

# BEYOND THE HEADLINES

## At a Glance: Jobs, Workers & the Economy

APRIL 2012 | FOCUS: U.S., WASHINGTON STATE

### New Restrictions to Pell Funding Impact Low-Skill Community College Students

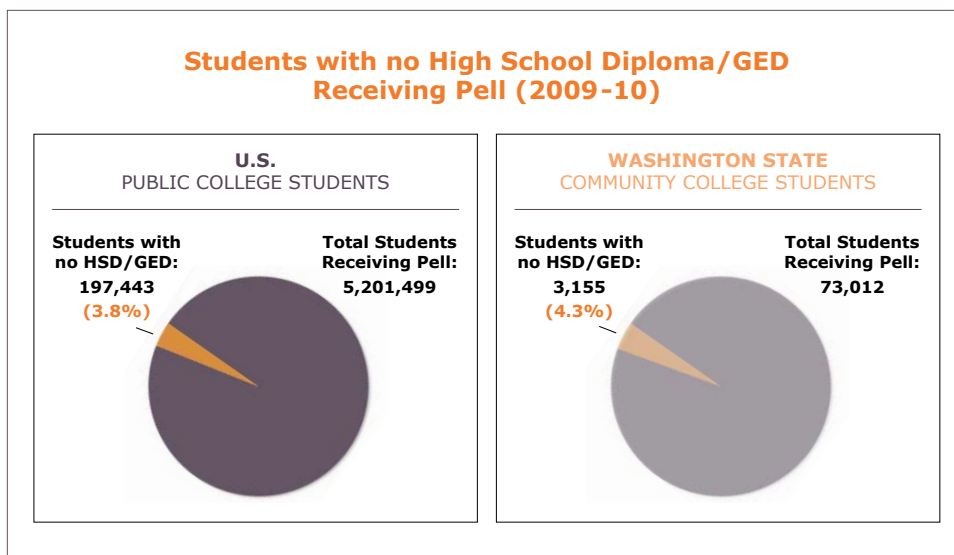
Recent federal legislation (*Consolidated Appropriations Act of 2012*, passed December 2011) will prevent students without a high school diploma or the equivalent (e.g., GED) who enroll in college for the first time on or after July 1, 2012 from accessing federal financial aid, including Pell grants<sup>1</sup>. This changes current law, which allows these students to access federal aid by showing an “ability to benefit” from college by: (1) passing a federally-approved test; (2) attaining six college credits; or (3) meeting other federally-approved state requirements.

This cost-saving measure by the federal government will have a disproportionate impact on community college students, and in particular “non-traditional” (older, low-income and minority) students, and on innovative community college programs geared toward helping lower-skill students succeed.

Importantly, most state-based financial aid programs typically follow the same eligibility guidelines as federal aid, such that students without a high school diploma or GED are also in jeopardy of losing this source of support as well. Fortunately, Washington State will continue to permit ability-to-benefit students to access State Need Grants, at least through the 2012-13 academic year.

#### Impacts by the Numbers

Sources do not concur on the number of community college students likely to be impacted by the changes to Pell. We use U.S. Department of Education data on the number of students in a given academic year (2009-10) who received Pell but did not have a high school diploma or GED. These are the students who would no longer



be eligible for Pell (and possibly state-based financial aid) under the new law.

The chart on the **near left (WA)** includes only community college students, and the chart on the **far left** combines **all public college students** (2- and 4-year), but given the requirements for entry into 4-year institutions, undoubtedly most of the ability-to-benefit students depicted are community college students.

**Top 5 Washington Community Colleges  
by Percentage of Individuals Receiving Pell with  
no High School Diploma/GED (2009-10)**

<b>Community College</b>	<b>% of Individuals Receiving Pell with no HSD/GED</b>
Highline Community College	<b>8.54%</b>
Lake Washington Technical College	<b>7.73%</b>
North Seattle Community College	<b>7.52%</b>
Clover Park Technical College	<b>7.13%</b>
Bates Technical College	<b>6.85%</b>

**Top 5 Washington Community Colleges  
by Total Number of Individuals Receiving Pell with  
no High School Diploma/GED (2009-10)**

<b>Community College</b>	<b>Number of Individuals Receiving Pell with no HSD/GED</b>
Clark College	<b>345</b>
Highline Community College	<b>234</b>
Seattle Central Community College	<b>167</b>
Clover Park Technical College	<b>164</b>
Tacoma Community College/ Edmonds Community College (TIE)	<b>148</b>

## Student Impact

While the percentage of community college students who will no longer be able to access Pell under the new law is small, students without high school diplomas or GEDs are disproportionately older, low-income, people of color, and immigrants. It is estimated, for example, that 31% of ability-to-benefit students are Hispanic and 19% are Black, while these groups each make up only 14% of undergraduates in the U.S.<sup>ii</sup> Moreover, the impacted students are those most likely to be unemployed or working in low-paying jobs, and trying to obtain higher skills necessary for living-wage jobs.

The elimination of the ability to benefit provision means that these students most in need of financial aid will be forced to: 1) obtain a GED to access aid, though there are often too few GED classes to meet demand and scant evidence showing that community college students with a GED are more successful in college than ability-to-benefit students; 2) obtain relatively high-interest private loans; or 3) choose not to enroll in community college.

## Impact on Washington State's I-BEST Program

One of the most important impacts of the changes to Pell in Washington State will be to the state's widely-acclaimed I-BEST programs (statewide there are about 170 of these programs, in which math, reading and writing skills are team-taught along with technical training as way to help students requiring remediation to accelerate their learning). Many of the roughly 3,500 students in program are high school drop-outs and immigrants who never attended high school – students who would no longer qualify for Pell under the new law. The following characterizes the state's I-BEST students:

- Average age of 32
- 43% people of color (vs. 25% state population)
- 70% low literacy skills
- 40% English as a Second Language
- 50% with dependent children

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- i. According to the Association of Community College Trustees, Pell grants are now awarded to about 9.5 million students each year who demonstrate financial need, including nearly 3.5 million community college students (\$11.3 billion in grants). Of the community college students receiving Pell grants, 78% are working while attending school. See <http://www.acct.org/advocacy/pell>.
  - ii. *Why Access Matters: The Community College Student Body*, Christopher M. Mullin, American Association of Community Colleges, Policy Brief 2012-01PBL, February 2012. Refers to all Title IV financial aid recipients.

**BEYOND THE HEADLINES:** Policy & Labor Market Updates for Those Working to Help Low-Income and Low-Skill Individuals Advance through Education, Training & Living-Wage Jobs

### About Seattle Jobs Initiative

Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today's marketplace.

**Supported by the City of Seattle Office of Economic Development**

### Contact Information

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