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## Research Brief

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# Why do Some Students Fail to Receive Pell Grants?

## Survey Evidence from California Community College Financial Aid Directors

By Elizabeth Friedmann and Paco Martorell

**IN PREVIOUS RESEARCH**, we found that one in five California community college (CCC) students who are seemingly eligible for federal Pell Grant funds do not receive them.<sup>1</sup> While the reasons students forgo these funds are not entirely understood, the consequences are quantifiable: Eligible CCC students pass up \$130 million in financial aid in one semester alone. The amounts of forgone Pell Grants vary significantly by student characteristics and by college campus, suggesting that campus financial aid policies and practices may play an important role in whether or not students receive awards. Eligible students can receive as much as \$6,095 in Pell funds each year. Because many low-income CCC students receive a state fee waiver that covers tuition, the Pell Grant can help them cover food, rent, transportation, and other expenses, thus allowing them to focus on school.

To dive deeper into the phenomenon of forgone aid, we conducted a statewide survey of CCC campus financial aid directors. We sought to learn more about these administrators' perceptions of students' challenges in seeking aid, their general orientation as either conduits or gatekeepers of aid, and also about their institutions' policies and procedures, including methods of outreach to students who are flagged for a verification process that can pose significant challenges for students.

### TOPLINES

- > Financial aid administrators report that many community college students are not aware they are eligible for substantial financial aid in addition to their state tuition waivers.
- > The Pell Grant "verification" process presents a significant obstacle to aid, and some colleges require more students than perhaps necessary to complete this process.
- > Financial aid offices sometimes counsel students to decline their Pell Grants, even when they have 5 or more years of aid eligibility remaining.
- > Aid offices rely heavily on email to contact students, even though it may not be the most effective means of communication.

Half of responding financial aid directors reported students were only sometimes aware of the additional federal aid available to them through Pell.

Respondents cited the following as common reasons students don't complete the verification process:

- > Uncooperative parents
- > Lack of follow-through or follow-up
- > Frustration with the process
- > Lack of understanding the benefit

## Survey Findings

### Students Not Always Aware of Available Aid

The Pell Grant functions differently for California Community College students than it does for students in other systems. Most CCC students, and virtually all of those who are Pell-eligible, have their fees covered through the California College Promise Grant (formerly the Board of Governors or BOG fee waiver). Because tuition is already covered, the Pell Grant essentially functions as an income transfer that students can use for housing, books or other expenses. But the lack of a tuition bill might also result in CCC students not being fully aware are eligible for this additional assistance.

Half of responding financial aid directors reported students were only “sometimes” aware of the additional federal aid available to them through Pell. (Table 1) Responding to an open-ended question about the primary obstacle to completion of verification, one financial aid director wrote that students “are happy when they qualify for the BOG fee waiver, and don't realize they may also qualify for Pell.” Another stated: “They are unaware they need to turn in documents and unaware they may be eligible for additional aid.”

### Verification Process as a Barrier

One possible barrier to eligible students receiving Pell funds could be the post-application “verification” process, which entails multiple steps. When students initially submit the Free Application for Federal Student Aid (FAFSA), which is required for all federal financial aid programs, they list their family income, assets, and other criteria that help determine their eligibility for the Pell Grant and other aid. The federal Department of Education (ED) flags the applications of some students who must provide proof that what they submitted on the FAFSA was correct. Required documents can include IRS tax transcripts for proof of family income or household size, or documentation proving the number of family members in college, high school completion status, and statement of educational purpose. Students cannot receive aid until the verification process is complete.<sup>2</sup>

Cochrane et al. (2010) analyzed detailed financial aid records in 13 California community colleges and found that of the 54% of students who were eligible for the Pell Grant based on family income who were flagged for verification, only 69% actually completed the verification process. They also found that, for those students who did complete the verification process, very few were deemed ineligible as a result of verification.<sup>3</sup>

## SURVEY METHODS

We administered a 10-item survey in March 2018 at a statewide convening of financial aid directors across the California Community Colleges. All 121 meeting attendees were asked to complete the survey. Because the meeting was mandatory for all financial aid directors and the survey was administered in person, response rates were high and a significant proportion of colleges statewide are represented in the results. Overall, 103 surveys were completed by financial aid officials representing 86 unique identified campuses (75% of the 114 campuses statewide).<sup>4</sup>

Students must be aware that they have been selected for verification, understand which documents are needed for verification, actually gather the required documentation, and submit the documents by the deadline. Survey results confirm that verification requirements pose a significant obstacle to eligible students receiving their Pell Grant funds. Fifty-eight percent of respondents reported that students “almost never,” “rarely” or “sometimes” know that they can receive additional aid by completing verification. Two-thirds report that students “rarely” or “sometimes” know when verification is complete (Table 1).

Nearly two-thirds of financial aid directors reported that students “rarely” or “sometimes” know what information must be provided to complete verification. Approximately half reported that students “frequently” or “very frequently” know how to submit and agree that students are able to obtain the information needed to complete verification. Only 33% reported students are “frequently” or “very frequently” able to meet verification deadlines (Table 1).

When asked why students do not complete verification, many of the open-ended responses referenced a complex and confusing process. Typical of many responses, one financial aid director wrote: *“They don’t understand the process of completing verification or what they need to submit. Often, they have trouble obtaining the documents or finding time to submit them. We lack the technology to accept documents online, so students must come in person.”* Another wrote that students have *“trouble getting required documents from the IRS. [They are] confused by documents and requirements.”*

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CCC FINANCIAL AID DIRECTOR

**Table 1. Student Verification Process**

*“Think about students at your college who are required to complete FAFSA verification in order to receive federal financial aid (e.g. Pell Grants). Among these students, how often do students:”*

	Understand they can receive additional aid by completing verification requirements	Know when they have not yet completed verification	Know what information must be provided to complete verification	Know how to submit information needed to complete verification	Are able to obtain additional information needed to complete verification	Meet verification deadlines
Almost Never	2%	0%	0%	0%	0%	2%
Rarely	6%	14%	14%	8%	4%	11%
Sometimes	50%	50%	48%	40%	35%	54%
Frequently	34%	25%	29%	45%	52%	27%
Very Frequently	8%	11%	9%	8%	9%	6%

### Are Students Being Encouraged to Decline Pell?

Because students can only receive Pell Grant aid for six years of full-time enrollment, some community college students might turn down Pell Grant aid in order to “save” their Pell Grant eligibility. Many CCC campuses, in fact, have posted “Decline Your Pell Grant” forms on their financial aid websites for students who wish to save their eligibility for future years. These students may believe that Pell aid is more valuable at some point in the future than it is today. For instance, students intending to transfer to a state or private university might want to maintain Pell Grant eligibility to help pay for that tuition.

We asked survey respondents whether they advise students to turn down Pell Grants in order to preserve their lifetime Pell eligibility. While not the norm, some financial aid directors indicated that their counselors did provide such advice, especially for students with little eligibility remaining. About one-third reported that counselors advise students with two or fewer years of eligibility to decline Pell Grants at least half the time (Table 2).

At the other end of the lifetime eligibility spectrum, when working with students who have used one or less of their six years of Pell eligibility, 10 financial aid directors (12% of those surveyed) said they counsel students to decline awards “always” or “most of the time.” Another 28% of respondents said they “sometimes” counsel students in this category to decline.

**Table 2. Lifetime Pell Grant Counseling**

*“For students with different remaining lifetime Pell eligibility listed below, how often does your office counsel students to decline the Pell Grant (so that they do not run out of Pell eligibility)?”*

	YEARS OF ELIGIBILITY REMAINING			
	Less than 1 year	1 – 2 years	3 – 4 years	5+ years
Never	37%	39%	48%	58%
Sometimes	27%	32%	38%	28%
About half of the time	3%	10%	8%	2%
Most of the time	19%	12%	4%	5%
Always	14%	7%	2%	7%

### Facilitators or Gatekeepers?

Each campus’s financial aid office represents the primary point of contact for students navigating the financial aid application and verification process. The ED requires campuses to verify that application information supplied by students is accurate. The ED provides each campus with a list of students whose aid applications are flagged for verification using a risk model known only to ED. Campuses are then responsible for ensuring that flagged students submit the required documentation in order to receive their awards.

Table 3 shows wide variation in how financial aid directors perceive their role and the level of discretion they can exert in the verification process. When asked if they have discretion to determine how much information suffices for the verification requirement, more than half said “agree” or “strongly agree.” However, 38% answered the same question by saying they “disagree” or “strongly disagree.” Similarly illustrating disparities in their views over the nature of their role, 30% of financial aid directors disagreed when asked whether their office has discretion in which students are flagged for verification, while more than 60% said they did have such discretion.

As part of their discretion in the verification process, colleges can select additional students for verification beyond those flagged by the ED and can request additional FAFSA items to be verified. For example, if a student submits a separate fee waiver application and the information provided does not match the information reported on the FAFSA, the ED directs financial aid offices to flag that student for verification.<sup>5</sup> Financial aid officers might also flag additional students out of concern for a possible audit by the ED. Almost half of financial aid directors agreed or strongly agreed with the statement that their office “requires verification for additional students beyond those flagged by ED.” It is important to note that it is unlikely the verification process would result in many students no longer being eligible for the Pell Grant.<sup>6</sup> Given the complexity of the verification process, this flagging of additional students could be increasing barriers to students receiving Pell awards.

Because financial aid offices are often the sole conduit between students and federal aid, it is important to understand how they see their role in the process. Table 3 shows that 85% of financial aid directors agreed with the statement that assisting students and maximizing their financial aid are top priorities. At the same time, some of the open-ended responses indicate that some financial aid officers place the main blame for lack of aid receipt on students. Seven responses included students’ “laziness” or “lack of urgency” as the primary obstacle to students not completing the verification process. In addition, over half of financial aid directors also “agree” or “strongly agree” that a top priority of their office is “preventing ineligible students from receiving aid.”

Given the complexity of the verification process, the flagging of additional students could be increasing barriers to students receiving Pell awards.

**Table 3. Financial Aid Office**

*“The financial aid office at my campus:”*

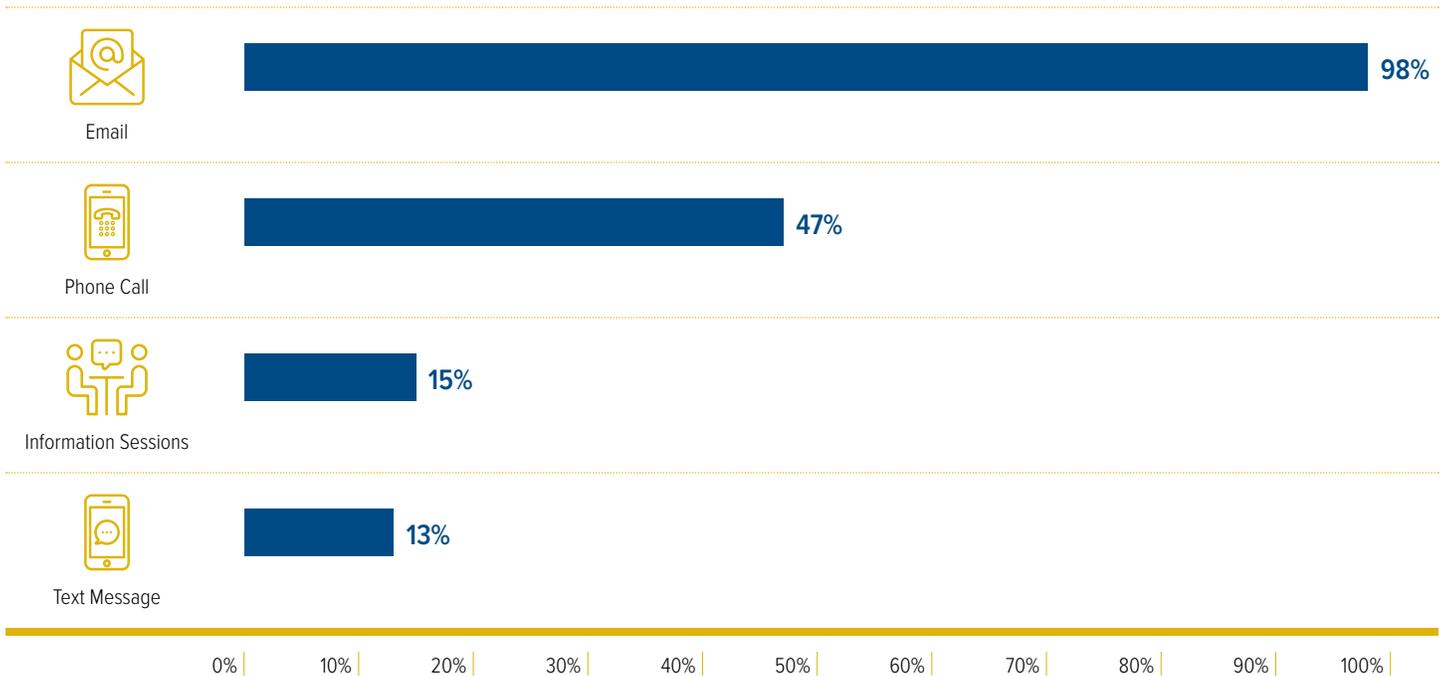
	Has discretion in what information has to be verified	Has discretion in who is flagged for verification	Requires verification for additional students beyond those flagged by ED	Sees maximizing student aid as a top priority	Sees assisting students' completion of verification as a top priority	Sees preventing ineligible students from receiving aid as a top priority
<b>Strongly Disagree</b>	13%	14%	11%	0%	0%	5%
<b>Disagree</b>	25%	16%	22%	3%	5%	15%
<b>Neither Agree or Disagree</b>	11%	10%	19%	9%	10%	26%
<b>Agree</b>	36%	40%	38%	44%	50%	34%
<b>Strongly Agree</b>	15%	20%	11%	44%	35%	20%

### Communicating with Students

The financial aid office can communicate with students in multiple ways. Figure 1 shows that virtually all campuses use email to contact students who have not yet completed verification. But some financial aid directors (12) also reported “student not checking email” as a primary reason that students do not complete the verification process. Nearly half reported reaching out to students via phone calls once or twice a semester, but only 15% convene information sessions and just 13% use text messages. Email is a cost-effective method of outreach, especially for financial aid offices stretched thin. But financial aid offices might need to consider additional or alternative methods of outreach to students navigating the verification process. Previous interventions notifying students about financial aid processes using text messages have improved student outcomes, at community colleges in particular.<sup>7</sup>

**Figure 1. Methods of Outreach**

*“For students who have not completed verification, do you (check all that apply):”*



## Implications for Practice

The results of this survey confirm what prior research suggests: The main driver of the significant gap between Pell eligibility and receipt is the complex and confusing Pell Grant verification process. There are adjustments that campuses can make, however, to help students secure aid and to avoid additional, unnecessary burdens in the process. These include the following:

- **Students should not be encouraged to decline Pell Grants:** Counseling students to decline their Pell awards does not appear to be a primary driver of forgone aid, but still occurs even for students who have 5 years of eligibility remaining. It is also important to underscore that declining this award may be a poor decision, and is not economically rational. Most community college students declaring an intention to transfer actually do not do so.<sup>8</sup> Turning down present-day Pell Grant aid for the uncertain prospect of using it in the future may risk never receiving the aid at all. This is especially true if Pell Grant aid received while in community college improves the chances of transfer. Deferring Pell Grant aid may also be unwise simply because of standard time discounting: Money received in the future is valued less than the same amount of money today.<sup>9</sup>
- **The flagging of additional students for verification should be minimized:** Almost half of financial aid directors reported that their office flags additional students for verification beyond the student list required by ED. Students already face significant hurdles in applying for and receiving financial aid. In light of research showing that few students completing verification are rendered ineligible through that process, campuses should, to the extent possible, resist imposing additional obstacles by requiring additional students to complete the verification process.
- **Student outreach should be expanded beyond email:** Though email is economical and is almost universally used to contact students, financial aid directors also reported that a primary obstacle to helping students complete verification is that students are often unresponsive to email. Aid administrators should consider alternative communication methods for helping students navigate the process. Text messaging is seldom used but is a significant means of communication for students, and recent research suggests it may be effective in nudging them to action.

*This brief was written by Elizabeth Friedmann, research fellow, and Paco Martorell, associate professor, of the UC Davis School of Education. The survey findings and analysis are those of the authors alone and do not necessarily represent the opinions of Wheelhouse funders or its board of advisors.*

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### NOW WHAT?

- Examine campus data for Pell take-up and verification rates
- Don't flag additional students for verification
- Consider outreach methods beyond email
- Don't counsel students to decline Pell

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- <sup>1</sup> Friedmann, E. and Martorell, P. (2018). [Money Left on the Table: An Analysis of Pell Grant Receipt Among Financially-Eligible Community College Students in California](#). *Wheelhouse: The Center for Community College Leadership and Research*, 3(3).
- <sup>2</sup> Department of Education (2016). Federal Pell Grant Program 2015-2016 End of Year Report. Retrieved from <https://www2.ed.gov/finaid/prof/resources/data/pell-data.html>
- <sup>3</sup> Cochrane, D.F., LaManque, A. & Szabo-Kubitz, L. (2010). [After the FAFSA: How red tape can prevent eligible students from receiving financial aid](#). Oakland, CA: *The Institute for College Access and Success*.
- <sup>4</sup> For campuses for which we have multiple responses, we took the average across respondents. In this way, each campus only contributes one observation to the tabulations we report. We included the 9 surveys that did not state a campus or district name (for a total of 93 surveys).
- <sup>5</sup> For instance, the Department of Education provides the following guidance regarding verification: "In some cases you, not the CPS [Central Processing Service], will select a student for verification. You must verify any information you have reason to believe is incorrect on any application. At your discretion, you may require a student to verify any FAFSA information and to provide any reasonable documentation in accordance with consistently applied school policies" (U.S. Department of Education, 2014, p. AVG-78).
- <sup>6</sup> Cochrane, et al.
- <sup>7</sup> Page, L. & Scott-Clayton, J. (2016). Improving college access in the United States: Barriers and policy responses, *Economics of Education Review* 51, 4–22.
- <sup>8</sup> Rios-Aguilar, C., Martinez, P., Lyke, A., Graves, D., Lopez, D. and Deil-Amen, R. (2018). [Text Me: The Promise of Strategic Nudging to Increase Student Awareness and Access to Financial Aid](#). *Wheelhouse: The Center for Community College Leadership and Research*, 2(4).
- <sup>9</sup> Horn, L. & Skomsvold, P. (2011). Community college student outcomes: 1994–2009. U.S. Department of Education. Institute of Education Sciences, National Center for Education Statistics. <https://nces.ed.gov/pubs2012/2012253.pdf>
- <sup>9</sup> An exception to this logic may arise if, absent Pell aid, students cannot finance university tuition due to credit constraints. However, students who meet the Pell means test would be eligible for a variety of other federal financial aid including work study and subsidized loans that would help students cover university tuition.
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