have between 2,500 and 7,500 students, and Rural Small institutions have under 2,500 students.
Community College serves seven counties in Iowa and it has the lowest tuition at $118 per credit hour. It offers 120 programs. The most popular programs include Nursing, Pre-Business Transfer, Accounting, Early Childhood Development, Law Enforcement, and Culinary Arts. Kirkwood Community College blends working and education in one institution, including a Continuing Education and Workforce Development program. The Hotel at Kirkwood Center has an upscale 71-room hotel. Kirkwood Community College has invested heavily in new facilities and equipment to expand workplace training, $8.4 million to reconfigure space and added 30,000 square feet of new classroom and lab space for industrial technology training. It is one of the 17 community colleges in 10 Midwestern States offering the training in healthcare. In the Healthcare Simulation Center, needed $3.3 million to develop, students are in allied health degree programs and continuing education training (Ford, 2011).

Kirkwood Community College is one of the nation’s larger rural-serving community colleges and, with Des Moines Area Community College, one of the two largest community colleges in Iowa. The unduplicated headcount for 2008-2009 was 22,606; this figure rose by
3,052 students in 2009-2010 by 3,052 students to reach 25,658. Those students enrolling full-time rose from 10,875 to 11,062, an increase of 187 students from the 2008-09 to the 2009-10 academic year. As Figure 10 shows, substantial new federal Pell investments, when combined with moderate increases in tuition and other key costs of attendance, dramatically lowered the marginal cost of attendance by 111%, which in turn helped to spike Academic Year enrollments. Again, the growth in Pell awards as a percentage of full-time enrollments (+21%) exceeded in the growth of Pell awards as a percentage of unduplicated headcount enrollments (+6%). More students are taking advantage of the opportunity extended to them, and enrolling at Kirkwood Community College during the regular Academic Year.

Figure 11, below, shows how increasing Pell grants resulted in large enrollment increases in Summer 2010. As the remaining value of the average Pell award rose dramatically, marginal cost of attendance declined, resulting in substantial increases in both unduplicated headcount and full-time student enrollments (+14% and +18%, respectively).

**Figure 11: More students earn more summer credits at a Rural-Large Associate's College**

*New Summer Pell Investments Produces Declining Marginal Cost to Attend Kirkwood Community College, IA, Summer 2008-09 to 2009-10*

- Decrease in Marginal Costs
- Increase in Headcount Enrollment
- Increase in Full-Time Equivalent Enrollment

*Remaining average Pell Grant Award after key attendance costs of Tuition & Fees plus Books & Supplies are deducted from the average Pell Award.*
Montana State University-Great Falls College of Technology: 
Pell's Impact at a Rural, Small Two Year College

According to the Carnegie Foundation for the Advancement of Teaching, in addition to 
104 Rural-Small Associate's Colleges with annual unduplicated headcount enrollments of 2,500 
or less, there are just under 100 two-year college branch campuses of four-year universities. 
Montana State University-Great Falls College of Technology (MSU-GF) is one of the latter 
institutions. These are America's rural-remote institutions. They serve as critical points of 
access; the numbers are too small to make it attractive for the for-profit institutions to serve these 
regions. Typically, there are few other publicly controlled options other than the nearby small, 
rural two year college.

MSU-GF prides itself as a "student-centered institution, proudly focused on student 
success through quality instruction and learning. Our students come to us from all walks of life 
and we relish the diversity each individual brings to the campus community." (MSU-GF, 2011) 
The college serves over 5,000 individuals each year through its for-credit programs that lead to 
associate degrees and certificates, as well as its non-credit professional and continuing education, 
customized training, youth activities and special events. As is typical for most of these 
university branch campuses, they typically take on the open access functions of the 110 Rural- 
Small Associate's Colleges, by offering evening and online courses and programs, as well as fine 
arts opportunities.

Rural-small institutions like MSU-GF are challenged to calibrate their offerings in high-
wage areas, without existing economies of scale that allow internal reallocation from a base of 
lower cost general education programs to higher cost programs such as allied health, nursing, and 
engineering technology. Still, as "the only game in town," rural, small colleges like MSU-GF 
are inextricably closely tied to the fabric of the communities they serve. They stress serving 
first-generation, first-time in college students, small class size, individualized attention, and 
student services. Not surprisingly, Figures 12 and 13 show that the new Pell grant funding 
decreased marginal costs in both the regular Academic Year and in Summer, from 2008-09 to 
2009-10.
Figure 12: More students earn more credits at a rural, small two year college

New Pell investments produce declining marginal cost* and more low-income students attend Montana State University-Great Falls College of Technology, Academic Year 2008-09 to Academic Year 2009-10

-34%  
+13%  
+15%

* Remaining average Pell Grant Award after key attendance costs of Tuition & Fees plus Books & Supplies are deducted from average Academic Year Pell Award.

Figure 13: More students earn more summer credits at a rural, small two-year college

New Pell investments produce declining marginal cost* and more low-income students attend Montana State University-Great Falls College of Technology, Summer 2009 to Summer 2010

-71%  
11%  
11%

* Remaining average Pell Grant Award after key attendance costs of Tuition & Fees plus Books & Supplies are deducted from the average Summer Pell Award.
CONCLUSIONS:

In a time of continuing unemployment and very tight state budgets, the new Pell Grant funding has made a dramatic difference at community colleges across the country. Expanded Pell Grants are helping to drive enrollment increases at community colleges, and appear to be enabling students to attend full-time, particularly in the summer, which should eventually lower the time-to-degree and improving college success rates in the state.

- That the statewide increases in FTE enrollment are greater than for unduplicated headcount for both the regular academic year and for summer strongly suggests the new Pell Grant funding is accomplishing the bipartisan policy goal of lowering the time-to-degree for academically talented, economically disadvantaged students. Put differently, by definition more students must be enrolling in more hours on a per-student basis (further analysis of this issue is definitely warranted).

- The full-time enrollment (FTE) increases at community colleges, combined with the lower average net costs after the Pell Grant increases, strongly suggests the new Pell Grant funding is accomplishing the bipartisan policy goal of lowering the marginal cost of attendance, particularly in summer. While these results are preliminary, the Pell Grant appears to be driving both persistence and degree completion. Clearly, these trends obviously call for additional research.

We note that our report is being issued as the Congress is considering reductions in Pell awards, including the new summer Pell funding. Some, including Austen Goolsbee, chief economic advisor to President Obama, have argued there is no evidence that the proposed Pell award cuts would not negatively affect college degree completion rates. We note that just as our research does not directly indicate if expanded Pell funding has increased college graduation rates, we note that it is too early for others to conclude, based upon any evidence, that expanded Pell funding has not increased college degree completion. We note that the best way to study the impact of the new summer Pell Grant funding would be to examine student transcripts at a cross-section of rural, suburban, and urban community colleges. This was not the objective of the study at hand, nor have we seen it done elsewhere. The future of our country depends on the quality of our educational systems. Let’s not shortchange our citizenry by narrowing the pathways to success.
CLOSING THOUGHTS: LET'S STOP TAKING PELL GRANTS FOR GRANTED

Higher education has been taking Pell Grants too much for granted over the nearly four decades since they were enacted in the 1972 Amendments to the Higher Education Act. This has been demonstrated by the general lack of in-depth analysis to document the economic and academic impact of the grants on the recipients, families, the campuses and the community.

Big numbers making the educational press have traced the growth and popularity of the program. But the popularity of Pell Grants has been driven more by public awareness of who's benefitting than by data collection and analysis from the campuses or the federal and state agencies serving higher education. Community colleges ought to lead such research because in relative terms they are the institutions that benefit most from the program, since the grants drive a higher proportion of costs for both the recipients and the campuses. But from old habit, community colleges leave research to the universities, as do the state agencies serving them.

The Education Policy Center at the University of Alabama recognized the recession and higher unemployment were sharply increasing demand for Pell Grants, and surveyed directors of state community college systems as the best hope of securing comprehensive Pell Grant data. The survey launched last summer asked each state to track Pell Grants as a function of enrollment in every community college. Nine states accepted the challenge and produced full statewide responses, which will be published in a future report later this month.

The data presented here are remarkable are the data themselves, for they paint a striking picture of the role the grants play in access to college and the American Dream, to lifelong learning and the marketable job skills that evolving workplace competition demands.

The survey gave special emphasis to summer enrollment on Pell Grants, since it is the last addition Congress made to the program, with the hope of increasing student persistence and earlier degree completion. The data show promising results on working the Pell benefit year-round, but unfortunately the budget pressures in Congress have dimmed hopes that the additional Pell funding for summer study can be renewed.

Nevertheless, the overall study underscores the importance of telling the Pell Grant story better, and in more depth. Pell has opened college opportunity to far larger numbers of students than have five different GI Bills that span more than six decades. Further, it shows clear need for research that would detail Pell's impact in specific areas, notably as an engine of workforce development and retraining, and in raising women to the top of undergraduate enrollment.
References


