

The goal of need-based financial aid is to help level the playing field so that low-income students have a chance of entering the college classroom that is equal to that of their high-income peers. Unfortunately, under the veil to boost completion, some reform proposals would increase the merit requirements of need-based aid programs such as the Pell Grant. Increasing the merit component of need-based aid is not only counterintuitive to the goal of the program; it is inequitable for low-income students and will likely hurt, not improve, their chances of graduating from college.

SAP Today

In 1976, Satisfactory Academic Progress (SAP) requirements were added to the Higher Education Act.¹ Eligibility for federal student aid is based solely on need, but renewal of that aid requires meeting SAP. Institutions are required to set a “qualitative standard” and a “quantitative standard” and these standards must be at least as strict as those academic standards for non-need student requirements. For the qualitative standard, students must meet a GPA of 2.0 by the end of their second academic year. For the quantitative standard, they must complete a minimum percentage of work in a maximum time frame, which is 150 percent of the program’s length.² The move to 150 percent of program length took effect on July 1, 2012.³

SAP Barriers

Judith Scott-Clayton and Lauren Schudde of Teacher’s College at Columbia University concluded that current SAP already creates barriers to persistence.⁴ According to Schudde, “Meeting SAP is a non-trivial hurdle for many students: a quarter of first year Pell recipients at public institutions have GPAs low enough to place them at risk of ineligibility, representing hundreds of thousands to over a million college entrants each year.”⁵ Students receiving need-based aid who do not meet SAP after the first year lose their access to the dollars that level the playing field for them. Their full-pay student counterparts usually have until graduation to meet the same GPA requirements.

Merit as Part of Need-based Aid

There are several states and institutions that add merit components to need-based aid. In many cases, these restrictions are a factor of limited resources and not strategic policy. If there are more low-income students than a state or program can afford to provide funding for, they limit the number of students eligible through merit elements to limit the cost of the overall program. While Pell Grant funding has increased in recent years, the federal government should not use merit as a means to control the spending on the program. As an access program, the Pell Grant program never has turned away eligible recipients and should keep this de facto entitlement approach. Low-income students should not be held to a higher standard than their peers who are able to pay full price.

¹ William Bennet and Barbara Grothe, “Implementation of an Academic Progress Policy at a Public Urban University: A Review after Four Years,” *Journal of Student Financial Aid* 12, no. 1 (1982): 33-39.

² 34. Student Assistance General Provisions. *Electronic Code of Federal Regulations.*, § 668.34, as amended at 71 FR 45693, Aug. 9, 2006: 546, <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title34/34cfr668_main_02.tpl>

³ Federal Student Aid. “Federal Pell Grants.” <<https://studentaid.ed.gov/sa/types/grants-scholarships/pell>> Accessed 20 April 2016.

⁴ Lauren Schudde and Judith Scott-Clayton, “Pell Grants as Performance-Based Aid? An Examination of Satisfactory Academic Progress Requirements in the Nation’s Largest Need-Based Aid Program,” *CAPSEE* working paper, December, 2014, <<http://ccrc.tc.columbia.edu/media/k2/attachments/pell-grants-as-performance-based-aid.pdf>>

⁵ *Ibid.*

Institutional Quality

Research from the Education Trust, examining 1,149 institutions of higher education, demonstrates that the college or university attended greatly affects the likelihood that a Pell Grant recipient will graduate. According to paper author Andrew Nichols, Ph.D., “[E]ven if all institutional-level gaps in completion between Pell and non-Pell students were eliminated, there would still be a considerable national gap because too many Pell students attend institutions where few students of any sort graduate, and too few attend institutions where most students graduate.”⁶

SAP as “Skin in the Game”

Another argument for increasing SAP requirements is that it gives students, particularly Pell Grant recipients, “skin in the game,” so that they are responsible with their “free money” Pell Grant. However, over 60 percent of all students who have a Pell Grant also have a loan. For two-year students, this number is only 43 percent, but for four-year students it jumps to 79 percent.⁷ With such a high proportion of students, especially bachelor’s degree students taking on debt, they have a very real “skin in the game” investment in earning their degree so that they are able to pay back their loans. Significantly, students who have a larger Pell Grant, meaning higher need, also have higher loan averages.⁸ Most students already have “skin in the game” to complete their degree successfully. Doing so greatly improves their chances of being able to pay back their student loans. Over 60 percent of students who defaulted on their loans as of 2009 were those who did not complete their degrees.⁹

Students also have “skin in the game” because they are forgoing earned income in order to pursue education for a future career. While many students continue to work while in school, attending school diminishes the amount of time they are available to work, which costs them money in the short run that their families may need to live. Working 10-15 hours a week on campus has been shown to increase attainment rates, but working more than that causes academic work to suffer.¹⁰ Unfortunately, many post-traditional students are working far more than that. According to the U.S. Census, one in five of the 71 percent of working undergraduates worked full-time (35+ hours/week) and over 50 percent of those not working full-time worked more than 20 hours a week.¹¹

Conclusion

If the federal government strives to address the low nationwide college completion rate, these incentives should be designed as separate from the Pell Grant program because their goals are different. Senator Claiborne Pell designed the Basic Educational Opportunity Grant to ensure access and opportunity in higher education.¹² It is the policy lever to ensure access, but many supports are needed to ensure success. Today’s students are more likely to attend college part-time and need to balance work and family responsibilities with their school responsibilities. There are several policy initiatives that could help them do just that, such as institutional quality, stronger preparation, academic advising, work-friendly course scheduling, child care, and more.

The research from Scott-Clayton and Schudde is clear that even the current SAP requirements are a barrier to students. Increasing the GPA requirement, requiring full-time enrollment, or decreasing the time to degree requirements will only serve to discourage more students from persisting. At its foundation, federal student aid is designed to give the same opportunities to all potential students afforded to those who can afford to pay sticker price. Post-traditional students must balance many life factors along with their studies. Placing additional burdens on these students who cannot afford to pay is not only inequitable, but it will not result in more students completing higher education.

⁶ Nichols, Ph.D., Andrew. “The Pell Partnership: Ensuring a Shared Responsibility for Low-Income Student Success,” *The Education Trust*. <<https://edtrust.org/resource/pellgradrates>> September 2015.

⁷ U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12).

⁸ U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12)

⁹ McCann, Clare. “Student Loan Defaulters Aren’t Who You Think They Are” *New America EdCentral* <http://www.edcentral.org/defaulters/> October 2014.

¹⁰ Lucier, Kelci Lynn. “Consider Pros and Cons of Working in College,” *US News and World Report*. <<http://www.usnews.com/education/best-colleges/articles/2012/09/13/consider-pros-and-cons-of-working-in-college>> 13 September 2012.

¹¹ O’Shaughnessy, Lynn. “More students working (a lot) in college,” *CBS Money Watch*. <<http://www.cbsnews.com/news/more-students-working-a-lot-in-college/>>. 5 February 2013

¹² The Pell Institute. “Reflections on Pell: Championing Social Justice through 40 Years of Educational Opportunity.” <http://www.pellinstitute.org/downloads/publications-Reflections_on_Pell_June_2013.pdf> June 2013.