



# On-Time Pell

Maintain Access, Ensure Completion

**COMPLETE  
COLLEGE  
AMERICA**

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June 2016

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## EXECUTIVE SUMMARY

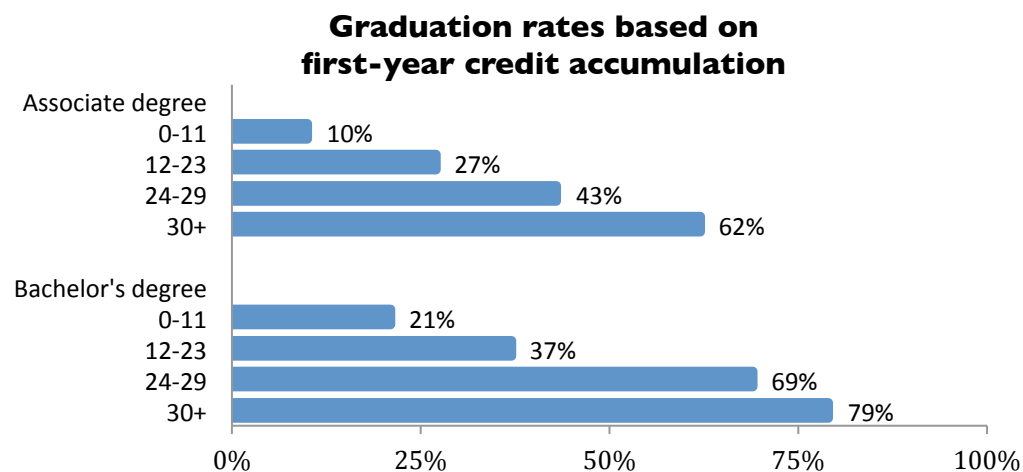
Current Pell standards and recent proposals do not create a pathway and expectation for on-time completion. A clear standard with built-in financial incentives is needed to guide full-time and part-time students to complete 30 credits per year. This approach should be added to all existing Pell status levels to ensure there are no unintended impacts on any Pell sub-group.

### THE PROBLEM AND SOLUTION

**PROBLEM:** The current Pell minimum for full-time enrollment at 12 credits has created a de-facto standard that does not support on-time completion.

Currently, the Pell Grant only covers up to 12 credits per term or 24 credits per year, but to graduate on time, students must complete 30 credits per year. Students who choose to enroll in 30 credits are forced to cover the remaining six credits without financial support from the Pell Grant. Under the current program, students must enroll in at least 12 credits to be considered full-time, yet too many students and advisors aim only for this minimum requirement. States and institutions also adhere to this de-facto standard of 12 credits for their aid policies, causing ramifications beyond the Pell program.

Current Pell structure does not incentivize on-time completion and can increase financial hardship. By limiting maximum Pell funding to 24 credits per year, students are automatically on a two-and-a-half-year plan for associate degree completion and a five-year plan for bachelor's degree completion. Every additional year it takes to complete a degree adds to student tuition costs, debt burden, and lost workplace income. Further, students who complete fewer than 30 credits in their first year are less likely to graduate.



Source: Beginning Postsecondary Survey

**Recent legislative proposals provide more options for enrollment.**

An additional component is needed to ensure more students graduate on time.

Policy	Allows summer enrollment	Supports full-time & part-time students	Funds 15 credits per term	Keeps per student Pell funding constant	New standard: 30 credits per year
<b>FAST Act</b> (Senate)	✓	✓		✓	
<b>Flexible Pell for 21st Century</b> (House)	✓	✓		✓	
<b>Accelerated Pell for Completion</b> (White House)	✓				
<b>On-track Pell Bonus</b> (White House)			✓		

**SOLUTION:** Develop a new “on-time” Pell enrollment status to fund full-time and part-time students to complete 30 credits per year. Set a standard for on-time completion.

An on-time enrollment status creates a new expectation for on-time completion, utilizing flexible credit enrollment options:

On-Time Options	Fall	Spring	Summer	Annual Total
<b>Full-Time Plus</b>	15	15		<b>30 credits</b>
<b>Full-Time w/ Summer</b>	12	12	6	<b>30 credits</b>
<b>Part-Time w/ Summer</b>	9	9	6 and 6	<b>30 credits</b>

On-time students are funded at 30 credits per year and can draw down their total lifetime Pell eligibility of 144 credits more quickly than the current annual cap of 24 credits permits. Adding an on-time status has the effect of a bonus but with the added benefits of enhancing existing Pell structure and creating a new standard. It does not:

- change the official annual maximum Pell award or devalue Pell.
- require an increase to the total per-student lifetime Pell eligibility amount.
- change the definitions for full-time or part-time or harm these Pell groups.

An on-time status benefits students financially by helping them complete on time and creates positive ripple effects on state and institutional aid programs. This new status better supports the most disadvantaged and underserved students with enhanced options and clear direction for timely completion.



## Introduction

The Federal Pell Grant program was built to ensure access to higher education for low-income students. It has provided a critical resource for millions of degree seekers.

When the Pell Grant program was created, it assumed student success would follow access. Data has shown this is not the case. Today's Pell students are low-income and comprised of a significant number of minority students. They need support for both access and success, particularly as they are too often the least likely to graduate.

Time is the enemy of college completion. That is true for all students, but particularly for Pell students. Simply put, the longer it takes, the more life gets in the way. And life gets more complicated as the months and years pass: children, car payments, mortgages, and marginally better job opportunities often crowd out time for college studies. Full-time enrollment becomes part-time, and then part-time becomes "taking a semester off." For far too many students, dropping out soon results in debt and no degree.

Data proves that college degrees are more likely when earned when life is less complicated. We must maintain early student momentum by adopting policies that make timely graduation more possible.

On-time completion is essential to help Pell students complete their education in the most affordable and timely way, and the Pell program should be designed with that goal in mind.

**PROBLEM:** The current Pell minimum for full-time enrollment at 12 credits has created a de-facto standard that does not support on-time completion.

**Pell’s full-time definition sets the standard for all higher education stakeholders and extends the time to get a degree.**

The Pell program neither rewards nor encourages students to complete their degree program on time. The minimum credit enrollment to be considered full-time is 12 credits per term; however, in order to graduate on time, students must accrue 30 credits per year, not 24. While students can and do enroll in more than 24 credits, the maximum Pell Grant only covers up to 24 credits annually, at a maximum of 12 credits per term.

**Annual Credit Enrollment Needed for On-Time Completion**

	<b>Total credits to degree</b>	<b>Annual credit enrollment needed for on-time completion</b>	<b>Number of years to complete degree</b>
<b>Associate degree</b>	60 credits	<b>30 credits</b> per year	<b>2 years</b>
<b>Bachelor’s degree</b>	120 credits	<b>30 credits</b> per year	<b>4 years</b>

**Annual Credit Enrollment Covered by Maximum Pell Award**

	<b>Total credits to degree</b>	<b>Annual credit enrollment covered by maximum Pell award</b>	<b>Number of years to complete degree</b>
<b>Associate degree</b>	60 credits	24 credits per year	<b>2.5 years</b>
<b>Bachelor’s degree</b>	120 credits	24 credits per year	<b>5 years</b>

As a result, enrollment in 12 credits per term has become the default for many advisors and aid counselors, and consequently, the full-time students they serve. States and institutions have also adhered to this definition for full-time and set their financial aid policies at 12 credit hours for full-time enrollment. The decision to use 12 credits as full-time has created a ceiling rather than a floor, thus exacerbating the problem and causing ramifications far beyond the Pell program.

Many students do not realize that enrollment in 12 credits per term is not sufficient to be on-track for on-time completion. These Pell students either have to remain in college longer in order to complete or must enroll in significantly more unfunded credits once they realize that they are off-track. Both options may result in additional costs.

## The current cost for on-time and delayed completion is high.

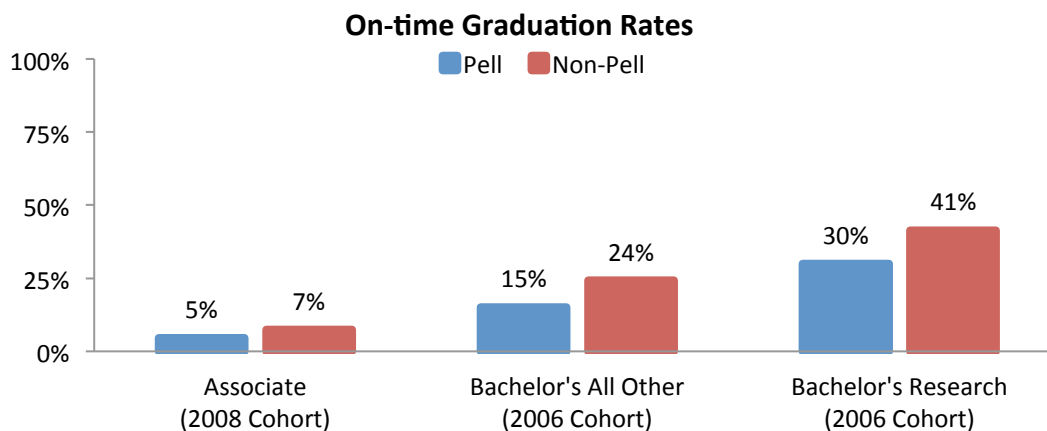
Since the Pell Grant only funds 24 credits per year rather than the 30 credits per year required to graduate on time, associate degree seekers must come up with an average additional **\$680 a year** and bachelor's degree seekers must come up with an average additional **\$1,500 a year** to ensure on-time graduation.<sup>1</sup>

Students who do not graduate on time lose an average of **\$44,000 a year** between the additional tuition costs and prospective lost wages for associate degree seekers and **\$62,000 a year** for bachelor's degree seekers.<sup>2</sup>

Student debt burden also increases with additional time to degree. Research from four-year institutions found that student debt burden increased by approximately **\$15,000** when students took six years to graduate instead of four years.<sup>3</sup> Students who fail to complete a degree are saddled with debt and little potential for increased earning.

## Pell students are less likely to graduate on time.

On-time completion rates are low for all students, but Pell students, who are among the most disadvantaged, are even less likely to complete the degree on time despite enrolling full-time at entry.



Source: 2014 CCA data collection, full-time degree seeking students at public institutions.

<sup>1</sup> Calculations by authors based on average tuition and fees for 2015-16 reported in The College Board, 2015 Trends in College Pricing.

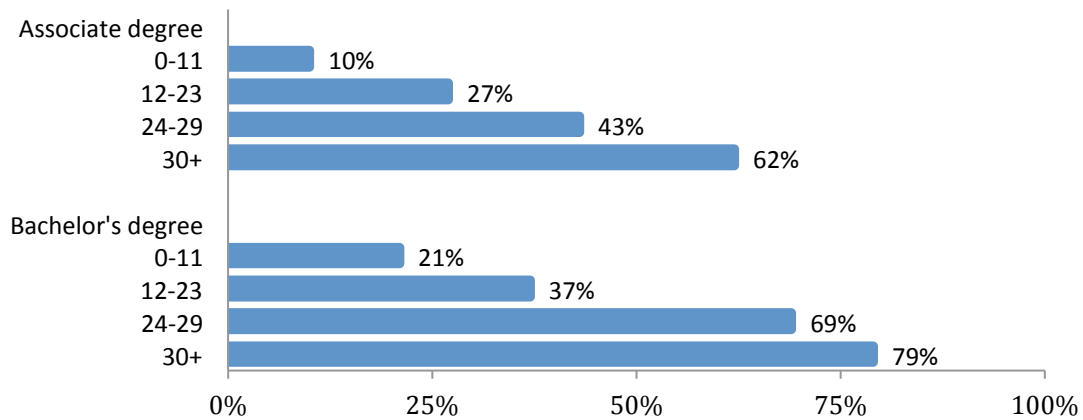
<sup>2</sup> Complete College America, The Four-Year Myth. Data from: fly.temple.edu and utexas.edu/enrollment-management/messages/ut-strives-improve-four-year-graduation-rates. Maximum Pell has been subtracted from published rates.

<sup>3</sup> Complete College America, The Four-Year Myth. Data from fly.temple.edu and utexas.edu/enrollment-management/messages/ut-strives-improve-four-year-graduation-rates.

**The longer it takes, the less likely students are to graduate.**

Students who enroll in 24-29 credits a year graduate at a rate of nearly **20 percentage points less** than students who take 30 credits per year for associate degree students and 10 percentage points less for bachelor’s degree students.

**Students who complete fewer than 30 credits in their first year are less likely to graduate**

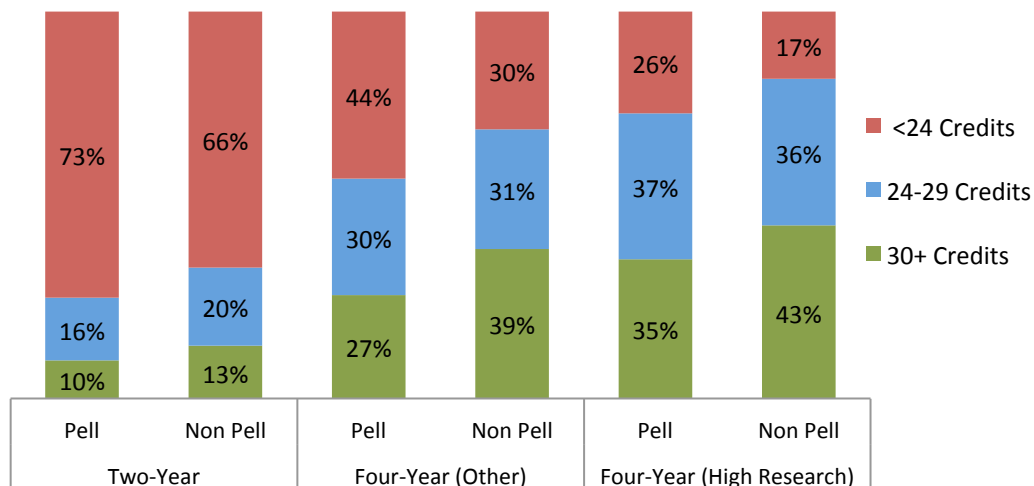


Source: Beginning Postsecondary Survey

**Too few Pell students complete 30 credits in their first year, less than their non-Pell peers.**

For current Pell students, only **10%** of associate degree seekers and **27%** of bachelor’s degree seekers (at four-year non-research institutions) complete 30 credits per year.

**First Year Credit Accumulation**



Source: 2014 CCA data collection, 2010 full-time entering cohort at public institutions.



## Part-time Pell students are even less likely to graduate.

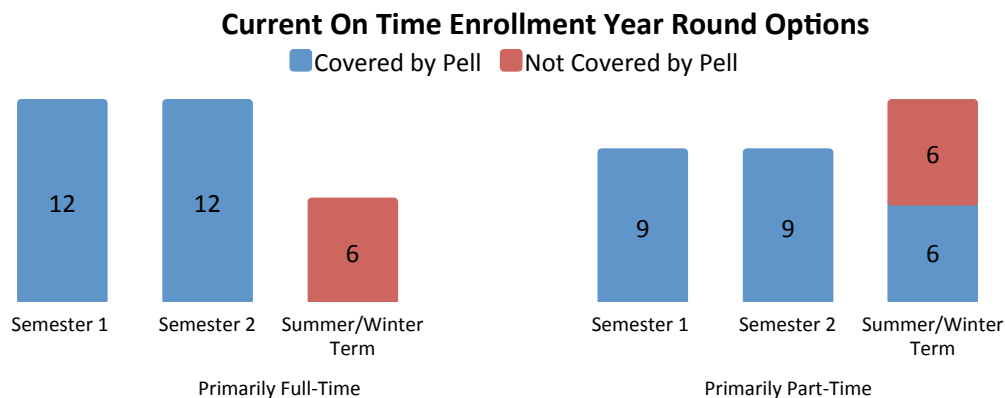
With over 40% of today's students classifying as non-traditional, part-time status may be seen as the most viable choice for students who work and have families and other obligations that prevent them from attending full-time.

Unfortunately, part-time students are not accruing enough credits to stay on track for graduation. Because of the many challenges that part-time students face - balancing work, transportation, and child care with taking classes - institutions and other stakeholders seek to be supportive by encouraging students to take as much time as they need to complete. This support does not take into account research showing that the longer it takes to graduate, the less likely a student is to graduate. Part-time students would benefit from a funded pathway and expectation for on-time completion (or at least closer to on-time completion) as much as full-time students.

Currently, **74%** of part-time Pell students do not even complete 15 credits annually in their first year.<sup>4</sup> At such low enrollment, these students are the least likely to graduate. A pathway for on-time completion that allows flexible and year-round enrollment is essential for this population to accrue 30 credits a year.

## Existing year-round options do not support all students for on-time completion.

Year-round attendance is critical to allow some students to complete 30 credits per year and graduate on time. However, full-time students at 12 credits cannot currently access additional Pell dollars for summer terms, and part-time students cannot get additional funding to cover the last credits that would allow them to be on track for on time completion.



<sup>4</sup> 2014 CCA data, 2006 first-time entry, degree-seeking part-time students (students who enrolled in fewer than 12 credits in their first term) at public institutions.

**Recent legislative and Administration proposals offer more enrollment options. An additional component is needed to transform options into a pathway and expectation for completion.**

There is broad support to modify the Pell program to include additional enrollment periods, especially during the summer term, which is a positive and promising step forward. However, there is an opportunity to take these proposals further by creating a pathway for on-time completion. Setting an expectation for annual completion of 30 credits for all student populations, regardless of enrollment status (full-time or part-time), as Complete College America proposes here, will improve on-time completion rates.

Because states, institutions, advisors, and aid counselors benchmark their aid programs and guidance against the current Pell minimum definition for full-time enrollment, proposals for additional enrollment options need to consider their impact beyond the federal level and how these proposals can be used to spur greater change across the higher education field.

**SOLUTION:** Develop a new “on-time” Pell enrollment status to fund full-time and part-time students to complete 30 credits per year. Set a new standard expectation for on-time completion.

**On-time Pell sets a new standard to guide many more students to graduate on time.**

Adding an on-time enrollment status to the existing Pell structure adds a pathway and expectation for on-time completion. Under this status, students can accrue 30 credits per year through flexible enrollment options, such as:

<b>On-Time Options</b>	<b>Fall</b>	<b>Spring</b>	<b>Summer</b>	<b>Annual Total</b>
<b>Full-Time Plus</b>	15	15		<b>30 credits</b>
<b>Full-Time w/ Summer</b>	12	12	6	<b>30 credits</b>
<b>Part-Time w/ Summer</b>	9	9	6 and 6	<b>30 credits</b>

This sends an important signal to students about how to get to graduation in the most expeditious path possible, while still providing enough flexibility to accommodate students’ different needs. Students in this new status who enroll full-time can choose from 15 credits to be on track after two semesters or can stay with 12 credits a semester and take advantage of summer courses to be on track for on-time completion. Students who enroll part-time in this new status will know how many credits they must accrue year-round for timely completion while enrolling part-time.

This proposal not only sets a new standard aligned with success, it also ensures all students have the resources to enroll in a sufficient number of credits to be able to graduate on time. This builds on other policy proposals that have called for increasing Pell availability and flexibility with a focus on completion.<sup>5</sup>

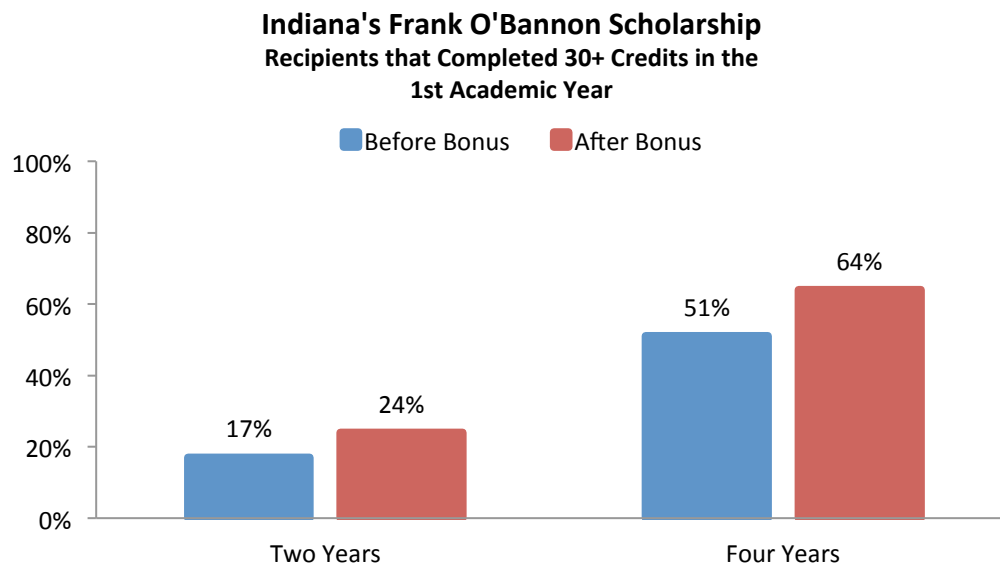
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<sup>5</sup> Examples include the National Association of Student Financial Aid Administrators (NASFAA) proposals for Pell Well and Super Pell and the recommendation of a Pell bonus to allow students to enroll in 15 credits by Excelencia in Education, the Center for Postsecondary and Economic Success at CLASP, the College Board, Committee for Economic Development, and the National Urban League.

## While not all students can complete 30 credits a year, MANY more can.

Efforts at state and institutional levels to increase the percentage of students who complete 30 credits per year through informational campaigns, proper advising and structured funding have shown an increase in the percentage of students who go from 12 to 15 credits per term or from part-time to full-time.

Data from Indiana suggests that additional resources to encourage students to enroll in more credits can result in a **20-40% change** in the number of students completing 30 credits or more when implemented with additional supports, such as institutional advising.<sup>6</sup>



Source: Indiana Commission for Higher Education, Reforming Student Financial Aid to Increase College Completion.

## Taking 15 credits per term increases student success.

While not all students may be able to take a full load of 15 credit hours per term or 30 credits year round, many more can. Academic literature continues to show that when comparing students with similar characteristics, those who develop academic momentum early by enrolling in 15 credit hours are far more likely to graduate.<sup>7</sup>

<sup>6</sup> Indiana Commission for Higher Education (2016). Reforming Student Financial Aid to Increase College Completion. Retrieved online at: [http://www.in.gov/che/files/2016\\_Reforming\\_Student\\_Financial\\_Aid\\_to\\_Increase\\_College\\_Completion\\_3\\_29\\_16.pdf](http://www.in.gov/che/files/2016_Reforming_Student_Financial_Aid_to_Increase_College_Completion_3_29_16.pdf)

<sup>7</sup> Attewell, P. and D. Monaghan. 2016. How many credits should an undergraduate take? Research in Higher Education, DOI 10.1007/s11162-015-9401-z.

Hawaii found that students who take 15 credits per term perform on par or better than those taking less than 15 credits when it comes to grade point average, credit accumulation, and persistence.

### Outcomes from Hawaii's "15 to Finish" Program

		Enrolled in 15 credits	Outcomes for Students Enrolled in 15 credits		
			GPA above a "B"	Completed > 80% of credits	Persisted to Fall
<b>Community Colleges</b>	Before 15 to Finish	4%	39%	66%	59%
	After 15 to Finish	8%	39%	67%	67%
	% Change	<b>83%</b>	0%	2%	14%
<b>Four-Year Institutions</b>	Before 15 to Finish	36%	58%	80%	79%
	After 15 to Finish	53%	59%	88%	79%
	% Change	<b>47%</b>	2%	10%	0%

Source: The University of Hawaii System, 15 to Finish Website retrieved online at <http://15tofinish.com/data/>

### Students who cannot enroll in 15 credits per semester still have options and an expectation to complete 30 credits per year.

Today's students may require flexibility and multiple options to accrue 30 credits per year, but still benefit from high expectations for on-time completion and a clear path to achieve it. Full-time students who do not enroll in 15 credits per term can use the summer term. Part-time students can also go year-round, utilizing whatever credit combination they need to get to 30 credits.

### States and institutions would follow a new standard for completion of 30 credits per year.

Since most states and institutions use federal definitions within their aid policy, providing a new option of on-time helps to set a new standard for states and institutions to follow, similar to the Indiana example, to support more students to on-time graduation.

### On-time Pell is funded by drawing down from total Pell eligibility.

Pell students are currently guaranteed to receive 144 credits of the Pell Grant, at a maximum rate of 24 credits annually across six full years (12 semesters). The on-time status allows students to draw down from their total lifetime eligibility of

144 credits of Pell more quickly to fund enrollment of 30 credits per year. This reduces the total duration of a student’s Pell eligibility as they draw down funds faster; however, degrees are based on credit hours, not time, so reduced duration does not harm students. It merely supports timely completion.

**On-time Pell builds on top of the existing Pell structure.**

- **On-time Pell does not change the official annual maximum Pell award or devalue Pell.** By not recommending a change to the annual maximum Pell award, this proposal also allows Pell to be cost-neutral at the student level and does not devalue Pell for those students who remain at full-time or part-time status. Beyond this proposal, however, there is still a need and a benefit to increase the maximum Pell award, as others have called for, in order to keep pace with tuition increases.<sup>8</sup>
- **On-time Pell does not require an increase to lifetime Pell funds at the student level.** On-time Pell allows students to pull additional funds from their own lifetime eligibility, so the student-level funding amount stays the same - at \$34,650 in 2015. This is an effort to maintain cost neutrality at the student level. There will be an increased cost for the overall Pell program. As more students begin enrolling in 30 credits annually and accessing more of their Pell funds more quickly, the Pell program will need to have additional funds available up front. This cost may be equivalent to current amounts for the FAST Act or Flexible Pell proposals.

**Pell Grant Amount and Eligibility by Pell Status Designation**

	Pell Award for 2016-17	Eligibility Used/Year	Credits of Eligibility	Years of Eligibility*
<b>On-time</b> (30 Credits/Year)	\$ 7,269	21%	144	4.8
<b>Full-time</b> (24 Credits/Year - current maximum annual Pell award)	\$ 5,815	17%	144	6
<b>Three-quarter-time</b> (16 Credits/Year)	\$ 4,361	13%	144	8
<b>Half-time</b> (12 Credits/Year)	\$ 2,908	8%	144	12
<b>Less-than-half-time</b> (6 Credits/Year)	\$ 1,454	4%	144	24

\* Assumes constant enrollment

<sup>8</sup> Several organizations, such as The Education Trust, The Institute for College Access and Success, American Association of Community Colleges, and others have called for increasing the maximum Pell Grant award.

- **On-time Pell does not change the definition for full-time or part-time or harm these Pell groups.** This proposal recognizes not all students will want to enroll in on-time status. Students can remain in their existing or preferred enrollment status designation without seeing a change to their Pell award. This is another reason why this proposal did not seek to change the maximum Pell award. Additionally, not all part-time students may be able to accrue 30 credits in a year. The part-time enrollment category (including ¾ time, half-time and less-than-half-time) will continue to serve the needs of students who need to go at a slower rate.

**On-time Pell benefits students financially.**

By graduating in two years rather than in two-and-a-half years, low-income students pursuing an associate degree save on average **\$5,000** in tuition and related costs. Those pursuing a bachelor’s degree save on average **\$15,000** in tuition and related costs.<sup>9</sup> These savings do not account for the income benefit a student may realize by being able to enter the workforce immediately following on-time graduation, which is more than **\$35,000** for a recent associate degree graduate and **\$45,000** for a recent bachelor’s degree holder.<sup>10</sup>

**On-time Pell builds on legislative and White House proposals.**

On-time Pell incorporates all of the key components from current proposals and improves upon them by setting a new standard.

Policy	Allows summer enrollment	Supports full-time & part-time students	Funds 15 credits per term	Keeps per student Pell funding constant	New standard: 30 credits per year
<b>FAST Act</b> ( <i>Senate</i> )	✓	✓		✓	
<b>Flexible Pell for 21<sup>st</sup> Century</b> ( <i>House</i> )	✓	✓		✓	
<b>Accelerated Pell for Completion</b> ( <i>White House</i> )	✓				
<b>On-track Pell Bonus</b> ( <i>White House</i> )			✓		
<b>On-time Pell for 30 credits</b> ( <i>Complete College America</i> )	✓	✓	✓	✓	✓

See Appendix A for an overview of these proposals.

<sup>9</sup> Average net prices for full-time Pell-students from NCES National Postsecondary Student Aid Study 2012, Prepared January 2016.

<sup>10</sup> Median salaries for employees with Associate and Bachelor’s Degrees with less than 1 year of experience from PayScale.com

## **On-time Pell encourages states and institutions to do more to support on-time completion.**

An on-time enrollment status category creates a new urgency for states and colleges to reduce their own barriers regarding time to degree and to better facilitate students on this path.

In complement to this federal action, Complete College America and others will act to support these goals at the state and institutional level. Complete College America has 40 state and consortium members who have committed to increasing completion rates.

Complete College America will continue to actively expand on-time completion through its Game Changer strategies. Specifically:

**15 to Finish:** Information campaigns to students and advisor training can help expand awareness of the need for full-time and part-time students to become on-time students. Policy changes at the institutional level can support and incentivize on-time completion. Examples may include priority registration for on-time students, banded tuition, which typically provides one tuition rate for students who enroll in 12-18 credits and guaranteed course availability for courses needed to stay on track for on-time completion. States and colleges can make changes to their aid programs to make 30 credits per year the standard.

**Corequisite Remediation:** Too many students fail to complete traditional remediation sequences. Corequisite remediation places students directly into college level math and English courses, while providing just-in-time remedial support to help students be successful. This approach has seen 3 times the completion rate of college level courses in  $\frac{1}{4}$  the time of traditional sequences and is currently being implemented at scale by 18 states.

**Math Pathways:** Recognizing that college algebra is only needed for students in STEM programs, math pathways create alternative college math courses to better align with the math skills required for a major, such as quantitative reasoning and statistics. These policy changes can occur at both the state and institutional level.

**GPS Direct:** Institutions and state systems can implement guided pathways to support on-time completion. This consists of informed choice about major and career, meta majors to guide students to the appropriate general education courses and introductory courses in their first year that lead to major selection



by the end of the first year, academic maps that specify which courses to take at what time, default schedules that automatically put students on a path to follow their academic maps, and intrusive advising to support students at-risk of falling off their default schedule.

**Structured Schedules:** In order to graduate on time, students need a predictable and consistent schedule for the duration of their degree program. This is particularly the case for part-time and non-traditional students who are juggling multiple responsibilities, such as work, family and child care, and who need a consistent class schedule to maintain the delicate balance that is required to effectively meet their obligations. Block scheduling can take many different forms, whether it is morning, afternoon or evening classes, taking one course at a time, or having classes on set days. Structured schedules are essential to following an academic map and default pathway to graduation.

## CONCLUSION

Now is the time to realize the potential of the Federal Pell Grant program as a core tool of college completion for some of the most disadvantaged and underserved students. To graduate more students, comprehensive change is needed.

Now is the time for legislators to set a new standard for Pell to guide students towards on-time completion by:

- Creating a new on-time status designation to enable both full-time and part-time students to accrue 30 credits per year.
- Including flexible options for students to choose the best path to 30 credits a year.
- Enabling students to draw down their lifetime Pell eligibility more quickly.
- Enhancing rather than changing the existing Pell infrastructure.

Now more than ever, America needs college graduates to remain globally competitive. Given the substantial federal investment, Pell students can be a rich source of more highly educated Americans IF we pursue policies that make their graduation more likely.

## Appendix A: Overview of Recent Legislative and White House Proposals to Increase Pell Enrollment Options

**The Financial Aid Simplification and Transparency Act (FAST Act, S.108):** Introduced by Senator Alexander on January 2015, this legislation provides a 2nd Pell award in one year, up to 150% of Pell eligibility, for full-time students who have completed 24 credits, in order to take more courses by accessing the Pell Grant they would have been eligible for in the next year. It also allows part-time students to receive a 2<sup>nd</sup> Pell award in one year, up to 150% eligibility, in order to complete sufficient credits towards a degree or certificate for on-time completion.

**Flexible Pell for the 21<sup>st</sup> Century (H.R. 3180):** This House proposal, introduced in July 2015 by Representative Stefanik, provides a 2nd Pell award in one year, up to 150% of Pell eligibility, for students who demonstrate progress towards a degree or certificate.

**Accelerated Pell for Completion:** This White House proposal would enable full-time students who utilized the full amount of their Pell award in two terms, to enroll in a 3rd term in one calendar year, typically summer, with additional Pell funding in order to complete early/on-time. The anticipated average extra award for this third term would be \$1,915.

**On-Track Pell Bonus:** This White House proposal provides a \$300 Pell bonus for full-time students to take 15 credits across two terms, to incentivize on-time completion.