The Pell Shortfall Could Hit Rural Community Colleges Hardest
By Lynn Tincher-Ladner, Ph.D.

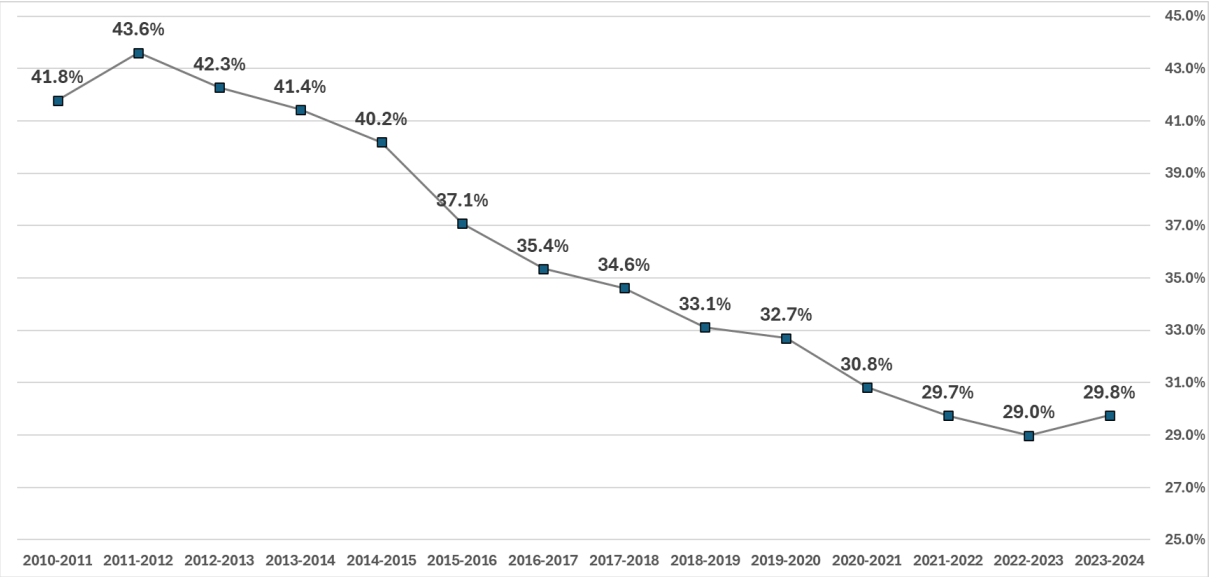
As Congress debates how to address the projected shortfall in the federal Pell Grant program, rural community colleges have an important stake in the outcome. An analysis of federal data from 469 rural-serving institutions shows that Pell participation and total federal investment in these colleges have declined over the past decade. In other words, long before policymakers began discussing a Pell funding gap, rural community colleges were already seeing fewer students receive Pell Grants and fewer federal dollars flowing into their campuses and communities.

Using Integrated Postsecondary Education Data System (IPEDS) data collected since 2010, three trends emerge that should inform the national conversation about Pell and rural higher education. These data start two years before Congress addressed the last major Pell funding shortfall in 2012 by tightening eligibility rules. Those changes stabilized the program financially, but they also reduced access for many students and were followed by a long period of declining community college enrollment.

Trend 1: Pell Reach Has Declined

The first trend is a steady decline in Pell reach at rural community colleges. In 2011–12, 43.6% of students at rural-serving community colleges received Pell Grants. By 2022–23, that share had fallen to 29.0%, with only a slight uptick to 29.8% in 2023–24.

Figure 1: Percent of students receiving Pell at rural community colleges.



That change represents a significant shift in how federal need-based aid is reaching students in rural communities. A decade ago, more than four out of every ten students at rural community colleges relied on Pell Grants. Today, it is closer to three in ten.

This decline does not mean financial need has disappeared. Rural community colleges continue to serve large numbers of working students, first-generation students, and students from low-income households. Instead, the data suggest that Pell eligibility is reaching a smaller share of the students these institutions serve.

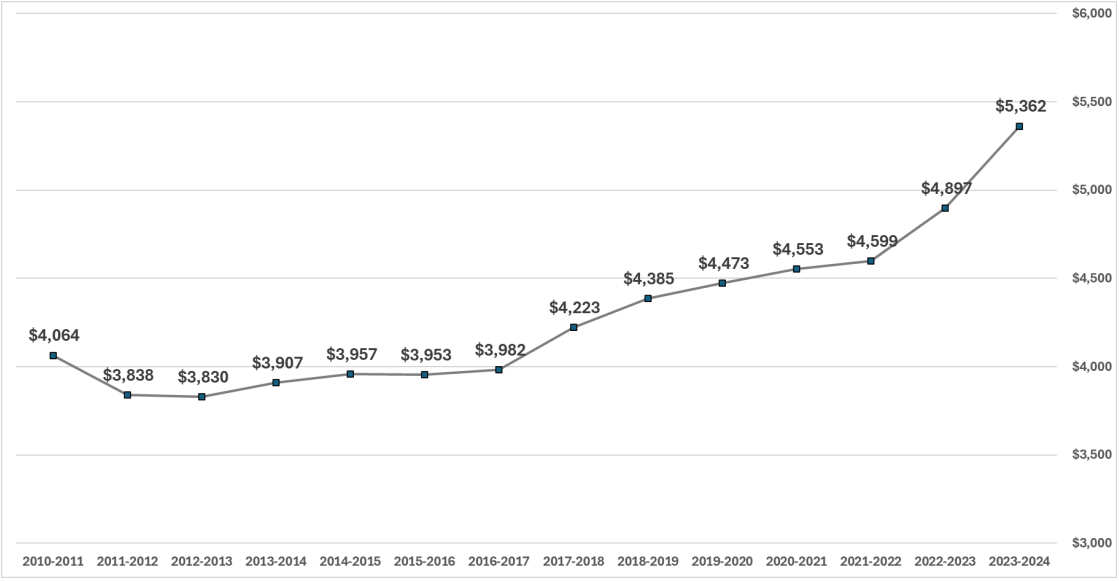
As Congress debates how to address the current Pell funding shortfall, this trend should not be overlooked. Pell reach at rural community colleges has already declined substantially over the past decade. If policymakers want to strengthen enrollment and opportunity in rural communities, expanding access to Pell—not restricting it—will be an important part of the solution.

Trend 2: Average Pell Awards Have Increased

While Pell reach has declined, the average Pell award received by students who qualify has increased.

Since 2010, the average Pell Grant for students attending rural-serving community colleges has grown from about $4,064 to approximately $5,362. In part, this reflects increases in the maximum Pell award approved by Congress over time.

Figure 2: Average Pell grant award at rural community colleges.



For students who qualify, larger Pell awards are an important source of support. These grants help cover tuition, books, transportation, and other costs that can determine whether a student is able to enroll and persist in college.

However, Pell awards are also influenced by the cost of attendance at the institution a student attends. Because rural community colleges typically maintain lower tuition and lower estimated living costs than many other institutions, the federal aid formula can generate smaller awards than those available at higher-cost colleges.

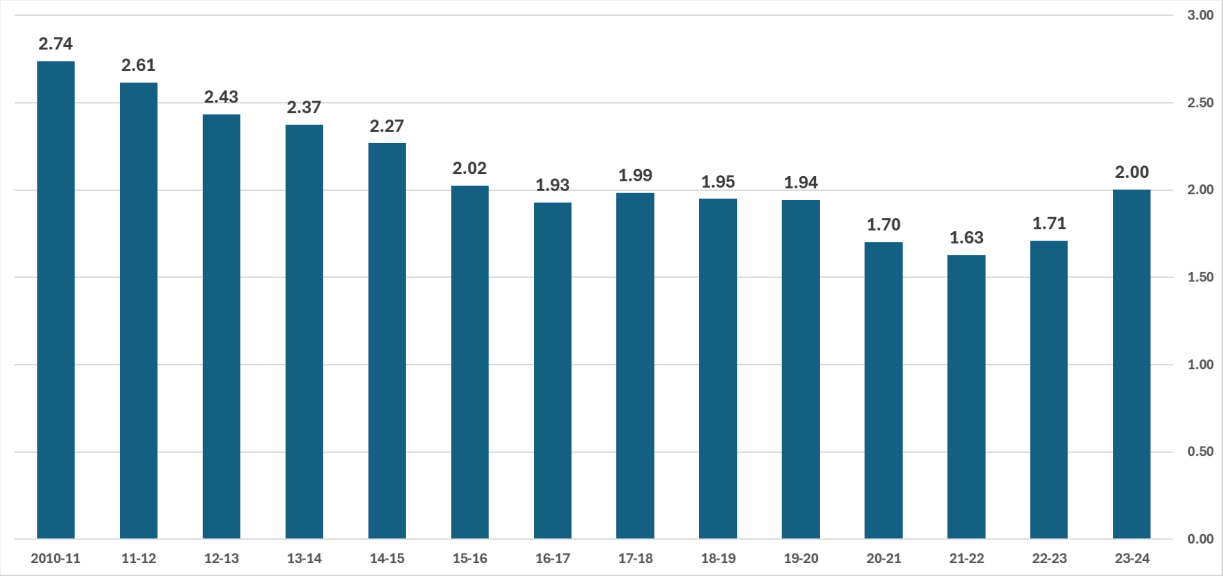
The result is a somewhat paradoxical pattern. While individual Pell awards have grown, fewer rural students are receiving them, limiting the overall reach of the program in rural communities.

Trend 3: Total Pell Investment in Rural Community Colleges Has Declined

When the first two trends are combined, a third becomes clear: total Pell investment in rural community colleges has declined.

In 2010–11, rural-serving community colleges received approximately $2.7 billion in Pell funding. By 2021–22, that amount had fallen to about $1.6 billion. Although there has been some increase in the most recent years, total Pell investment in rural community colleges remains well below where it stood more than a decade ago.

Figure 3: Total investment in Pell at rural community colleges in billions



This decline reflects the two trends already discussed. Pell awards have increased for the students who qualify, but Pell reach has declined significantly. As a result, fewer rural students are generating Pell support for their education.

For rural communities, this matters. Pell Grants are not only the primary form of federal financial aid for students attending community colleges -- they are also an important source of investment in local economies. These dollars help students pay tuition, purchase books, and cover transportation, housing, and childcare.

When fewer rural students receive Pell Grants, fewer federal dollars are flowing into the colleges and communities that rely on them.

What the FAFSA Changes May Mean for Rural Colleges

The FAFSA Simplification Act is expected to expand Pell eligibility for some students beginning with the 2024–25 aid year. If more students qualify for Pell Grants, that could help explain the projected shortfall policymakers are now debating.

But those changes may not affect every sector of higher education in the same way.

Because Pell awards are tied in part to cost of attendance, institutions with higher tuition and living costs often generate larger Pell awards. Rural community colleges operate very differently. Tuition is lower, cost of attendance is lower, and many students live at home while attending college.

That means increases in Pell eligibility may produce less additional funding in rural community colleges than in higher-cost institutions.

This is important to keep in mind as Congress debates the Pell shortfall. The Pell Grant program represents roughly $30 billion in federal student aid each year, and only about 30 percent of those funds flow to students attending public two-year colleges. Rural community colleges represent only a portion of that sector.

If policymakers address the shortfall by tightening eligibility or limiting aid, the impact could fall heavily on rural colleges that already receive a relatively small share of the program’s total investment.

What Rural Colleges Should Do Now

As Congress debates how to address the projected Pell funding shortfall, rural community colleges should be paying close attention. The data show that Pell reach has declined over the past decade, average awards have increased for those who qualify, and total Pell investment in rural community colleges remains well below where it stood a decade ago.

If recent policy changes expand Pell eligibility and contribute to a shortfall, the question policymakers must answer is how that gap will be addressed. Past experience shows

that tightening eligibility or limiting aid can have lasting consequences for community college enrollment.

Rural colleges have an important role to play in this conversation.

IPEDS data are publicly available, and every rural institution can examine its own Pell reach, average award, and total Pell investment over time. These data can help colleges tell a clear story about how federal student aid supports access to education in their communities.

Rural leaders should be prepared to show policymakers what Pell means for their students and their local economies. Community colleges remain the most accessible and affordable pathway to higher education for many rural Americans. Ensuring that federal aid policies support that mission will be critical as Congress considers how to address the future of the Pell Grant program.

Methodology Notes

This analysis includes 469 rural-serving institutions identified using the IPEDS Degree of Urbanization classification for Rural or Town (fringe, distant, and remote). Data are drawn from the IPEDS Student Financial Aid Survey and include the number of undergraduate students receiving Federal Pell Grants, the total amount of Pell aid awarded, and the total number of undergraduates in the financial aid cohort. These data were used to calculate Pell reach, average award, and total Pell investment since 2010.

About the Author

Dr. Lynn Tincher-Ladner is President and CEO of Phi Theta Kappa Honor Society, the nation's first and largest honor society recognizing the academic achievement of students at associate-degree-granting colleges. A national advocate for community colleges and student success, she serves on the Board of Directors of the Rural Community College Alliance. She can be reached at **lynn@ptk.org**