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Funding for Summer College Credit Brings a Big Payoff for Students – and the Economy



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Pell grants are the single largest source of financial aid to low-income students, with the goal of encouraging enrollment and completion for these students by mitigating their very significant financial obstacles. But traditional Pell only covers study for the fall and spring terms. What are the short and longterm implications of the year-round Pell grants funded by Congress?

We spoke to researcher Vivian Liu, Research Associate at the Community College Research Center to find out.

about the program:



HOW DID YOU BECOME INTERESTED IN STUDYING SUMMER IN THE HIGHER EDUCATION SPACE?

I was already interested in the issue of summer learning. When I started looking into summer school at the college level, I found that colleges were very actively encouraging students to participate in summer semesters, and that earlier research had shown students were more likely to complete and graduate early from college with summer school. But I wondered about participation by low-income students. Traditional Pell grants only provide enough tuition funding for 24 credits, which means full-time students exhaust their Pell funding in two terms. It was clear that this traditional Pell model would prevent students who depended on those grants for tuition from participating in summer learning.



WHY IS THIS A GOOD TIME TO STUDY YEAR-ROUND PELL?

The Bush administration first signed the Year-Round Pell (YRP) program into law under the Higher Education Opportunity Act in August 2008, which provided a second, supplementary Pell grant for the same academic year in addition to the traditional Pell grant program. The program was funded and implemented from 2009 – 2011, after which funding for YRP was not renewed and we reverted back to the traditional Pell program.

In 2017, Congress restored funding for YRP. Many thought it was a good idea but there was no evidence to back it up, which was one of the reasons why it was done away with in 2011. With the current political focus on reducing funding, it is important to demonstrate that YRP funding gets meaningful results and is a good investment. As Congress reauthorizes the Higher Education Act and addresses college affordability generally, it is encouraging to see that YRP is a strategy with positive short-term and long-term results.



about the program:



HOW DOES YRP WORK?

Pell Grants play a large role in leveling the post-secondary education playing field. In the 2015-2016 school year, \$28 billion was awarded to 7.6 million students. While the traditional Pell Grant covers a substantial proportion of college tuition, the maximum amount of aid a student may receive covers only two semesters worth of full-time credits, without any support for summer courses.

The purpose of YRP is to lower the cost of education for low-income students and to accelerate degree completion. Students are eligible for YRP if they complete at least 24 academic credits in the previous two terms (same academic year) and if they enroll in at least six credits for the last term – summer term for most students. The amount of aid for the summer term is calculated using the same method as traditional Pell, with the maximum award being equivalent to one term of full-time study under traditional Pell.



WHY IS THE OPPORTUNITY FOR SUMMER CLASSES SO IMPORTANT FOR LOW-INCOME STUDENTS? DON'T STUDENTS WANT TO TAKE SUMMERS OFF TO EARN MONEY?

Low-income students have many needs, sometimes in conflict. Many students want to stay in school year-round, maintain their “momentum,” and graduate more quickly, but they may not have the means. It is important to remember that Pell is the largest funding source for these students. Without YRP, they must pay out of pocket if they choose to stay in school over the summer. Other studies have shown that even a minor financial challenge - something as small as a parking ticket - is enough for low-income students to drop out. Taking the pressure off by funding tuition helps tremendously.

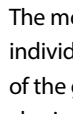
Students should also consider the longer-term view. They will have access to higher wage jobs after they graduate, so it may be worth it to forego the summer job and graduate faster.

data and findings:



TELL US MORE ABOUT THE GOALS OF YOUR STUDY.

This study examined credit, credential completion, and labor market outcomes resulting from YRP. I used a rigorous quasi-experimental method to find out how students respond to this extra funding. Because YRP lowers the cost of summer education, I hypothesized that it should increase summer enrollment. But I also wanted to know if students are better off economically taking these breaks to earn low wages for short periods, or graduating earlier with a higher wage job. This study is the first to also examine YRP outcomes beyond the first summer, such as short-term credit accumulation, credential attainment, financial aid disbursements, earnings during college in subsequent terms, and gainful employment after graduation.



WHAT KINDS OF DATA HELPED YOU ANSWER THESE QUESTIONS?

Using administrative data provided by all community colleges (50+ colleges) in one anonymous state, I compared the difference in the outcomes of full-time and part-time Pell-eligible students enrolling before and after the 2009 YRP implementation. While both the full-time and part-time students were eligible for the traditional Pell Grant, only the full-time students—that is, those who enrolled full-time in the two terms prior to the summer term—were eligible for the YRP once the YRP was implemented.

The data includes demographic characteristics, transcripts, financial aid, and credential information up to the summer of 2010. Additional credential data came from the National Student Clearinghouse (NSC). Earnings data came from unemployment insurance records. Completion and labor market results were available for at least 2.5 years after the students enrolled in college for the first time



WHAT POSITIVE EFFECTS DID YOU FIND SHORT TERM AND LONG TERM?

The study finds that for each \$1,000 of YRP grant funding per YRP eligible student, the likelihood of summer enrollment among YRP eligible students increases by 27 percentage points. I found that the amount of average YRP disbursement is substantial: over \$1,500, and with these funds over 71 percent of the YRP recipients earned at least 6 credits in the summer. These improvements in academic attainment, in turn, resulted in higher completion rates for both certificates and associate degrees.

In anticipation of summer enrollment, YRP eligible students were also 4 percentage points more likely to work in the fall semester of the first year of enrollment, earning on average \$146 more than non-YRP eligible students. The earnings estimates show a \$681 earnings gain per student in their third year after college entry.



WAS THERE ANYTHING IN THE ANALYSIS OF SUBGROUPS THAT STOOD OUT TO YOU AS PARTICULARLY SURPRISING OR MEANINGFUL?

It was especially encouraging to see higher gains for older students who participated in YRP. Adult students often are under higher financial burden and have a family to support. It is more difficult for them to balance life and school, so it was very encouraging to see higher uptake rates and gains among this group.

I also found higher gains among women. They were mostly in health-care programs: structured programs of study that fit well with YRP, and also have higher typical earnings post-degree than average.



WHERE DO YOU THINK THE RESEARCH ON THIS ISSUE SHOULD GO NEXT?

Like many studies, the follow-up period was not as long as I would like. Long-term outcomes eight to 10 years out would show the full impact of the program. Future research could also better tie the earnings data to the YRP program and show the direct connection between the two. Finally, this study was limited to community college students, who are the most common Pell recipients. But I wonder if the findings would be different for four-year college students, who have a longer period of time to make different choices about school and work.

Ultimately, as Congress looks ahead at overall education and other funding priorities, it is important for us to further illustrate the impact of YRP on meaningful outcomes like college completion and subsequent employment, in order to sustain support down the road.

the way ahead:



WHAT SHOULD POLICYMAKERS KNOW ABOUT YRP AND THE IMPACT ON COLLEGE COMPLETION?

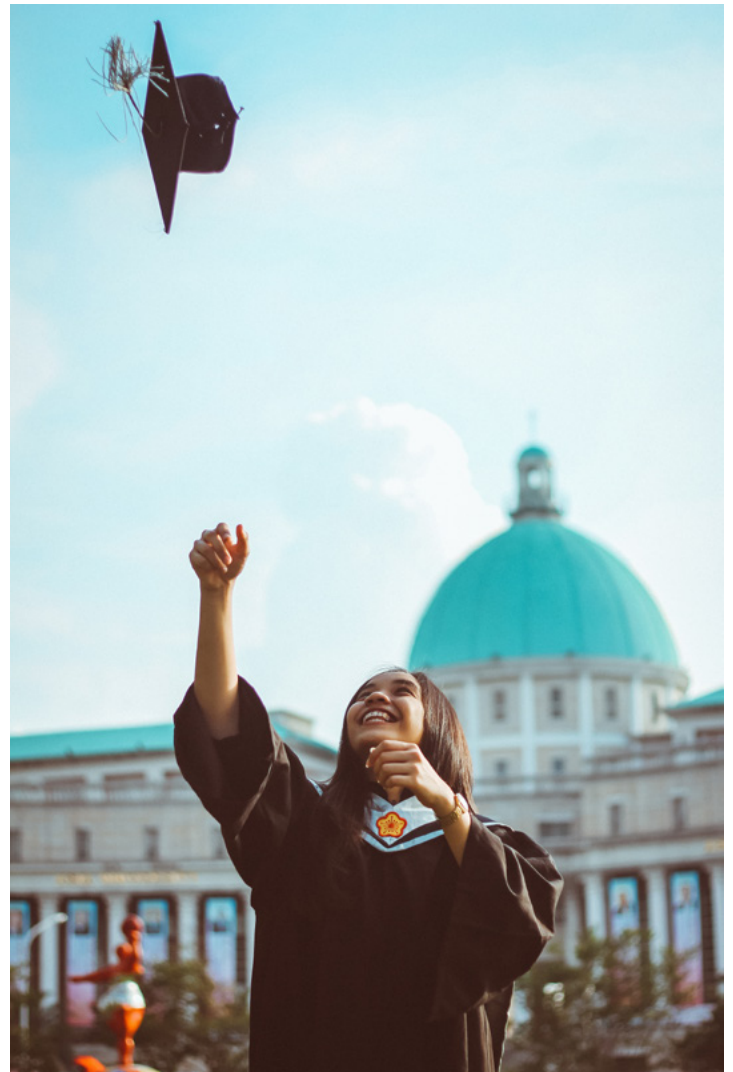
Most importantly, we finally have rigorous evidence that shows the meaningful benefits of YRP – evidence we didn’t have when the program was ended back in 2011. Short-term, YRP doesn’t require that much more funding than the traditional Pell program, but students rely on it to keep their studies on track. And the long term impact is significant to our economy. Higher earning equals a higher tax base. A “back-of-the-envelope” calculation using a tax rate of 15 percent indicates that the tax revenue raised from the earnings gains can pay back the cost of the program in around three years. It really is a win-win situation for the country overall.



WHAT ARE SOME CHALLENGES FOR YRP THAT STILL NEED TO BE ADDRESSED?

There are some structural changes that could make the program better. Generally, not everyone is taking advantage of YRP even if they are eligible, and students have a hard time giving up the opportunity to earn some short-term money over the summer, even though they would be better off in the long run staying in school. I think extra financial assistance for the least affluent would help encourage them to take summer classes, and I hope that these kinds of findings will help college advisors better advise students on these choices.

Because YRP is structured to pin the award to the number of credits, some students may pick up credits that aren’t related to their major to stay eligible. The program could be improved with guidance on sticking to courses in a student’s major in each semester, without compromising their GPA.



Citation:

Liu, V. (2017). *Is school out for the summer? The impact of year-round Pell Grants on academic and employment outcomes of community college students* (CCRC Working Paper No. 95). New York: Community College Research Center.

ABOUT THE NATIONAL SUMMER LEARNING ASSOCIATION

The National Summer Learning Association is the only national nonprofit exclusively focused on closing the achievement gap by increasing access to high-quality summer learning opportunities. NSLA recognizes and disseminates what works, offers expertise and support for programs and communities, and advocates for summer learning as a solution for equity and excellence in education. NSLA's work is driven by the belief that all children and youth deserve high-quality summer learning experiences that will help them succeed in college, career, and life.



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