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

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

• 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

<table>
<thead>
<tr>
<th>Institution sector</th>
<th>2004</th>
<th>2008</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public 4-year</td>
<td>19.0</td>
<td>20.6</td>
<td>20.9</td>
</tr>
<tr>
<td>Private 4-year</td>
<td>12.8</td>
<td>12.4</td>
<td>10.8</td>
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<tr>
<td><strong>Public 2-year</strong></td>
<td><strong>15.4</strong></td>
<td><strong>18.7</strong></td>
<td><strong>22.2</strong></td>
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<tr>
<td>Private for-profit</td>
<td>11.7</td>
<td>14.9</td>
<td>14.2</td>
</tr>
<tr>
<td>Attended more than 1 school</td>
<td>12.9</td>
<td>13.6</td>
<td>15.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15.1</strong></td>
<td><strong>17.5</strong></td>
<td><strong>19.2</strong></td>
</tr>
</tbody>
</table>

## Broad Trends

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

<table>
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<tr>
<th>Institution sector</th>
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<th>2008</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public 4-year</td>
<td>22.6</td>
<td>24.3</td>
<td>24.1</td>
</tr>
<tr>
<td>Private 4-year</td>
<td>19.7</td>
<td>16.0</td>
<td>15.3</td>
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<td>18.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17.3</td>
<td>18.9</td>
<td>21.0</td>
</tr>
</tbody>
</table>

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

First Term SAP Failure Rates by Entry Cohort (All Beginning First-Years)

Source: State administrative data on community college entrants.
Notes: Credits attempted/completed data, and thus the overall SAP measure, are suspect in 2005-2006.
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

A. Fall-to-Spring Persistence, By 1st Term GPA and Pell Status

B. Fall-to-Fall Persistence, By 1st Year GPA and Pell Status

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

Earned Certificate in 6 Years

Source: State administrative data (2002-2004 cohorts)
Regression Discontinuity: Associate

Earned Associate Degree in 6 years

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