

## *Executive Summary*

# Financial Needs and Characteristics of Students Pursuing Postsecondary Education in Pennsylvania: A Rural-Urban Analysis

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## Introduction

Access to higher education, especially for low-income, minority, and rural students, remains a priority interest among policymakers, education professionals, and the general public. Prohibitive costs, limited knowledge of financial aid options, and the complexity of aid application procedures are among the many barriers to enrollment in and the completion of postsecondary education.

This research used data from the Free Application for Federal Student Aid (FAFSA) to paint a comprehensive picture of rural and urban Pennsylvania postsecondary students' socio-demographic, family, and financial characteristics. This information can help policymakers, education administrators, academic counselors, and other professionals in opening pathways to higher education, particularly for low-income students and those in rural areas.

Following is a summary of the research goals, methods, findings and policy considerations. The full report, *Financial Needs and Characteristics of Students Pursuing Postsecondary Education in Pennsylvania: A Rural-Urban Analysis*, which provides the complete details on the study goals, methods, findings and policy considerations, is available on the Center for Rural Pennsylvania's website at [www.rural.palegislature.us](http://www.rural.palegislature.us).

## Goals and Methods

This study was conducted to understand the financial needs and characteristics of Pennsylvania postsecondary students. The study goals were to: develop socio-demographic, financial, and family profiles of rural and urban beginning and continuing postsecondary students; determine how the type of degree being pursued may alter student profiles; determine if there were any relationships between the prevalence of the types of degrees being pursued by students in rural and urban counties and the characteristics of the counties; and develop profiles of GED recipients and adult learners (age 24 or older).

To complement the data results, the researchers conducted interviews with financial aid administrators at

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The Center for Rural Pennsylvania is a bipartisan, bicameral legislative agency that serves as a resource for rural policy within the Pennsylvania General Assembly. It was created in 1987 under Act 16, the Rural Revitalization Act, to promote and sustain the vitality of Pennsylvania's rural and small communities.

Information contained in this report does not necessarily reflect the views of individual board members or the Center for Rural Pennsylvania. For more information, contact the Center for Rural Pennsylvania, 625 Forster St., Room 902, Harrisburg, PA 17120, telephone (717) 787-9555, email: [info@rural.palegislature.us](mailto:info@rural.palegislature.us), [www.rural.palegislature.us](http://www.rural.palegislature.us).

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six institutions in rural counties and with two higher education finance policy experts to provide program- and policy-relevant information regarding the socio-demographic characteristics and financial needs and status of Pennsylvania students, their families and communities.

The research used data from FAFSA applicants (n=610,925) from June 1, 2010 to June 30, 2011 (2010-11 fiscal year)<sup>1</sup>. FAFSA data were provided by the Pennsylvania Higher Education Assistance Agency (PHEAA).

PHEAA conducted all data analyses on individual level data, as specified by the research team, and delivered the results of the statistical analyses and descriptive statistics of groups of FAFSA applicants. PHEAA aggregated the data to the county level so that the research team could conduct additional statistical analyses.

To determine whether students resided in an urban or rural county, the researchers provided a list of urban and rural counties (based on the Center's population density-based definition) to a PHEAA administrator, who matched student ZIP codes in the FAFSA data with the corresponding counties.

Variables measuring the student's socio-demographic characteristics included age, gender, marital status (single, other), high school completion status (high school diploma, GED certificate, or other), veteran status, length of time as legal resident of the state, and whether the applicant has ever been homeless, in legal guardianship, an emancipated minor, or, since turning 13, had both parents deceased, was in foster care or was a ward of the court.

Household structure and family variables included highest grade completed by each parent, household size, number in the household attending college during the 2010-11 school year, and whether the applicant had dependent children or other dependents who would receive more than one-half of their support through 2010-11.

Educational status variables focused on the schooling and educational characteristics of the student for the upcoming school year. These included: the degree or certificate the student will work on during the school year, such as a bachelor's degree, associate degree, certificate or diploma program of less than 2 years, certificate or diploma program of 2 or more years, and teaching credential (non-degree program) or other/undecided; grade level when entering the postsecond-

ary school, such as never attended college and 1<sup>st</sup> year undergraduate through 4<sup>th</sup> or 5<sup>th</sup> year undergraduate/senior; enrollment status, such as full-time, half-time, or less than half-time; and whether the applicant would have a bachelor's degree prior to 2010-11.

FAFSA applicants are also asked to indicate the colleges that are to receive their FAFSA report, so these data were grouped into the following categories: 4-year private, 4-year public, community college, or other type of institution. Applicants were also asked to indicate their housing plans for each college receiving their FAFSA report, with the categories being on-campus, with parents, or off-campus.

Financial variables included expected family contribution (EFC), or the amount of money a family or student is expected to contribute to a student's post-secondary education for 1 year; family adjusted gross income (AGI); the family's total earnings from work, assets, and various sources of other taxable and untaxed income during the prior year; and family poverty status based on total earnings (less than or equal to the poverty level for the family size; greater than poverty but less than or equal to 150 percent of poverty; or greater than 150 percent of poverty). For the research, "poverty" denoted household income at or below poverty level and "near-poverty" denoted income greater than poverty but less than or equal to 150 percent of the poverty, adjusted for family size. Unless otherwise noted, all data on EFC, total AGI, total earnings, and poverty status refer to the applicant's family.

Other financial variables included whether the student was financially independent (based on FAFSA criteria); whether either parent (if a dependent student) or the student or spouse (if an independent student) was a dislocated worker; and whether anyone in the household received benefits from various federal programs (Supplemental Security Income, Supplemental Nutrition Assistance Program, Free or Reduced Price Lunch, Temporary Assistance for Needy Families, or Women, Infants, and Children).

Special student populations included students with a GED certificate and adult learners. Adult learners are defined by the U.S. Department of Education as applicants who are 24 years of age or older: for this study, born before January 1, 1987.

The researchers used a variety of statistical procedures and analyses to develop the profiles and to determine statistical significance among the variables.

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1. The 2010-11 FAFSA form is available at [http://federalstudentaid.ed.gov/static/gw/docs/2010-11\\_PDF\\_FAFSA\\_English.pdf](http://federalstudentaid.ed.gov/static/gw/docs/2010-11_PDF_FAFSA_English.pdf).

## Results

### Rural/urban and beginning/continuing student comparisons

According to the research, 20 percent of FAFSA applicants were from rural counties and 80 percent were from urban counties. Fifty-nine percent of all applicants were women, and the average age of applicants was 24. More than 40 percent of applicants were in or near poverty.

Rural and urban students pursued similar degrees: about 60 percent pursued a bachelor's (BA/BS) degree, 27 to 28 percent an associate degree, and 12 to 14 percent a certificate, diploma, teaching credential, or other degree of less than 2 years.

In comparison to urban students, rural students were more likely to: enroll in public 4-year institutions versus private 4-year or community colleges; enroll full-time; be younger; be beginning students; and be financially dependent on their parents.

Overall, beginning rural and urban students were in more precarious situations than continuing students. Beginning rural students were significantly less likely to pursue a BA/BS and more likely to pursue an associate degree or certificate/diploma (ACD) of less than 2 years than continuing rural students; more likely to attend a technical school and less likely to attend a public 4-year institution than continuing rural students; more likely to enroll full-time, to have a GED diploma, and to be the only household member in college, male, and single than continuing rural students; and less likely to be an adult learner, to support a child dependent, and to have a college-educated parent than continuing rural students. Beginning rural students also had nearly \$3,000 less income (mean) and a lower mean EFC; were less likely to be financially independent; and were more likely to be poor and to live in a dislocated worker household.

Differences among beginning and continuing urban students were similar to their rural counterparts, but with a smaller gap in income and EFC.

### Degree type and student profiles

The research also indicated stark differences between BA/BS and ACD students, with ACD students being significantly more disadvantaged on all measures. ACD students were more likely to: be adult learners, be female, have a GED diploma, have less-educated parents, live in a dislocated worker household, support dependents, and be in or near poverty.

Rural BA/BS students were more likely than urban

BA/BS students to attend public 4-year institutions and to have lower incomes.

Urban BA/BS students had the highest average income and were the most likely to attend private colleges.

### Rural and urban county differences

Counties with a higher percentage of ACD applicants had a less educated populace, lower median family income, and a higher proportion of applicants who were GED recipients or adult learners.

County-level differences in FAFSA applicants' EFC, income, and poverty level were mainly driven by disparities between wealthier urban BA/BS students and rural BA/BS students. Students' educational financial need in rural counties was inversely related to the county population, educational attainment, and the proportion of full-time workers, among other factors.

### GED recipients and adult learners

GED recipients and adult learners comprised about 8 percent and 35 percent of all applicants, respectively. They were more disadvantaged than high school graduates and traditional students on all measures. Typically, they were beginning or 1<sup>st</sup> year/continuing, first-generation students (more so for rural applicants) pursuing an associate degree or certificate/diploma.

Adult learners and GED graduates had far greater financial need than their traditional-age and high school diploma peers, but this gap was greatest for urban students and for GED recipients versus high school graduates.

### Students' financial need

The interview findings revealed that students' and families' financial need and loan debt have increased as income has declined, tuition and cost of living have increased, and federal, state, and institutional aid have not kept pace.

In response to growing financial need, some institutions awarded more institutional aid or helped students to apply for private scholarships. Smaller institutions also tailored financial aid awards and counseling to individual circumstances.

Rural students were perceived to have less geographic access to higher education and greater transportation or relocation costs, and to be predominately first-generation students. Interviewees from four institutions reported increased adult learner enrollment and indicated that these adults have different economic situations and required different financial aid than traditional students.

## Policy Considerations

To alleviate the high levels of financial need and increase college affordability among FAFSA applicants, policymakers should consider increasing appropriations for state grants and public postsecondary institutions. This is especially crucial for rural students, who are more likely to attend public 4-year universities.

Policymakers should also consider expanding state aid for students pursuing a degree of less than 2 years. This would benefit adult learners and beginning and lower-income students, in particular.

One initiative mentioned in the research that addressed this type of aid was the Pennsylvania Targeted Industry Program, or PA TIP. The program offers aid to students in the energy, advanced materials and diversified manufacturing, and agriculture and food production sectors.

Offering targeted financial aid to adult learners would also help the growing adult student population. Because adult learners have far greater financial need than traditional-age students and are more likely to study part-time and pursue ACD programs, they need different types of financial aid.

Policymakers should also consider offering state grants to distance learners. State grant restrictions concerning online enrollment disproportionately affect rural and adult students. The 2013-2014 Pennsylvania budget (Act 59 of 2013) established a pilot program (2013-14 to 2017-18) that allows students who take more than half of their postsecondary credits via distance education, usually online, to qualify for PHEAA student grants. The total amount to be disbursed through such grants was limited to \$10 million and would come from PHEAA's earnings, not from the state General Fund. Students at participating pilot program institutions who are enrolled at least half-time in a program of at least 2 years are eligible for a state grant.

Given rural students' limited geographic access to postsecondary institutions and the greater costs they incur for transportation or relocation, they were disproportionately affected by previous online instruction restrictions. Thus, the legislature's decision to extend state grant eligibility to distance learners at institutions in the pilot project is especially important for increasing postsecondary access and completion in rural communities and for reducing rural students' unmet financial need.

Other policy considerations garnered from the research include extending state grant deadlines for first-time and non-renewal adult learners; establishing state grant reciprocity agreements with New York, New Jersey, and Maryland; and exploring state tax incentives for higher education tuition.

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