

The Case for Federal Supplemental Education Opportunity Grants¹

Late last year, the House Committee on Education and the Workforce voted to approve proposed legislation to reauthorize the Higher Education Act of 1965 (HEA). Among its many provisions, the Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act (H.R. 4508) would eliminate the Federal Supplemental Educational Opportunity Grant (FSEOG) program.

But the committee's proposal is not the first suggestion to eliminate this critically important program that targets grant aid to low-income students whose needs are not fully met by Pell and other grant aid. Indeed, President Trump's FY 2018 budget proposed to do so as well. The administration [claimed](#) that the FSEOG program is "largely duplicative of the Pell Grant program" and "does not deliver need-based aid in the most targeted way." In addition, Education Secretary Betsy DeVos [commented](#) that the Trump Budget Blueprint is "continuing to help make college education more affordable."

However, these claims are all unsupported by evidence. We have more than a decade's worth of Education Department data that, by several important measures, show that the FSEOG program is not duplicative in theory but supplemental in practice. The reality is that, compared to the Pell Grant, FSEOG funding is better targeted at the lowest-income students, FSEOG students are more likely to attain a bachelor's degree, and they attain that bachelor's degree more quickly.

Still, the House committee [claims](#) the PROSPER Act emphasizes the importance of completion while eliminating this demonstrably effective college access and completion program.

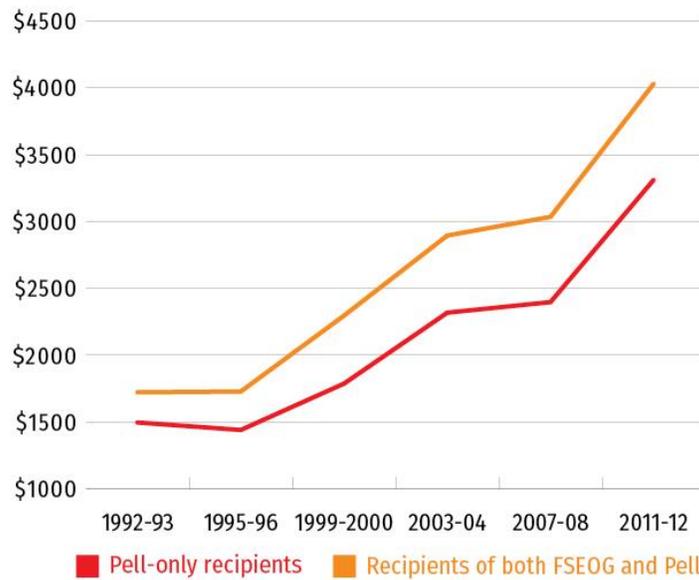
FSEOG is truly well-targeted at low-income students. Virtually every FSEOG student is a Pell Grant recipient as well. The National Postsecondary Student Aid Study ([NPSAS](#)) shows that in award years 2007-08 and 2011-12, respectively, 99.1 percent and 98.7 percent of FSEOG students received a Pell Grant.²

The Pell Grant Program serves as an effective proxy for income because the student's award amount is equal to the positive difference between that year's maximum Pell Grant award and the student's expected family contribution (EFC). There is no consideration of the student's cost of attendance. Due to the inverse correlation between Pell Grant amounts and EFCs, higher award amounts indicate lower incomes. For FSEOG students, their Pell award is about 25 percent greater than those for Pell-only students, demonstrating that FSEOG students are from the lower rungs of the income distribution.

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² All of the data in this paper refer to students who receive a Pell Grant. However, we compare the two groups by referring to students who receive only Pell Grant aid but not FSEOG as "Pell-only students" and students who receive both Pell and FSEOG as "FSEOG" students.

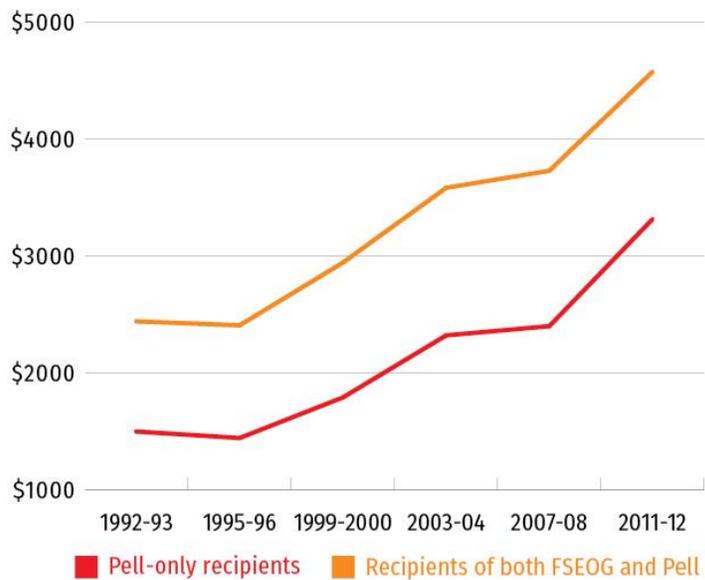
AVERAGE PELL GRANT PER FEDERAL GRANT RECIPIENT



Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study

The same can be said for the average total federal grant (Pell plus FSEOG). For FSEOG recipients, the average total federal grant is about \$1,250 more, representing a 50 percent increase, than that for Pell-only recipients.

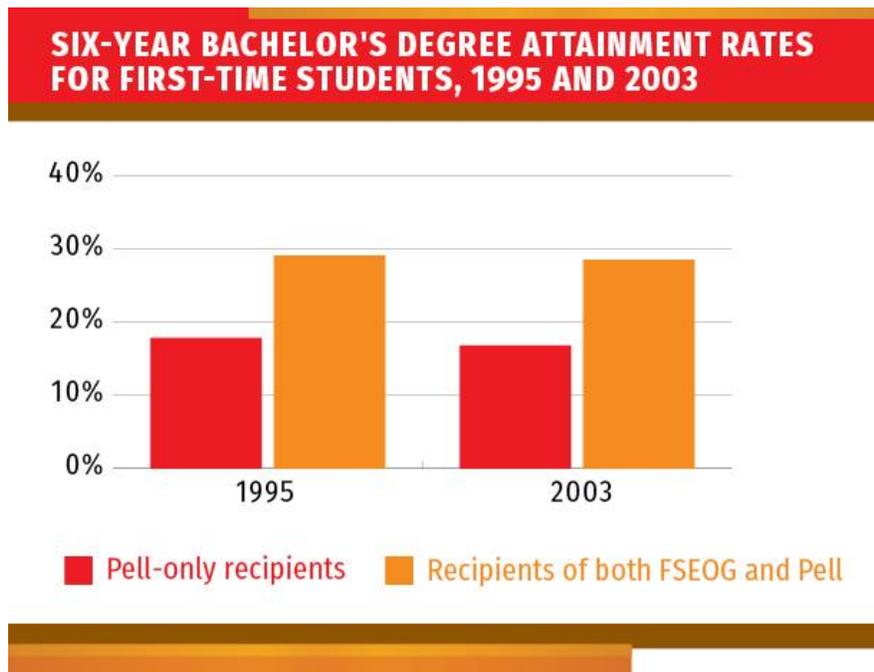
AVERAGE FEDERAL GRANT PER RECIPIENT



Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study

In sum, virtually all FSEOG students receive Pell Grants, and their Pell Grant awards are higher than Pell-only students. There can be no doubt that the FSEOG effectively targets low-income students to make college more affordable for students who need it most.

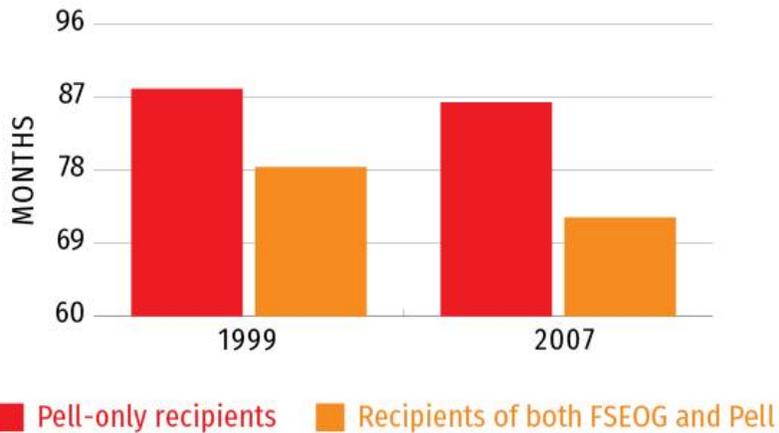
FSEOG students have higher completion rates than Pell-only students. Many low-income students struggle to graduate from college. However, according to the 1995-96 Beginning Postsecondary Students Longitudinal Study (BPS), 17.9 percent of Pell-only students attained a bachelor's degree within six years of first enrolling. For FSEOG students, it was 29.2 percent in the same study. Similarly, the 2003-04 BPS shows that 16.9 percent of Pell-only students attained a bachelor's degree within six years of first enrolling, and for FSEOG students it was 28.6 percent. In other words, FSEOG recipients are about two-thirds more likely to earn a bachelor's degree than Pell-only students.



Source: U.S. Department of Education, National Center for Education Statistics, Beginning Postsecondary Students

The higher completion rates also translate to faster time to degree. The Baccalaureate and Beyond Longitudinal Study (B&B) shows that the average FSEOG student earns a bachelor's degree about one year faster than the average Pell-only student. Among 1999-2000 bachelor's degree recipients, Pell-only students took about 88 months to attain the degree, whereas FSEOG students needed just 78 months. For 2007-08 bachelor degree recipients, the times to degrees were about 86 and 72 months, respectively. The extra federal grant money not only helps make college more affordable, but may reduce the need for part-time employment to help pay college expenses. This could be one reason why more low-income students who receive the additional FSEOG funds make it through college and in less time.

AVERAGE TIME IN MONTHS TO BACHELOR'S DEGREE FOR FIRST-TIME STUDENTS, 1999 AND 2007



Source: U.S. Department of Education, National Center for Education Statistics, Baccalaureate and Beyond

Through the PROSPER Act, the Education and Workforce Committee has articulated the worthy goal of simplifying the HEA Title IV student financial aid programs. Regrettably, PROSPER would accomplish this goal by eliminating a proven program in favor of a one-size-fits all approach for federal grant aid. Simply stated, a single federal grant program eliminates the administrative flexibility that on-campus financial aid professionals employ to help address unique family and financial circumstances among their less-advantaged students and families. Rather than eliminating Federal Supplemental Educational Opportunity Grants, the program ought to be reauthorized with higher spending authority and greater availability for students.