



Pell Grants as Performance-Based Aid? Examining Satisfactory Academic Progress Standards

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The Pell Grant Program

In the last year, the Pell program

- Provided 9 million students with aid
- Cost over \$33 billion

Source: New America Foundation. 2013. Federal Education Budget Project: Federal Pell Grant Program.

The Pell Grant Program

“Need-based”

- Awards are dependent on:
 - Expected Family Contribution (EFC)
 - Institution’s Cost of Attendance (COA)
 - Enrollment status: full-time or part-time
- Eligibility is *not* based on prior achievement

The Pell Grant Program

Ongoing eligibility assessment:

- Re-application to determine need
- Performance-based standards:
 - “Satisfactory Academic Progress” (SAP)

Federal SAP Guidelines

- Institutions must assess SAP using:
 - “Qualitative Standard”: 2.0 or equivalent by the end of second academic year
 - “Quantitative Standard”: Minimum percentage of work successfully completed
 - Maximum timeframe: Cannot exceed 150% of published length of undergraduate program in credits

Sources: CFR 668.34; Information for Financial Aid Professionals handbook, ch.1, vol.1

What do we know about SAP?

- Two opposing hypotheses for the SAP impacts:
 - Incentivize effort
 - Discourage persistence
- Draw on related literatures
 - Performance-Based Funding
 - Academic Probation

Incentivizing Effort

- West Virginia's PROMISE scholarship (Scott-Clayton, 2011)
 - Positive annual impacts at the required credit threshold
- Louisiana's Opening Doors (Brock & Richburg-Hayes, 2006; Richburg-Hayes et al., 2009)
 - Increased enrollment, persistence, credit accumulation
- Performance-Based Scholarships Demonstration (Patel et al., 2013)
 - Modest increase in credit accumulation

Discouragement: Probation

- “Weed out” students with little chance of success and motivate others (Bénabou & Tirole, 2000)
- Probation at the end of first year (Lindo, Sanders, & Oreopoulos, 2008)
 - discourages some students from returning; improves performance of those who return

Research Questions

- How many students fail to meet SAP?
 - Which requirements do they fail?
 - How do Pell students compare to non-Pell students?
- What is the impact of SAP standards on persistence, transfer, and degree attainment?

Data

- National Data: Broad Trends
 - National Postsecondary Student Aid Study
 - First-year equivalent students in 2004, 2008, 2012
- State Administrative Data: Closer Look
 - Community College System
 - ~250,000 first-year students
 - Short-term outcomes: Fall cohorts 2002-2008
 - Long-term outcomes: Fall cohorts 2002-2004

Broad Trends

Percent of All First-Year Students With GPA < 2.0

	2004	2008	2012
Institution sector			
Public 4-year	19.0	20.6	20.9
Private 4-year	12.8	12.4	10.8
Public 2-year	15.4	18.7	22.2
Private for-profit	11.7	14.9	14.2
Attended more than 1 school	12.9	13.6	15.6
Total	15.1	17.5	19.2

Source: Quick Stats computations using NPSAS 2004, 2008, and 2012 data.

Broad Trends

Percent of First-Year Pell Grant Recipients With GPA < 2.0

	2004	2008	2012
Institution sector			
Public 4-year	22.6	24.3	24.1
Private 4-year	19.7	16.0	15.3
Public 2-year	17.0	20.4	24.5
Private for-profit	13.6	16.1	15.1
Attended more than 1 school	14.8	15.8	18.0
Total	17.3	18.9	21.0

Source: Quick Stats computations using NPSAS 2004, 2008, and 2012 data.

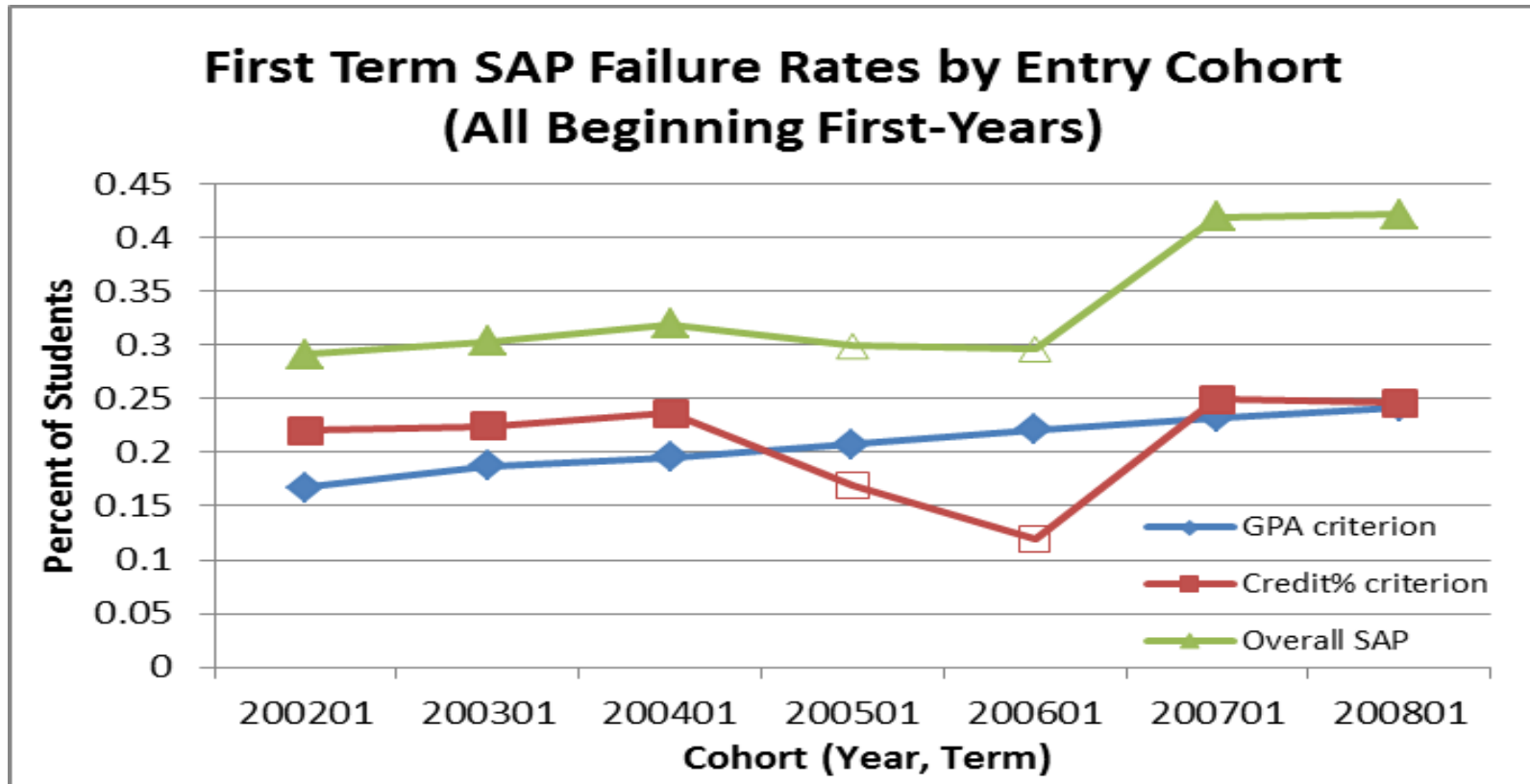
Institutional SAP Policy

Per the state community college system:

A student is maintaining Satisfactory Academic Progress *at the end of each term* if—

- Has a cumulative GPA of 2.0 or higher
- Completes at least 67% of all credit hours attempted
- Completes program of study within 150% of expected time frame

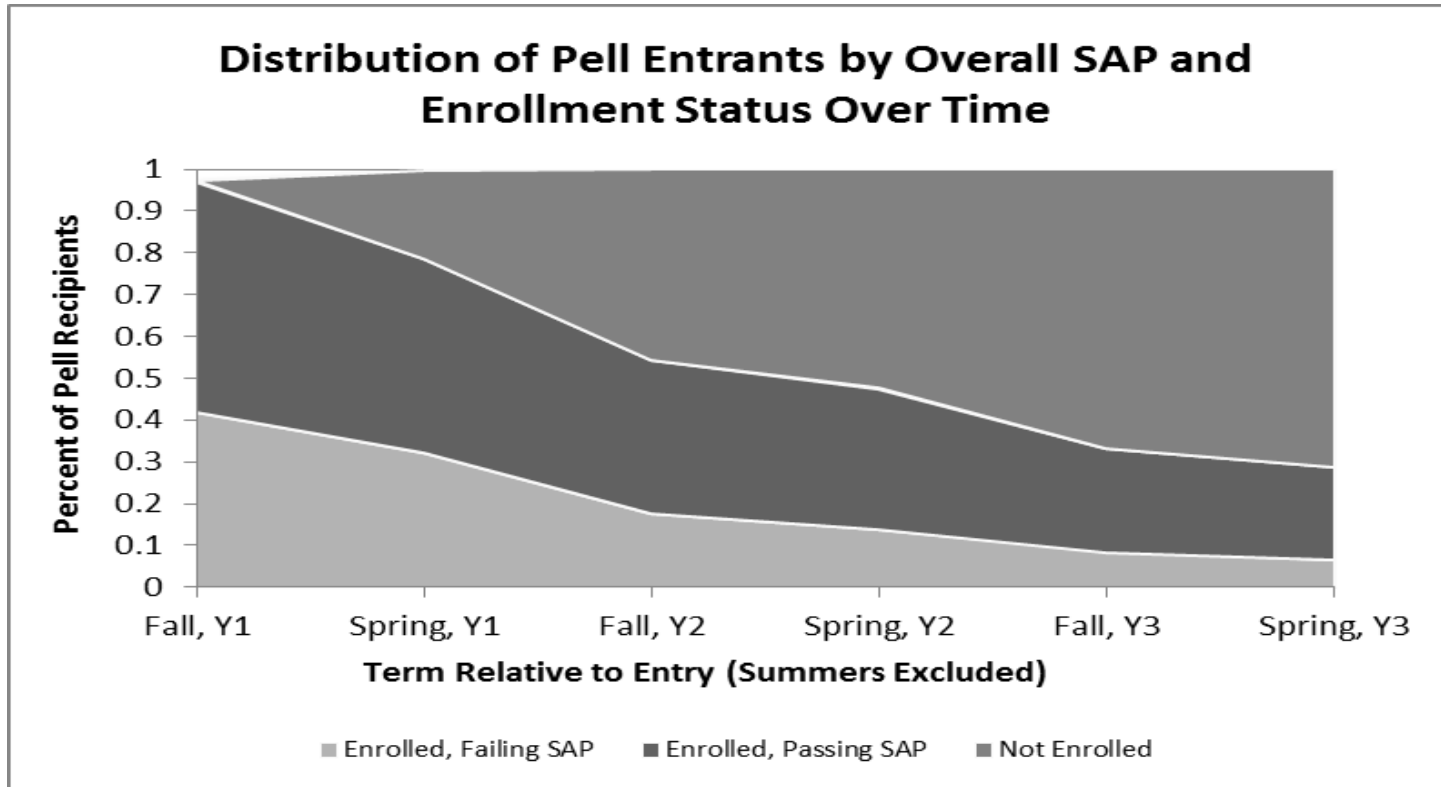
Trends in Community College System



Source: State administrative data on community college entrants.

Notes: Credits attempted/completed data, and thus the overall SAP measure, are suspect in 2005-2006.

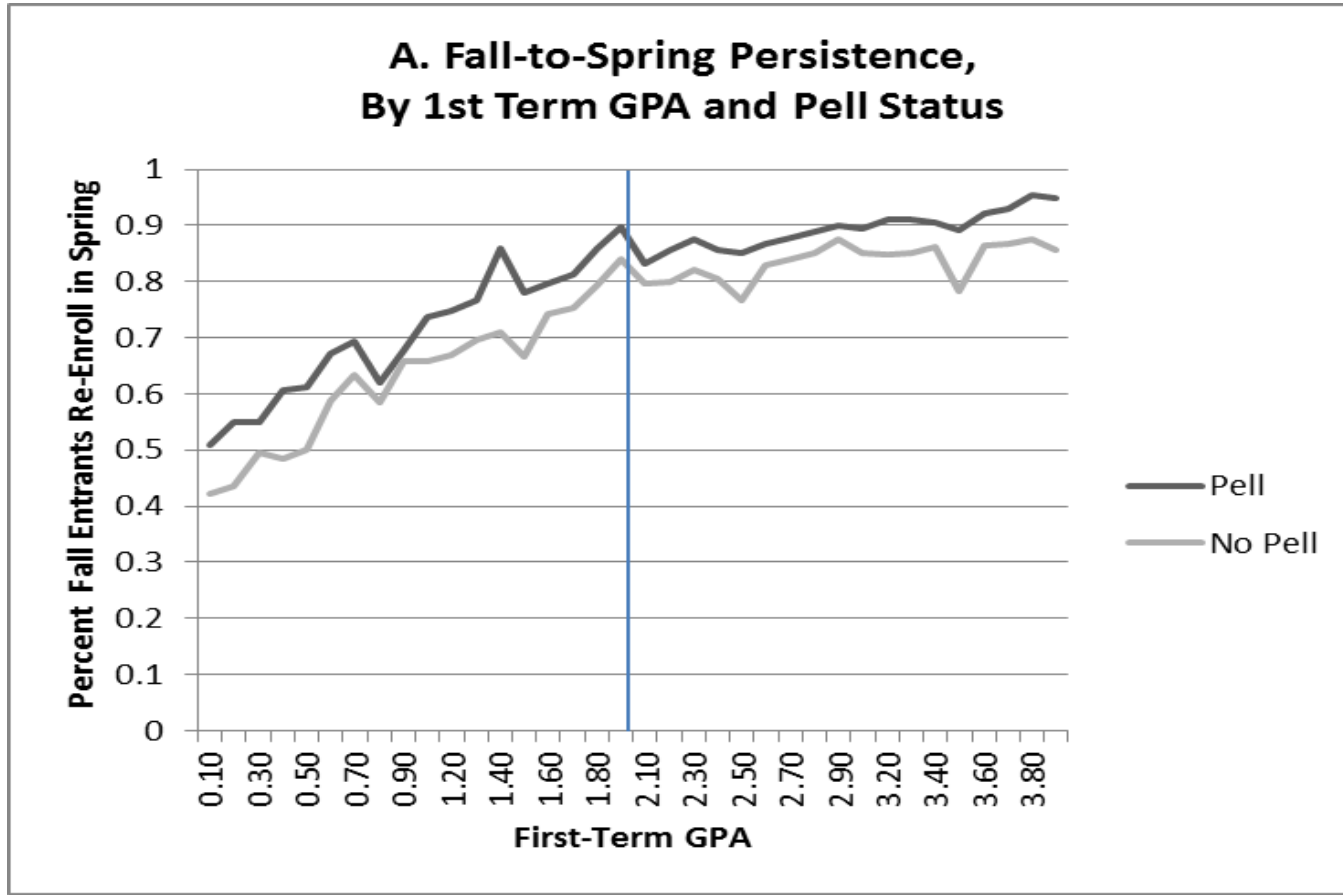
SAP and Enrollment Over Time



Source: State administrative data on community college entrants who received Pell in their first term (2005-2006 cohorts excluded).

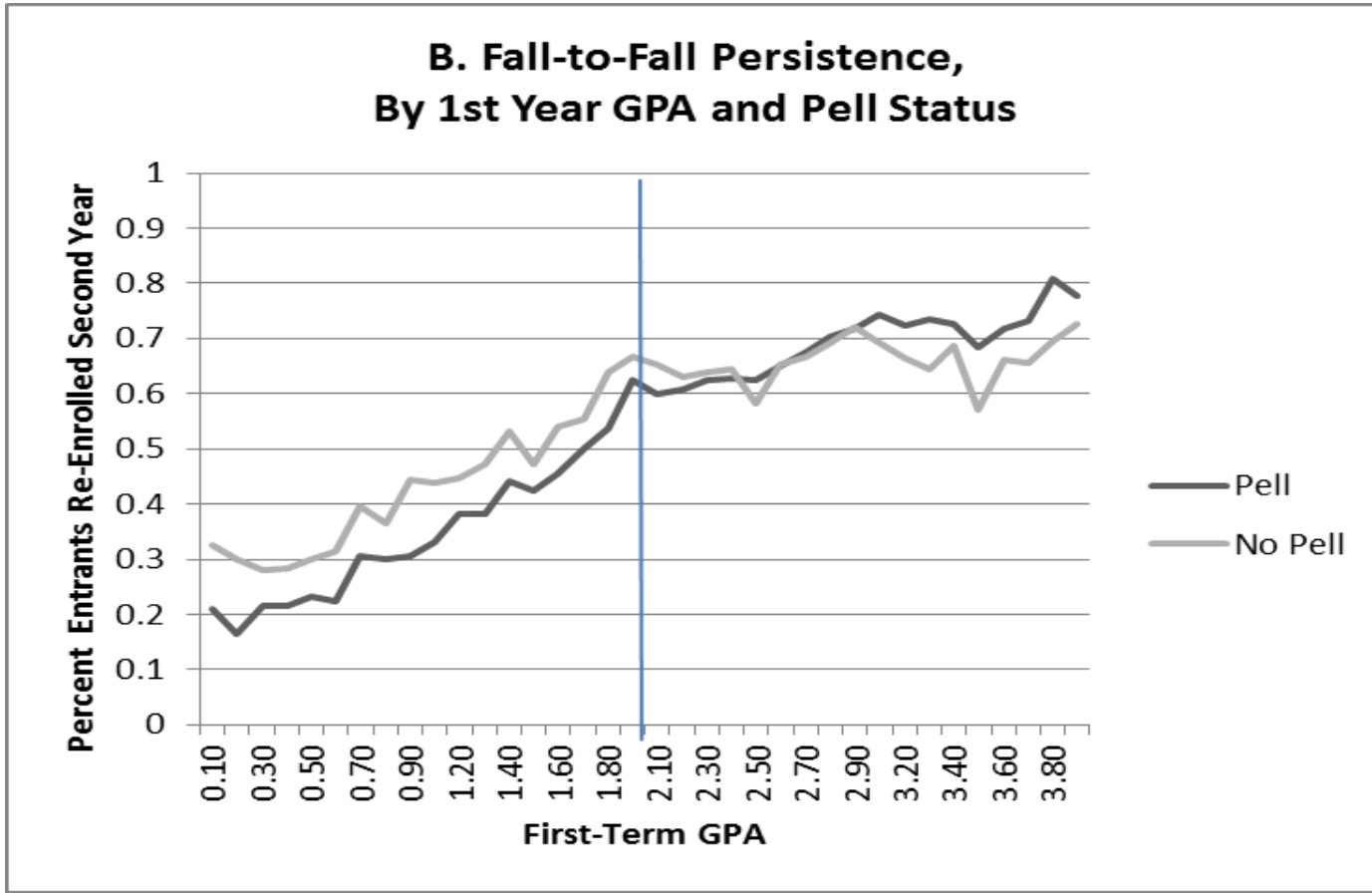
Notes: In the first term a small percentage of enrolled students had no valid GPA.

SAP and Persistence by Pell-Status



Source: State administrative data (2005-2006 cohorts excluded).

SAP and Persistence by Pell-Status



Source: State administrative data (2005-2006 cohorts excluded).

Examining Distal Outcomes

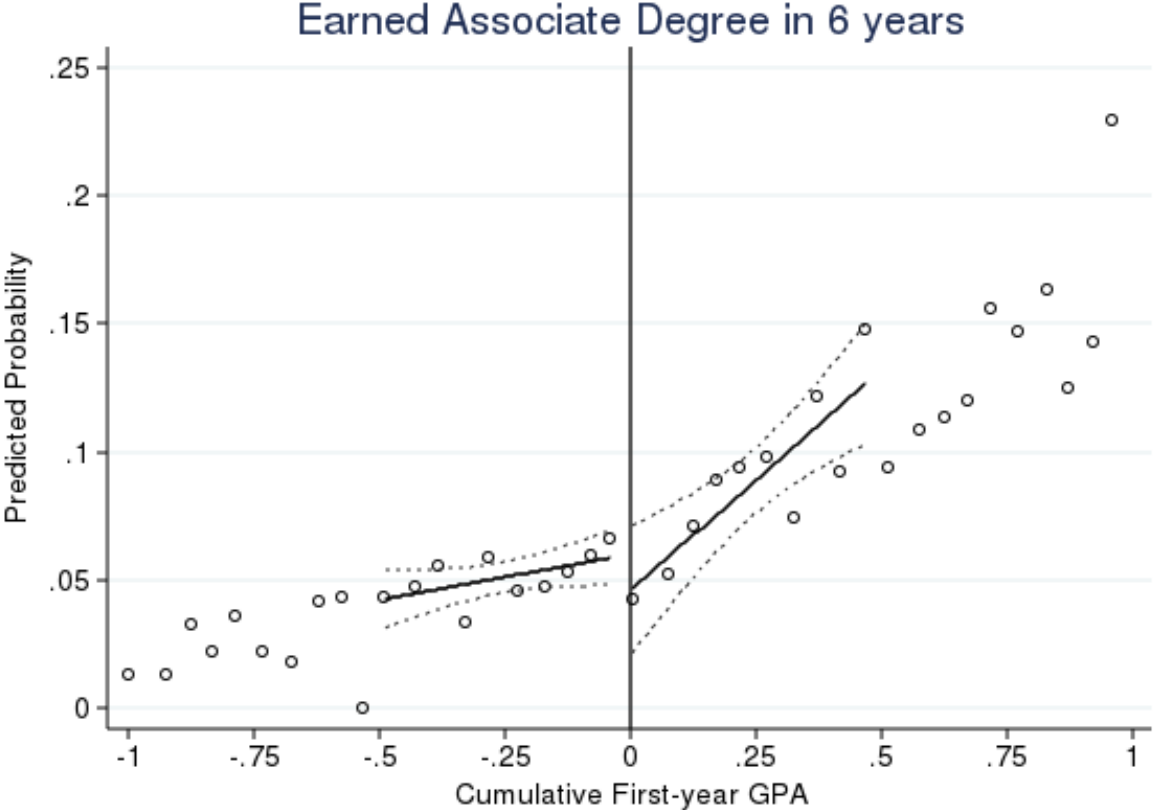
- To study SAP impacts, we leverage the 2.0 GPA cutoff
- Examine “discontinuity” at the cutoff
 - focus on students whose cumulative first-year GPAs fall near the cutoff (local linear regression) (Hahn, Todd, & van der Klaauw, 2001)
- Consider impact on degree attainment

Regression Discontinuity: Certificate



Source: State administrative data (2002-2004 cohorts)

Regression Discontinuity: Associate



Source: State administrative data (2002-2004 cohorts)

Preliminary Findings

- Prevalence of SAP failure:
 - Many initial Pell recipients risk ineligibility
 - Rate is increasing over time
 - A quarter of first-time community college students failed to meet GPA requirement in 2012
- Effects
 - Most students failing SAP drop out early on
 - No discernible long-term impacts on attainment

Conclusions and Implications

- A lot of students fail to meet SAP
 - A third of community college students
 - Impacts of SAP failure still unclear
- The project leaves us with more questions than answers:
 - Some philosophical questions that arise:
 - Are punitive policies useful in improving college completion?
 - Could the knowledge from implementing SAP policy (i.e. low grades and credit completion) be leveraged to improve practice?
 - Early warning systems
 - Academic advising for students from low-income families

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