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“Keeping the Pell Grant Promise: Increasing Enrollment, Supporting Success”

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Chairwoman Wilson, Ranking Member Murphy, and members of the subcommittee, thank you for the opportunity to testify today.

My personal journey from Pell Grant recipient to college professor is a testament to the ways in which need-based aid can change the trajectory of students' lives. As a scholar of higher education, my goal in this testimony is to provide a brief overview of the evidence pertaining to Pell-eligible student enrollment, the impact of need-based financial aid on college access and student success, and the evidence-based ways to improve the opportunities and outcomes of Pell-eligible students.

Low Enrollment of Pell-Eligible Students

The need-based Pell Grant represents the most common federal grant and a meaningful investment from the federal government to increase educational attainment for individuals from lower-income families who may not reap the benefits of a college education otherwise.

Unfortunately, the purchasing power of the Pell Grant has diminished over time and, as a consequence, the proportion of Pell-eligible students enrolled in college remains relatively low. The maximum Pell Grant previously covered 79% of the average costs associated with attending a public four-year institution, but today's Pell Grant only covers 29%.¹

The college enrollment rates of individuals from low-income families are significantly lower than the college enrollment rates of their middle- and upper-income peers. Even after controlling for academic ability, college enrollment rates for high school graduates from the lowest-earning families are 30 percentage points lower when compared to high school graduates from the highest-earning families.²

Although the share of low-income students who would qualify for Pell Grants has increased over the years, the percentage of Pell-eligible students who enroll in college, particularly at public four-year institutions, remains far too low.

Between 2010 and 2018, the number of Pell recipients has decreased from 9.31 million students to 7.11 million students, representing a decrease of about 5 percentage points. During that same time period, the total amount of Pell expenditures decreased from \$35.68 million to \$28.67 million.³ In 2016, the percentage of Pell recipients at public institutions (between 33.5 and 38.2 percent) was substantially lower than the percentage of Pell recipients at for-profit institutions (64.2 percent).⁴

Regardless of Pell eligibility, the benefits of attending and completing college are clear. On average, individuals who obtained a bachelor's degree earn about \$1 million more in their lifetime when compared to high school graduates.⁵ But there are considerable gaps in degree attainment according to socioeconomic status. Children from high-income families are about six times more likely to earn their bachelor's degree when compared to children from low-income families.⁶

Why Aren't More Pell-Eligible Students Obtaining the Benefits of College?

Generally speaking, there are two types of barriers that prevent low-income students from enrolling in college—informational barriers and financial barriers. Previous work has outlined the following key barriers facing low-income college students: academic preparation prior to college enrollment, cost of attendance (and unmet financial need), and a lack of accurate, clear, and simple information pertaining to the admission process and financial aid options.⁷

In an effort to address these barriers, an experimental study found that offering low-income, high-achieving students a no-paperwork application fee waiver and personalized information about colleges' net prices, resources, curricula, students, and academic outcomes had a positive effect on their likelihood to apply and be admitted to more colleges.⁸ A follow-up study using survey data showed that this intervention actually changed low-income students' knowledge and informed their decision-making.⁹

Despite the importance of removing informational barriers by streamlining and simplifying the financial aid process, low-income student barriers are rooted in financial difficulties and the most effective policy solutions will directly address that reality by increasing need-based financial aid and thereby reducing unmet financial need.

The Role of the COVID-19 Pandemic

The United States had a problem with low enrollment among Pell-eligible students before the COVID-19 pandemic, but that problem has intensified over the past 18 months.

The number of high school graduates who enrolled in college decreased by 6.8 percent in 2020. Prior to the pandemic, any changes in year-to-year college enrollment numbers varied little according to high school characteristics. During the pandemic, decreases in college enrollment numbers were 2.3 times greater for students from low-income high schools when compared to students from higher-income high schools, with the sharpest enrollment declines at public colleges and universities.¹⁰

Low-income students navigating the COVID-19 pandemic have been shown to be more likely to drop a course and face challenges due to higher childcare responsibilities, a lack of reliable internet, and a greater probability of being sick or stressed. In addition, low-income students are at greater risk of experiencing financial distress related to basic food needs (46% higher), shelter concerns (62% higher), job loss (15% higher), and the loss of financial aid (12% higher).¹¹

Recent evidence has shown that the number of Free Application for Federal Student Aid (FAFSA) applications during the COVID-19 pandemic has declined by 14% among first-year undergraduate students, particularly in lower-income zip codes and areas with a larger share of Black and Hispanic individuals.¹² Although legislation pertaining to FAFSA simplification is a step in the right direction, additional measures to remove informational and financial barriers will be needed to improve access and foster success among low-income and racially minoritized students.

The Positive Impact of Increases in Need-Based Aid

Numerous studies have reported the positive impact of need-based financial aid on students' likelihood of college enrollment, persistence,¹³ and degree completion.¹⁴ In an experimental study focused on low-income students attending public universities in Wisconsin, a team of researchers found that offering additional need-based financial aid increased low-income students' odds of bachelor's degree attainment.¹⁵

In a systematic review of the causal impact of grant aid on persistence and degree completion, the authors reported that state grants provide larger award amounts than Pell Grants and, as a result, have slightly larger positive effects on students' academic outcomes.¹⁶

Another rigorous study examined the impact of the Pell Grant and increases in need-based aid in Texas. The researchers showed that providing first-time students with access to additional need-based aid increased their likelihood of going to college, attempting more credit hours, graduating from college, and earning higher wages in the labor market. That same study shows that increases in need-based aid represents a good investment that pays for itself several times over given that estimated increases on earnings will allow the government to fully recoup its investment within 10 years.¹⁷

Institutional Efforts to Improve College Access and Student Success

Current and future efforts designed to address these issues should be informed by rigorous evidence and data-informed best practices. Several experimental studies have been released in recent years that should be used to shape our collective thinking regarding how to improve college access and student success among low-income students.

The *Bottom Line* intervention focused specifically on low-income high school juniors and seniors by offering intensive one-on-one college application advising, financial aid support, college choice guidance, transition to college guidance, college orientation support, and continued guidance after initial college enrollment. The intervention had a positive impact on low-income high school students' likelihood of enrolling and persisting in college.¹⁸

The High-Achieving Involved Leader (HAIL) Scholarship at the University of Michigan was designed to improve access to the University of Michigan for high-achieving, low-income high school students. Several researchers partnered with the University of Michigan to offer free tuition to qualifying high-achieving, low-income high school students throughout the state. The key point related to this experimental study is that the same tuition guarantee was available to this subgroup of high-achieving, low-income students prior to the intervention, so the intervention was merely offering a clear, early, and unconditional guarantee of the same amount of grant aid as a way to reduce the complexity and uncertainty of the admissions and financial aid process. What did the authors find? The HAIL Scholarship offer increased application rates (42 percentage points) and enrollment rates (15 percentage points) among high-achieving, low-income students.¹⁹

A disproportionate share of low-income students leave college before earning a degree, but roughly 10% of non-completers were performing well academically and had already made considerable progress toward their degree prior to departure.²⁰ In an experimental study designed to induce re-enrollment among previously successful non-completers, a team of researchers partnered with five high-enrollment, diverse community colleges in the state of Florida to implement a targeted text messaging re-enrollment campaign. The authors found that providing information to simplify the re-enrollment process and offering a one-course tuition waiver increased former low-income students' likelihood of re-enrollment by roughly 17 percent. The former students who were randomly assigned to receive the information and one-course tuition waiver were also more likely to persist to the next semester upon re-enrolling.²¹

The final example of evidence-based best practices is the City University of New York Accelerated Study in Associate Program (CUNY ASAP). The research identifying the positive effects of CUNY ASAP is perhaps the most compelling because it was proven effective across multiple geographic contexts (New York City and Ohio). CUNY ASAP provides a series of “wraparound” supports, including financial assistance with textbooks, “tuition and fee gap” scholarships, a dedicated advisor from initial enrollment to graduation, enhanced career services, class registration support, and more. Results indicate that students randomly assigned to CUNY ASAP were nearly twice as likely to graduate after three years when compared to students not assigned to the program.

Conclusion

The evidence I have outlined in this testimony provides a clear path forward for the federal government and American higher education. Given that the purchasing power of the Pell Grant has decreased over time, the federal government could substantially increase its investment in the Pell Grant program to improve college access for low-income students. In addition, low-income students benefit greatly from affordability guarantees in the form of a tuition-free college education. Importantly, one-quarter of the positive enrollment effect identified in the HAIL Scholarship study at the University of Michigan was driven by low-income students who would not have attended *any* college in the absence of the tuition-free scholarship offer.²² This is a critical policy consideration when considering the merits of legislative proposals for tuition-free guarantees at public institutions.

Previous research highlighted above offers compelling evidence regarding the importance of addressing both informational and financial barriers when seeking to increase access and support success in higher education. The American Families Plan includes a considerable investment in the evidence-based strategies that have been shown to improve retention and completion, particularly among low-income and racially minoritized students. This type of targeted investment can offer much-needed funding to the under-resourced institutions serving a disproportionate share of low-income students and extend the federal policy conversation beyond increasing college access to improving student success.

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