



Financial Aid at California Community Colleges Pell Grants and Fee Waivers in 2003–04

By Lutz Berkner and Jennie Woo

This is the third in a series of MPR Research Briefs published on the outcomes and experiences of California community college students.

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In 2003–04 over half a million students attending the 109 California community colleges received about one billion dollars in financial aid to help meet their college expenses. Nearly all of the aided students received Board of Governors Fee Waivers to cover their enrollment fees. Less than one-half of the aided students also received federal Pell grants to help cover other education expenses, such as books and supplies, food, housing, and transportation costs, while enrolled.

Both in terms of the number of students served and the total aid funds provided, the federal Pell grants and the Board of Governors Fee Waivers are the most important financial aid programs for California community college students. Both programs are need-based, which means that eligibility is primarily determined by income, and most of the awards go to lower income students.

Pell grants require the student to file a Free Application for Federal Student Aid (FAFSA). This long and complicated application form is used to calculate an index called the Expected Family Contribution (EFC). The EFC index, which is largely based on family or personal income and assets (but considers other factors as well), is used to determine eligibility for Pell grants and other federal student aid programs. The federal aid application is also used to qualify applicants for a Board of Governors (BOG) Fee Waiver. However, students may choose to file the shorter and separate BOG fee waiver application instead of the federal form to qualify for a fee waiver. Since it is shorter and less complicated than the FAFSA, some students file only the BOG fee waiver application and skip the federal aid application,

although they are advised to file the FAFSA or both applications.

Last year, two studies were released that examined financial aid at California community colleges. One study (TICAS 2007) was based on interviews at 21 community college campus financial aid offices. It reported wide variations in financial aid office procedures, policies, and attitudes, and recommended changes in practices and policies that would help more students receive more federal financial aid. The other study (Zumeta and Frankle 2007) used state-level data from the 2003–04 National Postsecondary Student Aid Study (NPSAS) conducted by the National Center for Education Statistics. It found that community college students in California were less likely to apply for federal student aid and less likely to receive federal Pell grants than community college students in the rest of the nation.

The purpose of this research brief is to describe some important aspects of financial aid use by community college students in California, with a focus on Pell grants, BOG fee waivers, and federal aid (FAFSA) applications. Examining students' FAFSA submissions is especially important because the financial difference to students between applying and not applying for federal aid can be enormous. In 2003–04, students who applied for federal aid and were awarded Pell grants received an average of almost \$3,700 in *total* financial aid. In contrast, students who received only BOG fee waivers were given an average of about \$320 in total aid.

This report is based on data files from the California Community College Chancellor's Office Management Information System (COMIS) containing information on students enrolled in California Community Colleges (CCC) in 2003–04. For this report, we created an analysis file of edited data from the COMIS files that includes a total of

about 2 million CCC students who took courses for credit towards a degree in 2003–04. About 500,000 of these students received some type of financial aid. The aided students in the file used for preparing this research brief received about 90 percent of the total financial aid funds given to CCC students in 2003–04 according to the Chancellor's Office Data Mart.¹

Summary of Major Findings

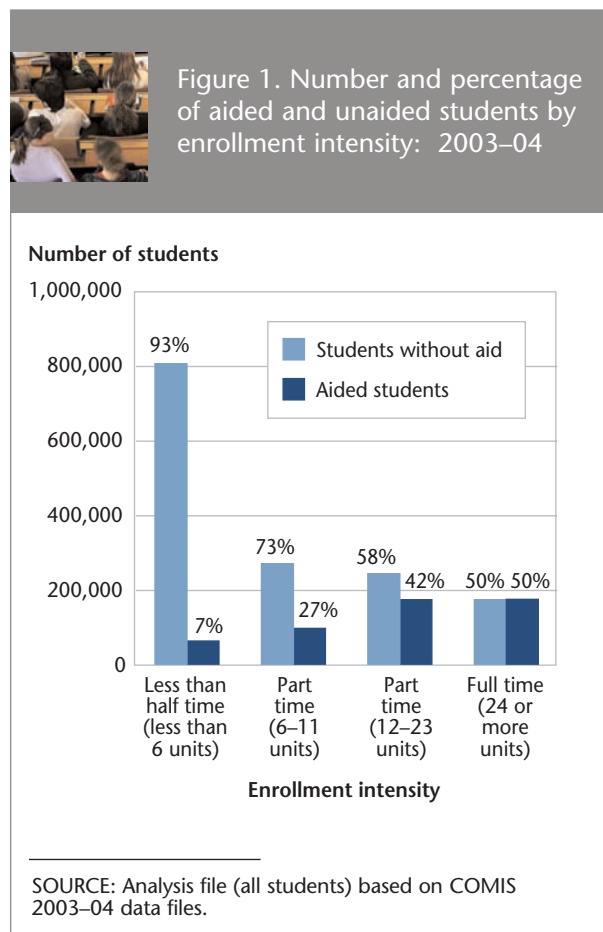
- About one-fourth of the CCC students received financial aid, but there were major differences by part-time and full-time enrollment intensity. The proportion of students receiving aid ranged from 7 percent of those enrolled part time for less than 6 units per year to 50 percent of those enrolled full time for 24 or more units.
- Nearly all of the 500,000 aided students received BOG fee waivers. About 45 percent of the aided students also received federal Pell grants, and 55 percent only received BOG fee waivers, but no Pell grants.
- Aided students who received only BOG fee waivers were much more likely to be enrolled part time than those who received Pell grants. One-half of the Pell grant students were enrolled full time during the year (24 or more units), compared with less than one-fourth of those with only BOG fee waivers.
- Students who received BOG fee waivers, but no Pell grants, were also unlikely to get financial aid from any other source. Pell grant recipients were awarded about 90 percent of *all* financial aid dollars.
- Nearly 80 percent of all aided students filed a FAFSA, including 60 percent of those who only received a BOG fee waiver but no Pell grant.

¹Although based on the COMIS files, the numbers in this report are from our analysis file, and not from the Chancellor's Office.

- FAFSA filing rates among *aided* students generally increased at higher income levels. The lowest FAFSA filing rate (68 percent) was among aided students who reported that they had no taxable income.
- At each income level, aided students who filed a FAFSA but only received BOG fee waivers had an average federal EFC that was much higher than the average EFC of those who received Pell grants.
- Based on their income and enrollment status, we estimate that about 40,000 students who received a BOG fee waiver and did *not* file a FAFSA may have qualified for about \$60 million in Pell grants.
- About 100,000 students who received a BOG fee waiver and *did* file a FAFSA and apparently qualified for a Pell grant did not receive one. These students had a federal EFC within the range that qualified for a Pell grant and were enrolled half time or more. We estimate that these 100,000 students could have qualified for an average Pell grant of \$1,600 and a total of about \$160 million, but did not receive these funds.
- There are many possible explanations for why these apparently qualified students did not actually receive Pell grants. Among them are that these students did not meet all the other Pell program requirements such as enrolling in eligible courses, making adequate academic progress, or providing necessary follow-up documentation such as income verification. It appears that increasing Pell grant participation at California community colleges will require more attention to what happens *after* students submit a FAFSA and have qualified for a Pell grant, as well as attention to why many low-income students receiving BOG fee waivers fail to file a FAFSA at all.

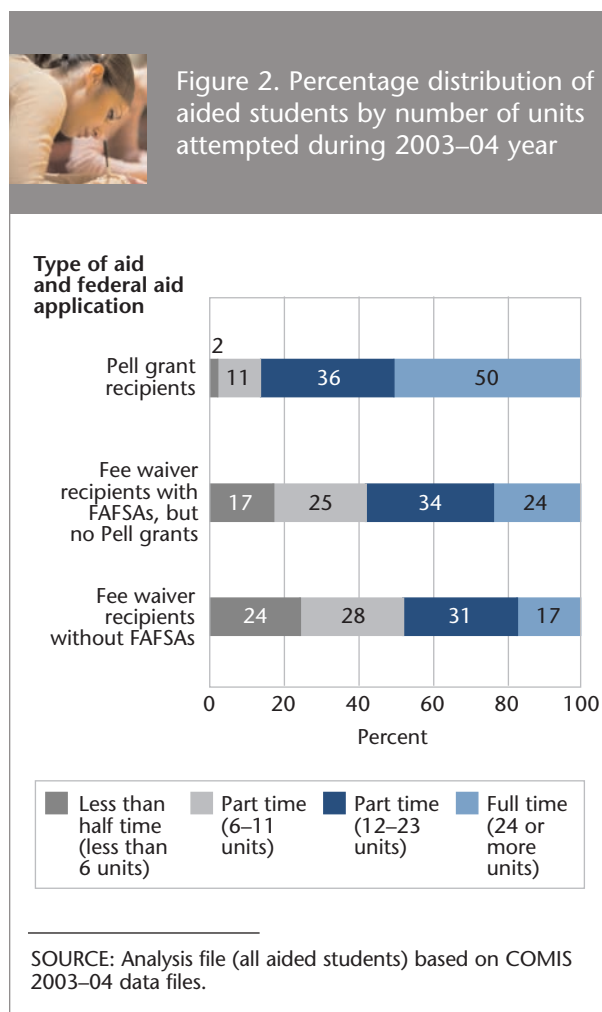
Enrollment Intensity and Financial Aid

There was a major difference in the proportion of students receiving financial aid by enrollment intensity (figure 1). The percentage of aided students increased if they were enrolled longer and for more classes or units. For example, about one-half of all full-time students (24 or more units) received financial aid compared with only about 7 percent of students enrolled less than half time (less than 6 units).² Figure 1 also shows that the number of full-time students was relatively small compared to the number of students enrolled for less than half time.



²For federal financial aid purposes, *full time* is defined as at least 12 units per term or 24 units per academic year, *half time* as 6 units per term or 12 per year, and *less than half time* as less than 6 units per term. Since students may be enrolled for a different number of terms (about one-half of

Enrollment intensity is also one of the most important differences among types of aided students and FAFSA filers (figure 2). Pell grant recipients were much more likely to be enrolled full time than those who only received BOG fee waivers. One-half of the Pell grant students were enrolled full time, compared with one-fourth of those with just fee waivers who had filed a FAFSA, and less than one-fifth of those with fee waivers who failed to submit a FAFSA. In addition, almost no Pell grant recipients were enrolled less than half time, compared to almost one-fifth of students with just fee waivers who had submitted a FAFSA, and nearly one-fourth of students with fee waivers who did not file a FAFSA.³



The Distribution of Financial Aid Received by Aided Students

About 500,000, or 25 percent of the 2 million CCC students in the file used for this analysis, received some type of financial aid in 2003–04. Since nearly all aided students received BOG fee waivers, in this analysis aided students were separated into two major categories: those who received federal Pell grants and fee waivers (45 percent of all aided students), and those who received fee waivers, but no Pell grants (55 percent of all aided students).⁴ Figure 3 shows the number of students in each of these categories who received different types of aid. It indicates that in contrast to Pell grant recipients, very few recipients of just BOG fee waivers were awarded other types of aid such as federal Supplemental Educational Opportunity Grants (SEOG), the state Cal Grants, the state-funded Extended Opportunity Programs and Services (EOPS) grants for disadvantaged students, other grants and scholarships (from small programs), student loans, or work study.

Since such a small number of fee-waiver-only students received other types of aid, the total aid dollars they were given was relatively low as well. The 275,000 students with fee waivers and no Pell grants received a total of \$89 million, or about 10 percent of the total dollar amount given in financial aid to all students. The average aid amount

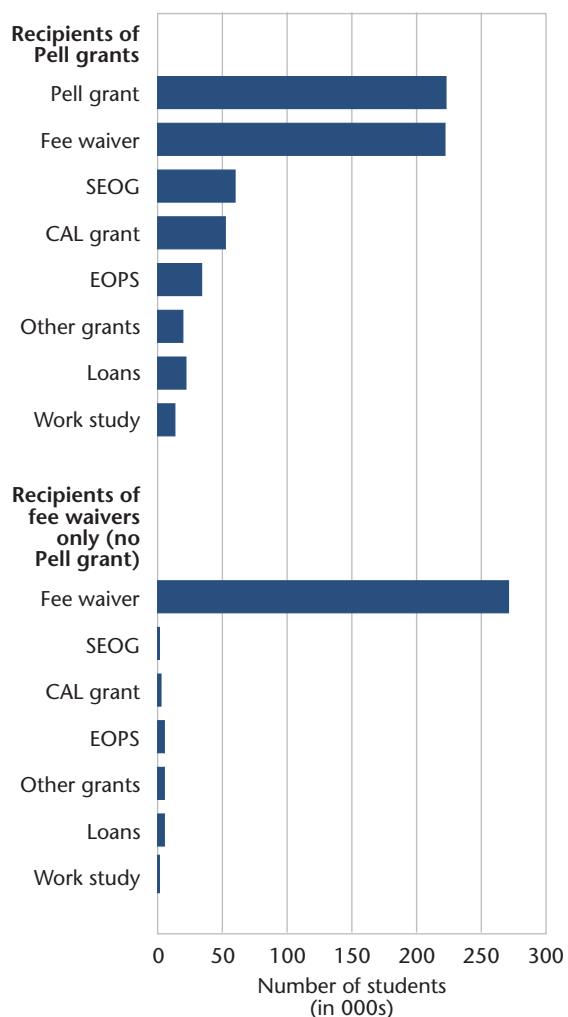
the CCC students were only enrolled one term) and have a different number of units each term, there are different ways of measuring enrollment intensity. In this report, we define *full time* as 24 or more units during the year, and *less than half time* as less than 6 units during the year. Less-than-half-time students are not eligible for all federal aid programs.

³ The COMIS data files do not have a specific indicator to identify students who filed a FAFSA. Students were considered to be FAFSA applicants if they had a federal EFC in their records or received aid from a program that required it.

⁴Less than one percent of aided students did not receive either a BOG fee waiver or a Pell grant.



Figure 3. Number of aided students receiving various types of aid in 2003–04



SOURCE: Analysis file (all aided students) based on COMIS 2003–04 data files.

received by the BOG fee waiver students who received no Pell grants was about \$320.

In contrast, the 225,000 Pell grant recipients received about \$520 million in Pell grants, \$86 million in fee waivers, and \$220 million in all

other types of aid, for a total of \$830 million, or 90 percent of the total aid dollars. Individual Pell grant students received an average of about \$3,700 in total aid, which included an average Pell grant of about \$2,300, an average fee waiver of \$380, and an average of \$1,000 in other types of aid.

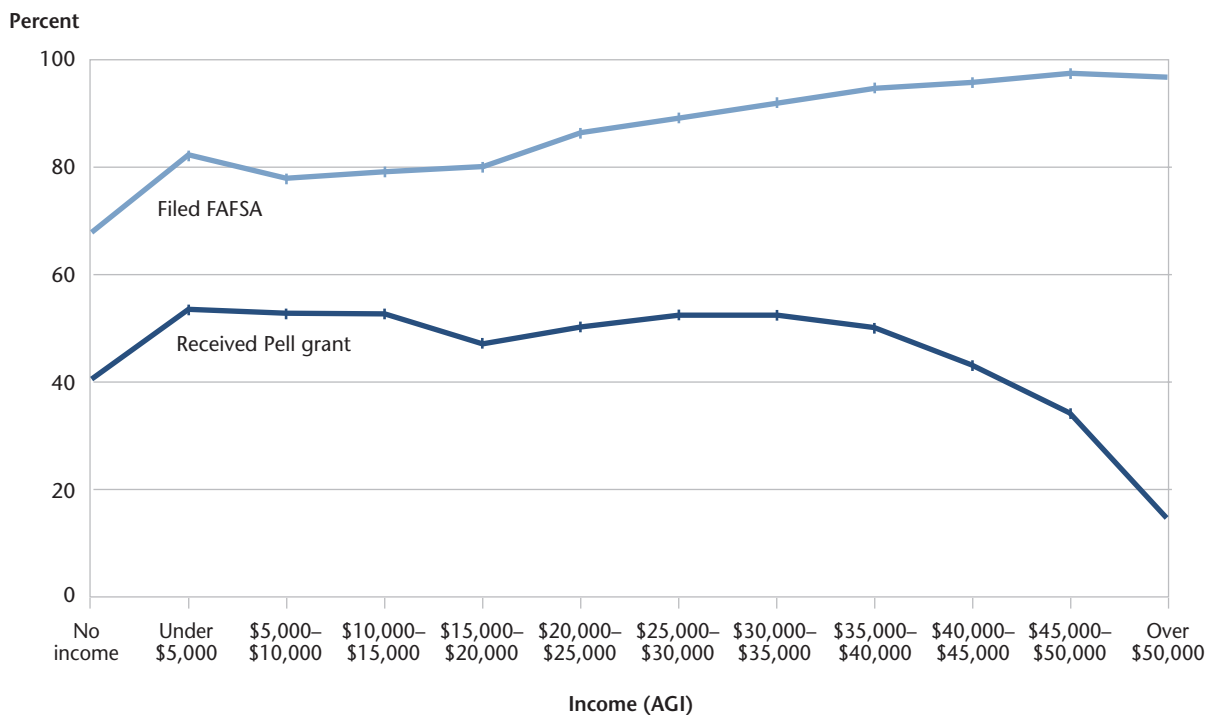
Income of Students Receiving Pell Grants or BOG Fee Waivers

Both the BOG fee waivers and the federal Pell grants are primarily intended to help low- and moderate-income students meet their college costs. Students are eligible for BOG fee waivers if they receive any kind of public assistance or meet certain income standards based on 150 percent of poverty levels. In 2003–04, for example, a student from a family of four could qualify if the family income was below \$27,000; a student living alone could qualify with an income below about \$13,000. Low-income students who met these standards could get their fees waived by just filing the short BOG fee waiver application. Students with higher incomes than these standards could still qualify for a BOG fee waiver if they filed a FAFSA and their calculated federal EFC was less than the estimated total cost of attendance at the CCC. The total cost of attendance (fees, books, food and housing, transportation, and personal expenses) for full-time students ranged from about \$7,000 to \$13,000 in 2003–04. This means that higher income students have an incentive to file a FAFSA in order to get a BOG fee waiver, even if they are unlikely to have an EFC low enough to make them eligible for a Pell grant (which required an EFC below about \$3,950 in 2003–04).

Figure 4 illustrates the FAFSA filing rates and the Pell grant receipt rates of the aided students by



Figure 4. Percentage of aided students filing FAFSAs and percentage receiving Pell grants by income in 2003–04



SOURCE: Analysis file (all aided students) based on COMIS 2003–04 data files.

income levels. FAFSA filing rates generally increase as the income of aided students increases. The lowest percentage of federal financial aid applicants is among those reporting no taxable income.⁵ Among aided students reporting no income, only 68 percent filed a FAFSA; then the

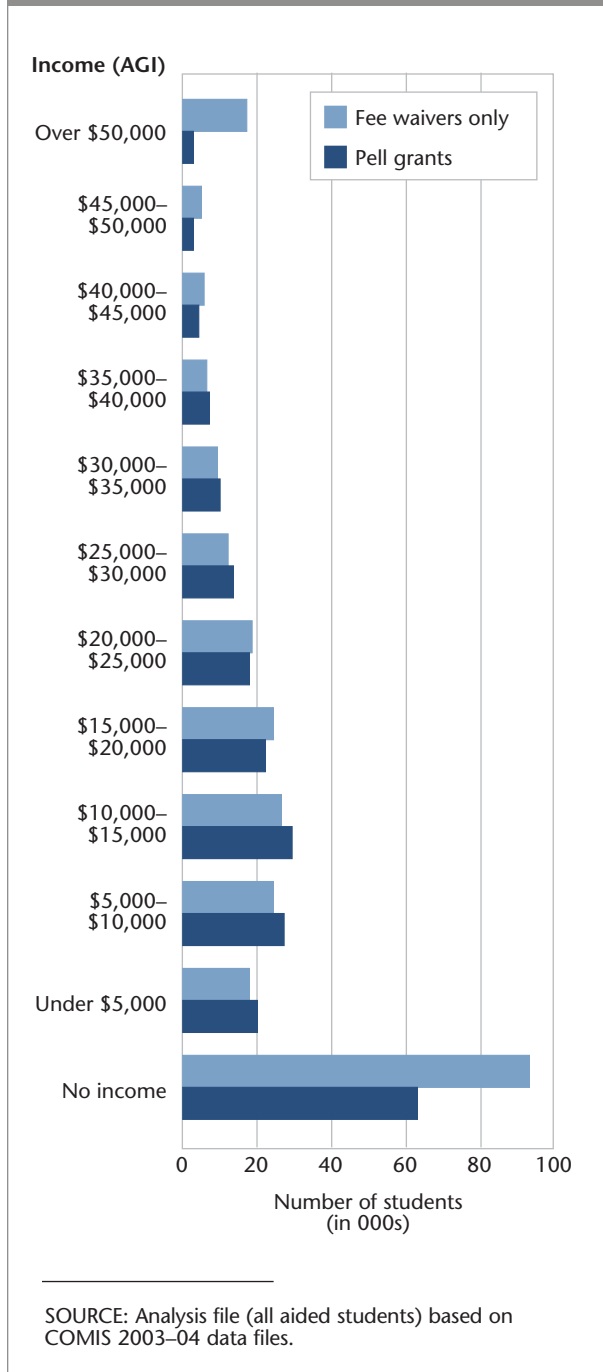
rate increases to about 80 percent among those with incomes between \$5,000 and \$20,000. Above \$20,000, the percentage filing a FAFSA increases with income and almost reaches 100 percent of aided students at incomes of \$45,000 or higher. It is important to remember that these are only the FAFSA filing rates of all BOG fee waiver recipients, and not the filing rates of all CCC students; we do not have income information for the 1.5 million students who did not receive any aid.

⁵Income is the Adjusted Gross Income (AGI) reported on tax forms. For dependent students (under 24, unmarried, no children) the family income of the parents is used for financial aid eligibility; for independent students (24 or older or married or with children) the personal income of the student (and spouse) is used. For ease of presentation we have combined the two, although independent students have much lower income distributions than the parents of dependent students. To complicate matters, single students under 24 not living with parents may declare themselves as independent in a BOG fee waiver application, and not report their parents' income.

Figure 5 shows the number of students receiving Pell grants or just BOG fee waivers by income levels. By far the largest number of aided students is in the “no income” category (about



Figure 5. Number of aided students receiving Pell grants or BOG fee waivers by income in 2003–04

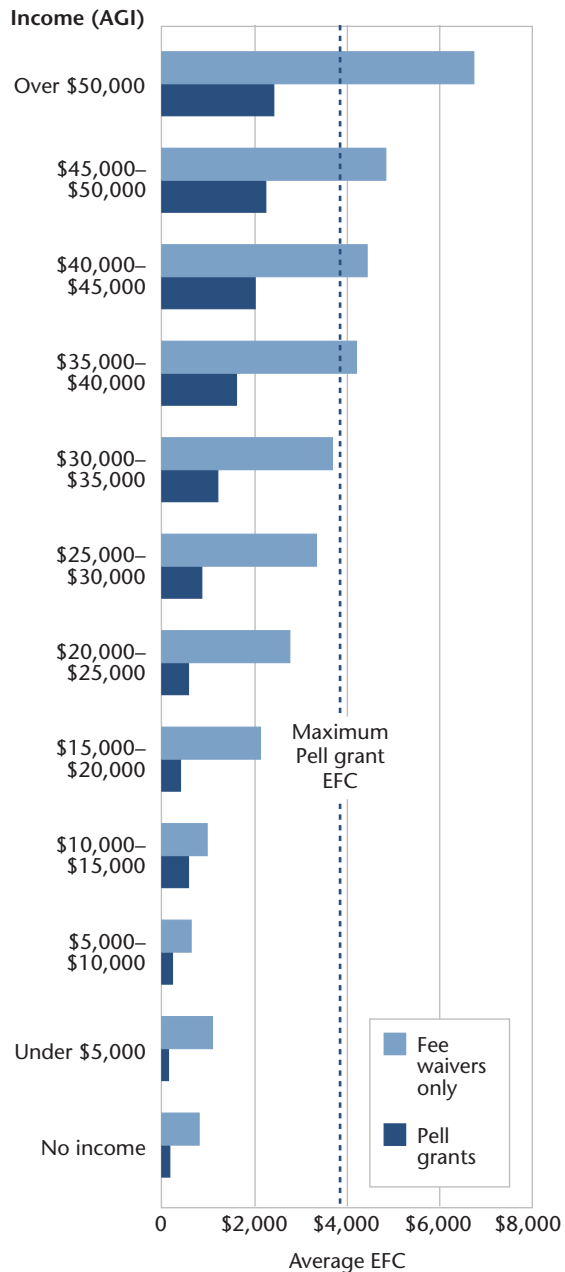


160,000 or one-third of all aided students). The figure illustrates one consequence of the low FAFSA filing rate among students reporting no taxable income: there are fewer “no income” students with Pell grants than with fee-waivers-only. In contrast, in the income categories between \$5,000 and \$40,000, in which the percentage of students submitting the FAFSA is higher, the number of fee-waiver-only and Pell grant students are about equal. Among aided students with incomes above \$40,000, who have higher average EFCs, there are again more fee-waivers-only than Pell grants.

Pell grant eligibility is not based only on income. It requires filing a FAFSA, which is used to determine a federal EFC, which in turn determines Pell grant eligibility. In 2003–04, the cut-off for Pell grant eligibility was an EFC of about \$3,950 for full-time students. Although the average federal EFC is directly related to income (the average EFC increases as income increases), it varies within the same income levels because of other circumstances (such as dependency, marital status, and family size). This is illustrated in figure 6, which shows the average EFC by income level for aided students who filed a FAFSA. In each income category, the average EFC for BOG fee waiver recipients who did not receive a Pell grant is higher (suggesting less need) than the average EFC of Pell grant recipients. One of the reasons for this is that a student may qualify for a BOG fee waiver based on the income standards, but have an EFC above the Pell grant cut-off.



Figure 6. Average federal Expected Family Contribution (EFC) by income level for aided students who received fee waivers only or Pell grants



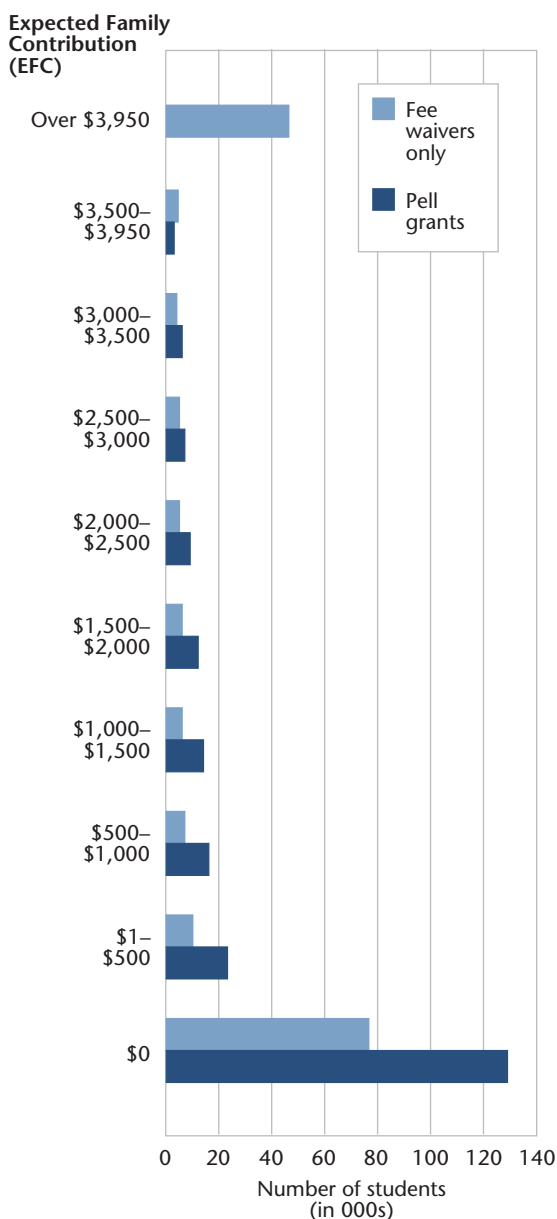
SOURCE: Analysis file (all aided FAFSA students) based on COMIS 2003–04 data files.

Figure 7 indicates the number of aided students with a FAFSA who received Pell grants or fee-waivers-only by the EFC level, rather than by income. It shows that there were about 45,000 students who received a BOG fee waiver and filed a FAFSA, but did not receive a Pell grant because their federal EFC was above \$3,950. The most important pattern illustrated in figure 7 is that there were BOG fee waiver recipients who did not receive Pell grants in all of the EFC levels below \$3,950, although these students could have qualified for a Pell grant based on their EFC. There were about 165,000 students who received a BOG fee waiver, filed a FAFSA, and had a Pell-eligible EFC, but did not receive a Pell grant. One reason these students may not have qualified is that they were not enrolled for enough units in Pell-eligible programs. Excluding students who took less than 6 units during 2003–04, there were about 100,000 aided students who filed a FAFSA, had a Pell-eligible EFC, and yet still did not receive a Pell grant. Moreover, about 70,000 of these students had a zero EFC and therefore would have been eligible for the maximum Pell grant dollar amount.

There are many other reasons why students with Pell-eligible EFCs may not have received a Pell grant. One is that these students had not met the academic progress requirements for the Pell grant program. The academic progress rules require students to complete most of their courses and to maintain an average 2.0 grade point average. Another reason is that about one-half of the Pell grant-eligible students at CCCs are selected for income verification, and if they do not follow up and submit copies of their federal tax forms for verification, they lose their Pell grant. It appears that increasing Pell grant participation at CCCs will require more attention to what happens *after* students submit a FAFSA and have qualified for a Pell grant, as well as attention to why many low-income students receiving BOG fee waivers fail to file a FAFSA at all.



Figure 7. Number of aided FAFSA applicants receiving fee waivers only or Pell grants by federal EFC in 2003–2004



SOURCE: Analysis file (all aided FAFSA students) based on COMIS 2003–04 data files.

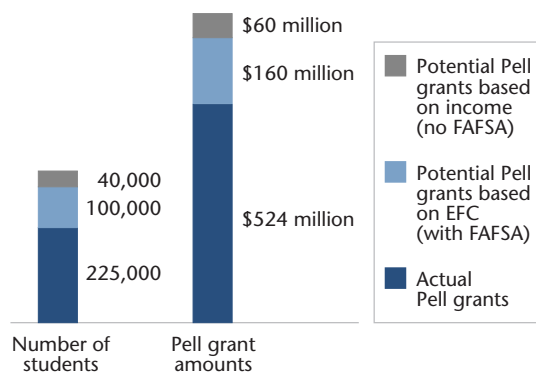
Estimates of Potential Pell Grant Eligibility Among Nonrecipients

The bar on the left in figure 8 illustrates the number of actual Pell recipients as well as the estimated number of students who appear to have qualified for Pell grants in 2003–04, but failed to receive them. For analysis purposes we divided these potential Pell recipients into two groups.

The first group of aided students may have been eligible for a Pell grant, but did not submit the required FAFSA. Taking into consideration whether these students were enrolled half time or more and their income as reported on the BOG fee waiver application, we estimate that about 40,000 students might have qualified for a Pell grant based on estimates of their EFC (top of left bar). At the top of the right bar we show the dollar impact these 40,000 students could have had. We estimate that they could have received a total of about \$60 million in Pell grant funds (an average \$1,500 Pell



Figure 8. Actual and estimated potential Pell grants among aided students at California community colleges in 2003–04



SOURCE: Analysis file (all aided students) based on COMIS 2003–04 data files.

grant) if they had filed a federal aid application. Among the reasons why they may have only applied for the BOG fee waivers are differences in the eligibility requirements. For example, BOG fee waivers are available to noncitizens who may not qualify for federal aid, students living apart from their parents who do not meet the federal independent student definition, and students enrolled in courses that do not meet federal requirements.

The second group of aided students filed a FAFSA, but did not receive a Pell grant. We estimate that about 100,000 of these students had a federal EFC that qualified for a Pell grant and were enrolled half time or more (figure 8, left bar). The right bar indicates that on the basis of their EFC, these students could have qualified for a total of about \$160 million in Pell grant funds (an average \$1,600 Pell grant). However, other factors noted above, including failure to make adequate academic progress or failure to provide income verification documentation, resulted in their not receiving these grants.

Conclusion

There is not much evidence to suggest that the availability of the separate BOG fee waiver application has deterred students from applying for federal financial aid, thereby significantly reducing the number of potential federal Pell grant recipients. Nearly 80 percent of the students who receive BOG fee waivers also file a FAFSA. This analysis suggests instead that the greater problem is that students who file for federal aid and appear to qualify for Pell grants do not always receive them. Our estimates indicate that this happens to about 100,000 students at CCCs for a

variety of reasons having to do with the federal eligibility and program requirements. The financial aid directors at some of the colleges are actively engaged in making telephone calls to students with Pell-eligible EFCs to encourage them to follow up and provide the required documentation so they can receive the Pell grant funds. Given the results of this analysis, our next study will focus on financial aid in more recent years, and the impediments to Pell grant participation among students who filed a federal aid application, had a Pell-eligible EFC, but did not receive a Pell grant.

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