



FEDERAL STUDENT AID IS ESSENTIAL FOR COLLEGE OPPORTUNITY

- America needs more African-American college graduates who will become the next generation of teachers, scientists, doctors, and business leaders. Yet, in 2014, just 22 percent of young African Americans between ages 25 and 29 had earned a college degree – about half the rate achieved by white Americans.
- While college degrees are more essential and more expensive than ever, too many low-income, African-American students are closed out of the college degree that they need and that the nation needs them to have. The federal Advisory Committee on Student Financial Assistance estimated that during the last decade, between 1.4 million and 2.4 million bachelor’s degrees were lost to students who are academically prepared for college. Their only barrier was a lack of resources.
- Federal Pell Grants make college possible for over 8 million low- and moderate-income students. But, in recent years, Pell Grants, education loans, and college work-study assistance have faced a “perfect storm” of cutbacks and have not kept pace with the need.
 - In the FY2011 budget agreement, the Congress enacted permanent cuts in the Pell Grant program, eliminating more than \$50 billion (over ten years) in Pell Grant aid for financially needy students. For example,
 - Congress reduced the time period for which students may receive Pell Grants.
 - Summer Pell Grants so that students could finish their studies faster were eliminated.
 - The family income level at which students could automatically receive the maximum Pell Grant was cut by nearly one-third, from \$32,000 to \$23,000.
 - In October 2011, the U.S. Department of Education changed the rules for federal PLUS loans that help parents pay the college expenses for their children, which made it harder for low-income families to obtain college loans.ⁱ
 - In March 2013, automatic across-the-board cuts, or sequestration, increased student loan origination fees and cut other crucial federal student aid programs, such as Supplemental Educational Opportunity Grants and College Work Study, further reducing essential college assistance to low-income students.
- Pell Grants once financed nearly three-quarters of the cost of a four-year public college education. In the 2015-2016 school year, the maximum Pell award of \$5,775 paid, on average, for only 30 percent of the cost of attending a four-year public college and only 14 percent of the cost of attending a four-year private college – *the lowest share in the history of the program*. As a result, low-income students are twice as likely to have student loans (61 percent vs. 29 percent) – and larger amounts of debt – than other students.

- Important improvements in the Pell Grant program that Congress should consider include:
 - Increasing the maximum Pell Grant to \$5,935 in FY2017;
 - As part of reauthorization of the Higher Education Act, putting the maximum Pell Grant on a path to double to approximately \$12,000 to support 60 percent of the cost of attendance at a four-year public university, as well as indexing the award to inflation to enhance its purchasing power for low-income college students;
 - Restoring the “summer” Pell Grant, which enables students to earn their degrees faster and at a lower cost;
 - Restoring the income threshold to \$32,000 for students to automatically qualify for the maximum Pell Grant;
 - Repealing the six-year limit for Pell Grant eligibility;
 - Making an early Pell Grant funding commitment to low-income high school students to increase college-going rates;
 - Instituting a \$300 Pell Grant bonus award for students taking at least 15 credit hours a semester; and
 - Reinstating access to Pell Grants for formerly incarcerated individuals through “Second Chance Pell.”

- Scholarship support, such as Pell Grants, increases college persistence and completion. UNCF Patterson Research Institute examined the effectiveness of our scholarships and found that a UNCF scholarship averaging \$5,000 increased the likelihood of a student graduating by over seven percentage points.ⁱⁱ

- Increasing federal college assistance not only helps low-income, African-American college students, it also helps our country and the economy as a whole. Individuals with just a high school diploma earn roughly half of what college-educated workers earn, largely consigned to poorly paid jobs that do not provide a path to prosperity. College graduates earn more, save more, and are unemployed less frequently, making fewer demands on the public purse and paying more taxes.

ⁱ The PLUS loan rules were subsequently revised in March 2015; however, between October 2011 and March 2015, thousands of parents were not able to obtain these vital college loans.

ⁱⁱ UNCF Frederick D. Patterson Research Institute. 2013. *Building Better Futures: The Value of a UNCF Investment*.