

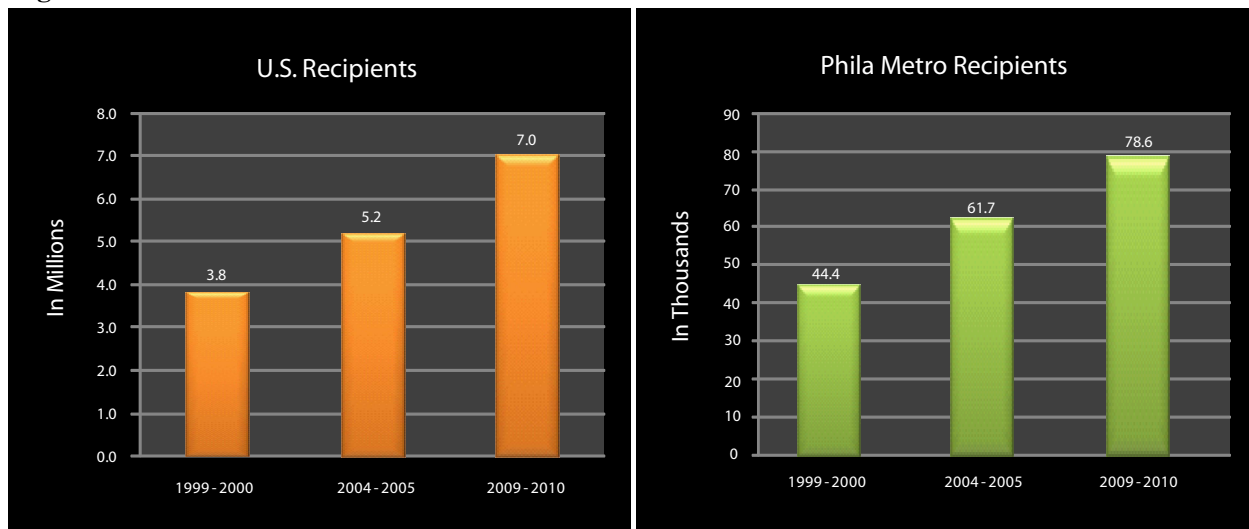


POLICY BRIEF: FEDERAL AID FOR COLLEGE STUDENTS

As the nation slowly recovers from the economic recession of recent years, workers with a college degree have a significantly better chance of finding and holding a job than workers who lack that degree. Many governmental leaders have recognized that in order to stimulate the virtuous cycle of increased employment, increased purchasing of goods and services, and ultimately increased tax revenues, they must promote educational attainment. Particularly for youths raised in low-income families, one of the few ways to secure a foothold in today’s economy is a college education. Both to expand opportunities for poor students and to bolster the economy-as-a-whole, the federal Congress has long recognized an obligation to help low-income students pay for college tuition. That student support plays an especially important role in recessionary times.

Unfortunately, greater Philadelphia is not performing as well as some other parts of the country in drawing upon federal funds to help low-income students earn college degrees. We base that assertion on an analysis of federal financial aid to low-income college students in nine metropolitan areas. The most significant federal aid comes in the form of Pell Grants which—unlike federal loans—do not need to be repaid. Decades ago, Congress established Pell Grants to help low- and middle-income families afford college, and it is now the largest federal grant program for low-income students. The College Board reported that in the 2008-09 academic year, 80 percent of Pell Grant recipients lived in families with incomes under \$40,000 a year.

Figure 1: Number of Students Awarded Pell Grants



Sources: College Board, *Trends in Student Aid 2010*, accessible at http://trends.collegeboard.org/student_aid/report_findings/indicator/Pell_Grants, and U.S. Dept. of Education, *Distribution of Federal Pell Grant Program Funds by Institution, 2009-2010*, accessible at: <http://www2.ed.gov/finaid/prof/resources/data/pell-institution.html>

Both at the national level and within our region, the last decade witnessed dramatic increases in demand for Pell Grants. Nationally, the number of recipients grew by more than 80 percent (see **Figure 1**). Greater Philadelphia followed the national pattern of expansion, as the number of Pell Grant recipients enrolled in our region’s degree-granting colleges and universities swelled from 44,362 to 78,634—an increase of 77 percent. Starting in 2008 Congress placed an especially high priority on funding Pell Grants as a way to help displaced workers and communities battered by the recession. That meant substantial annual increases in the dollars committed to the program. And even though some lawmakers are reluctant to see that upward trend continue at a time when they face deep cuts in many other federal programs, it is likely that Pell Grants will remain a critical resource for new generations of students from modest economic backgrounds.

Even though greater Philadelphia higher eds drew steadily increasing dollar amounts in federal grants during the past decade, our region is not doing as much as other metropolitan areas to tap federal funds to educate low-income students. **Table 1** below displays the distribution of Pell Grants to degree-granting colleges and universities in nine metropolitan areas during the most recent school year.

Table 1: Pell Grants to Higher Education Institutions by Metro Area, 2009-2010

Metro	No. of Schools* (1)	Percent Public (2)	Dollars Awarded (3)	No. of Recipients (4)	Average Grant (5)	Avg No. of Recipients per Institution (6)
Baltimore	26	54%	\$149 mil	44,820	\$3,318	1,724
Boston	53	13%	\$152 mil	41,175	\$3,691	777
Chicago	71	38%	\$538 mil	155,139	\$3,470	2,185
Cleveland	20	30%	\$194 mil	56,277	\$3,454	2,814
Detroit	23	43%	\$294 mil	87,231	\$3,372	3,793
Minneapolis	34	35%	\$247 mil	77,761	\$3,183	2,287
Philadelphia	56	25%	\$278 mil	78,634	\$3,531	1,404
Phoenix	21	52%	\$267 mil	87,610	\$3,048	4,172
Pittsburgh	24	38%	\$182 mil	58,435	\$3,119	2,435

*Column 1 lists the number of degree-granting colleges and universities whose students received Pell Grants in 2009-2010. This number is smaller than the total number of degree-granting institutions in each metropolitan area, since there were some degree-granting institutions that enrolled no students receiving Pell Grants.

Source: U.S. Dept. of Education, *Distribution of Federal Pell Grant Program Funds by Institution, 2009-10*, accessible at <http://www2.ed.gov/finaid/prof/resources/data/pell-institution.html>.

In **Table 1**, Chicago far exceeds all other areas in the number of students obtaining Pell Grants to attend regional institutions (column 4). That is partly because the Chicago region contains many more colleges and universities than other regions. However, if we consider the average number of grant recipients being served by each individual institution (column 6), the advantage shifts to Phoenix and Detroit, whose colleges and universities enroll the highest numbers of grant recipients per institution. In this comparison, Boston and Philadelphia enroll the lowest numbers of grant recipients per institution, but they award the highest dollar amounts per recipient. That suggests that a larger proportion of colleges and universities in Boston and Philadelphia serve student bodies with family incomes that are high enough to make them ineligible for Pell Grants. It also suggests that Boston and Philadelphia institutions tend to charge higher tuitions than schools in the other regions. (Note that the formula for deciding the size of a student's grant depends on both the family's resources and the cost of attending the school.) As column 2 shows, the percentage of colleges and universities that are public (meaning government-supported) is lowest for Boston and Philadelphia. In all the other metro areas, one-third to one-half of higher eds are public institutions receiving government subsidies to keep tuition lower than it would otherwise be. But in greater Boston only 13 percent of higher eds are public, and in greater Philadelphia only 25 percent are public.

Both Boston and Philadelphia have worked hard during the recent decade to improve their national profiles as college towns, with considerable success. For example, Campus Philly reports that applications to our region's colleges and universities rose 60% between 2001 and 2008, a larger percentage increase than was achieved in Boston, Chicago, Atlanta, Portland, and Washington, DC, and about half of students attending colleges in the region say that Philadelphia was a positive factor in their choosing to go to school here.¹ In Boston, the chamber of commerce continually presses the higher education sector to attract more national talent to the region.² As their national profiles have increased, however, the higher education sectors in both Boston and Philadelphia have lagged behind other major metropolitan areas in tapping federal support to help low-income students attain college degrees.

A bright spot in the regional picture is the collection of community colleges serving the Philadelphia area. **Table 2** shows that their enrollments of Pell Grant recipients were rising at rates that doubled and, in some cases even tripled, the national rate of increase. That expansion was particularly striking in two of the suburban institutions: Delaware and Montgomery County community colleges. The only reason why the Community College of Philadelphia registered the lowest percentage increase in **Table 2** is that it started the decade with so many more grant recipients enrolled there. In raw numbers, CCP's increase of 4,203 was the largest number added by any of the community colleges.

Table 2: Number of Pell Grant Recipients at the Region's Community Colleges, 2000 to 2010

County*	1999-2000	2004-2005	2009-2010	Percent Increase 2000-2010
Burlington County, NJ	1,127	1,415	2,760	145%
Camden, NJ	2,295	4,208	6,200	170%
Gloucester County, NJ	995	1,474	1,819	83%
Salem County, NJ	270	409	632	134%
Bucks County, PA	803	1,238	2,203	175%
Philadelphia, PA	8,868	12,268	13,071	47%
Delaware County, PA	1,228	2,261	4,216	243%
Montgomery, PA	938	1,779	3,490	272%

*Chester County does not appear separately in this table because it is served by two branches of Delaware Community College in Exton and Downingtown.

Source: U.S. Dept. of Education, *Distribution of Federal Pell Grant Program Funds by Institution, 2009-10*.

Although the region's community colleges appear to be making significant strides to increase the number of low-income students with Pell Grants enrolled in their programs, other institutions in the region would have to significantly increase their numbers in order to bring our region in line with the higher education sectors in most of our comparison regions. That is clearly the goal of Mayor Michael Nutter's recent initiative encouraging young Philadelphians to apply for federal financial aid to help pay for college. In January 2011, the Mayor launched the "Philadelphia College Financial Aid/FAFSA Completion Campaign" to inform more Philadelphians about federal and state tuition assistance and to run workshops that will help students fill out the required forms.³ Our analysis suggests that the region's colleges and universities might also be enlisted to help move Philadelphia's participation in federal aid programs closer to the level in our comparison regions.

Endnotes

¹ Campus Philly, *White Paper: Talent-Based Economic Development*, November 2010.

² Greater Boston Chamber of Commerce, *Greater Boston's Challenge: Sustaining the Talent Advantage*, October 2008.

³ Vernon Clark, "City to help with college-aid quest," *Philadelphia Inquirer*, January 14, 2011.