



The Impact of Distance Education on the PA State Grant Program

2019-20 ACADEMIC YEAR REPORT

Background

Act 5 of 2018 expanded Pennsylvania State Grant Program eligibility to distance education (DE) students who take more than 50% of their credits online or who are enrolled in programs that are structured to be more than 50% online. This expansion only applies to students enrolled at postsecondary institutions that are headquartered and domiciled (HQD) in Pennsylvania. Pursuant to this legislation, the Pennsylvania Higher Education Assistance Agency (PHEAA) is required to report to the General Assembly regarding the impact of the DE expansion on the PA State Grant Program.

This report provides highlights from the 2019-20 Academic Year, the second year of DE integration. **Even though comparisons to 2018-19 Academic Year data are provided, these comparisons should be interpreted carefully.** Whereas the PA State Grant maximum award for classroom students was the same for both 2018-19 and 2019-20, the maximum award for DE students differed between these years. Additionally, due to the COVID-19 pandemic, PHEAA issued a policy exception related to how institutions were to report a student's mode of instructional delivery for the second half of 2019-20.

2019-20 Maximum Awards

PHEAA's Board of Directors has the statutory authority to implement necessary controls to limit the financial impact of online education and protect the purchasing power of PA State Grant awards. The PHEAA Board enacted controls in both the first and second years of DE integration to ensure that demand under the newly expanded program did not exceed available resources. Specifically, in 2018-19, PA State Grants for DE students were set at half of the amount awarded to classroom students. However, in 2019-20, PA State Grants for DE students were set at three-quarters of the amount awarded to classroom students. The maximum award for a classroom student in both 2018-19 and 2019-20 was \$4,123, but the maximum award for a DE student was \$2,061 in 2018-19 and \$3,092 in 2019-20.

COVID-19 Pandemic

PHEAA's Board exercised its authority to provide relief to students impacted by the COVID-19 pandemic during the second half of the academic year to minimize negative impacts on both students and schools. A temporary policy exception was made to address the need to transition classroom students to an online environment during the Winter 2020 and Spring 2020 terms. Institutions were directed to report the mode of instructional delivery for these terms based on how PA State Grant recipients had planned to enroll prior to COVID-19 disruptions so the recipients would retain their initial award value. As a result, DE reporting for 2019-20 does not reflect the switch to online learning that occurred during the second half of the year. Yet, it is important to point out that this allowance enabled recipients who had initially planned to take classroom courses to retain their higher award amount, which had already been factored into their higher education plan for the year.

The statistics in this report reflect academic year data as of June 30th.

Program Participation

All participating PA State Grant institutions are required to report each awarded student's enrollment mode on a term-by-term basis. As shown in the table below, there are four enrollment modes, which reflect how course instruction was delivered. Of the 427 in-state and out-of-state institutions that were approved for PA State Grant Program participation in 2019-20, 207 were categorized as HQD and, therefore, eligible for the DE expansion. The table below includes data for all PA State Grant recipients regardless of whether they attended a HQD institution.

PA State Grant Awards by Enrollment Mode – All Institutions

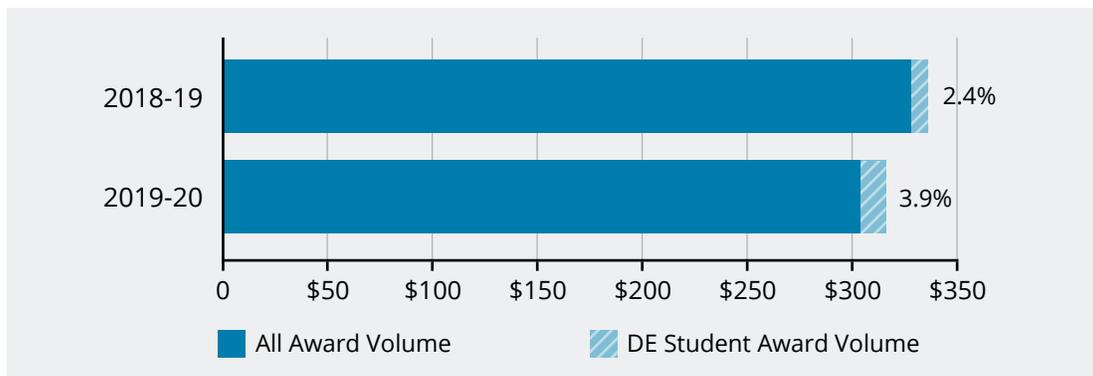
2019-20 Academic Year

	Enrollment Mode	Term Awards	Award Volume	% of Total Award Volume
Classroom Students	100% Classroom	168,601	\$ 249,289,809	77.6%
	Up to 50% DE	42,828	\$ 59,844,499	18.6%
Subtotal		211,429	\$ 309,134,308	96.2%
DE Students	> 50% but < 100% DE	4,845	\$ 3,864,417	1.2%
	100% DE	11,636	\$ 8,293,957	2.6%
Subtotal		16,481	\$ 12,158,374	3.8%
Total		227,910	\$ 321,292,682	100.0%

Note: The number of term awards does not equal the number of recipients since a student can receive an award in more than one term (fall, winter, and/or spring). In the 2019-20 Academic Year, there were 124,366 recipients as of June 30, 2020.

PA State Grant Award Volume to DE Students – HQD Institutions

2018-19 vs. 2019-20 Academic Year (in millions)



- Of the \$321.3 million in 2019-20 Academic Year PA State Grant Program expenditures, \$315.9 million or 98.3% was awarded to recipients attending HQD institutions.
- Of this \$315.9 million, nearly \$12.2 million or 3.9% was awarded to DE students.
 - Of the nearly \$12.2 million awarded to DE students, recipients who enrolled 100% online for all eligible terms of enrollment (fall, winter, and/or spring) received \$7.1 million or 58.2% of the funding.
- By comparison, nearly \$8.2 million or 2.4% of the \$336.0 million in 2018-19 Academic Year PA State Grant Program expenditures among recipients at HQD institutions was awarded to DE students.
 - Thus, from 2018-19 to 2019-20, award expenditures among DE students increased by \$4.0 million, and the share of award expenditures among DE students increased by 1.5 percentage points. These increases are primarily due to the maximum award for a DE student rising from \$2,061 in 2018-19 to \$3,092 in 2019-20, as well as a slight growth in DE participation.

Recipient Profiles

The demographics of classroom and DE students who were 2019-20 PA State Grant recipients differed in several key ways as illustrated by the profiles below. To allow for comparisons, the populations were limited to include only students who attended HQD institutions.

- PA State Grant recipients, regardless of their enrollment mode, were typically 20 years old, female, dependent, and enrolled full time.
- PA State Grant recipients who received a classroom award in all eligible terms of enrollment were typically 20 years old, female, dependent, and enrolled full time.
- PA State Grant recipients who received a DE award in all eligible terms of enrollment were typically 29 years old, female, independent, and enrolled part time.
- PA State Grant recipients who received a classroom award in at least one term and a DE award in at least one term were typically 24 years old, female, dependent, and enrolled part time. This profile is the only one that experienced a change from the prior year in that such recipients were typically independent students in 2018-19. However, it should be noted that both dependency status and enrollment intensity are fairly evenly split among this population.

PA State Grant Program Recipient Profiles

2019-20 Academic Year

All PA State Grant Recipients	Classroom All Terms	DE All Terms	Classroom & DE Combination
20 = Average Age	20 = Average Age	29 = Average Age	24 = Average Age
\$44,641 = Average Household Income	\$45,599 = Average Household Income	\$34,195 = Average Household Income	\$34,339 = Average Household Income
\$22,715 = Average Tuition & Fees	\$23,094 = Average Tuition & Fees	\$13,034 = Average Tuition & Fees	\$14,468 = Average Tuition & Fees
46.1 = Average Miles from School	47.2 = Average Miles from School	38.0 = Average Miles from School	28.3 = Average Miles from School
61.6% Female	60.5% Female	74.9% Female	73.5% Female
21.0% Independent	16.9% Independent	79.6% Independent	48.4% Independent
84.4% Full-Time Enrollment	88.4% Full-Time Enrollment	34.1% Full-Time Enrollment	49.0% Full-Time Enrollment

Note: The populations for the four profiles shown were limited to include only students who attended HQD institutions. Average tuition and fees are based on full-time, full-year students. Gender and average miles from school are not reported for all students.

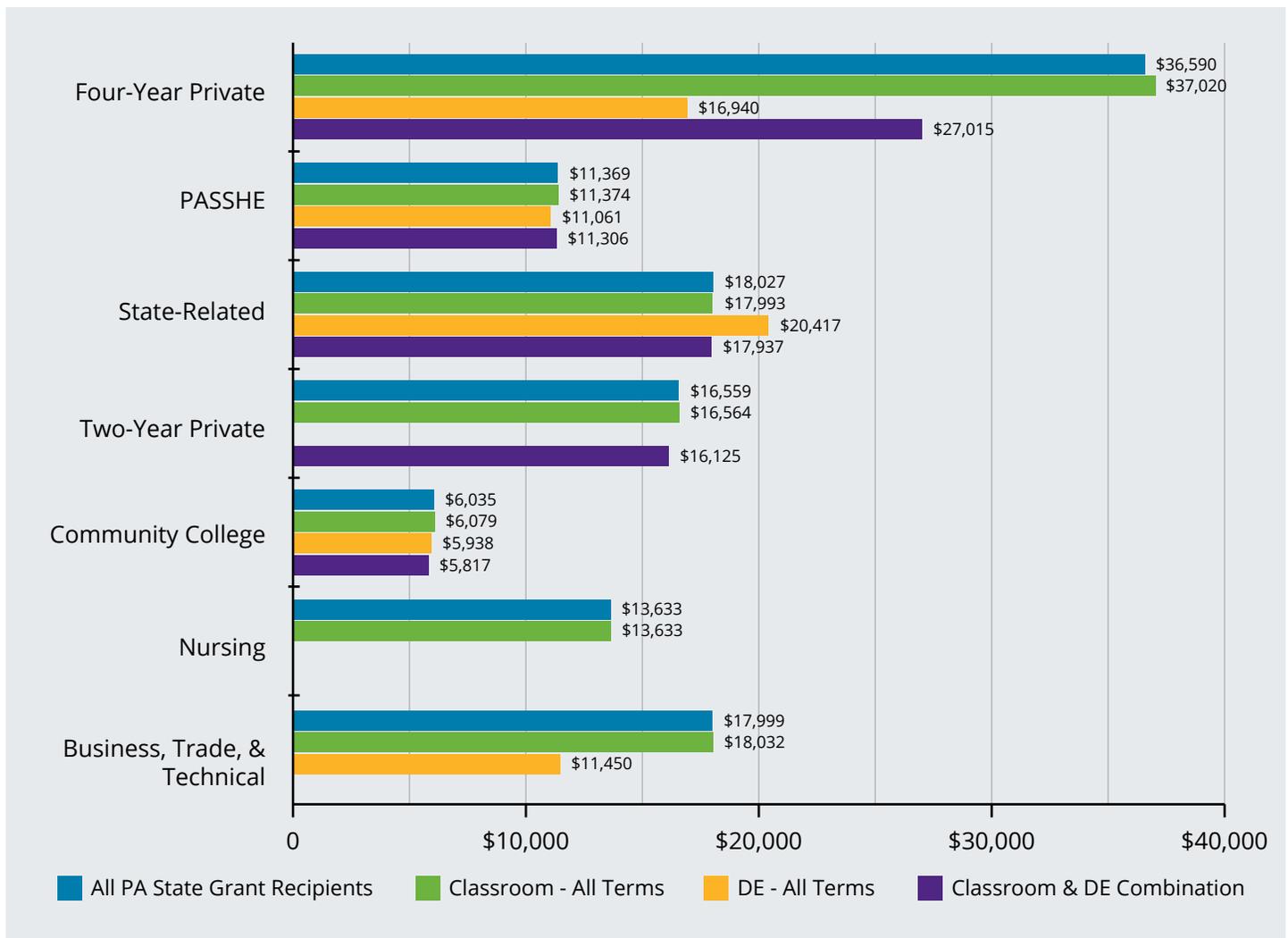
Tuition & Fees

Institutions that participate in the PA State Grant Program report to PHEAA the tuition and fees that are used in the award calculation process each year. A comparison of the full-time, full-year average tuition and fees used in the 2019-20 awarding process reveals differences between classroom and DE recipients. The averages in the chart below use reported tuition and fees for only full-time, full-year students who attended HQD institutions to allow for comparisons.

- In 2019-20, State-Related institutions were the only sector where the average tuition and fees among recipients who received a DE award in all eligible terms of enrollment exceeded the average tuition and fees among recipients who received a classroom award in all eligible terms of enrollment.
- In 2019-20, the largest difference between the average tuition and fees among recipients who received a DE award in all eligible terms of enrollment and recipients who received a classroom award in all eligible terms of enrollment was at Four-Year Private institutions.

PA State Grant Program Recipients' Average Tuition & Fees by Sector

2019-20 Academic Year



Note: Average tuition and fees are based on full-time, full-year students at HQD institutions. Two-Year Private schools did not have any recipients who received a DE award in all eligible terms of enrollment. PA Hospital Schools of Nursing did not have any DE recipients. Business, Trade, and Technical schools did not have any recipients who took a combination of classroom and DE courses.

Purchasing Power

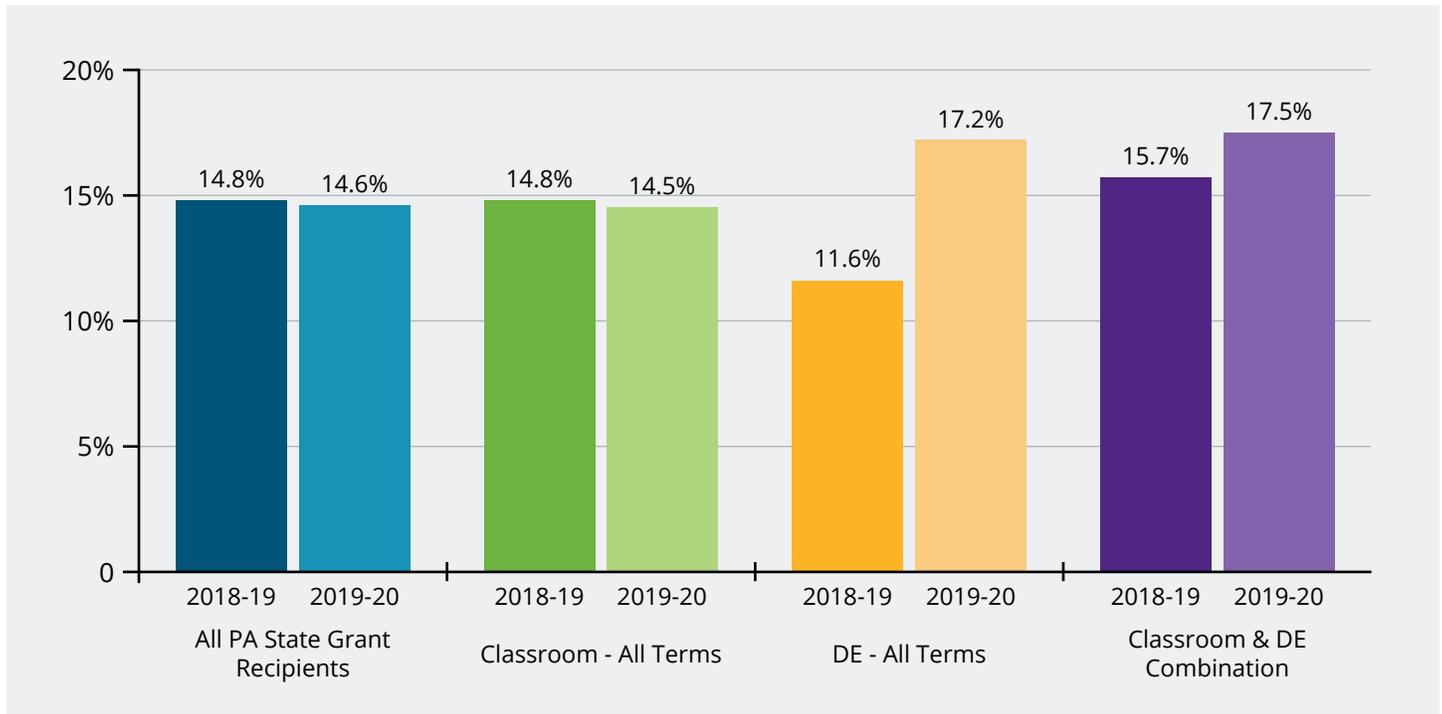
PHEAA illustrates PA State Grant purchasing power by calculating the average PA State Grant award as a percentage of average tuition and fees. To allow for comparisons, the purchasing power percentages shown in the chart below were limited to full-time, full-year students who attended HQD institutions. The school-reported tuition and fees and actual grant award for each of these students are used in the calculations.

Even though 2019-20 PA State Grants for DE students were set at three-quarters of the amount awarded to classroom students, the purchasing power for students who received a DE award in all eligible terms of enrollment and the purchasing power for students who took a combination of classroom and DE courses were higher than the purchasing power for students who received a classroom award in all eligible terms of enrollment. The results are primarily due to the distribution of DE students across institutional sectors and the fact that these two populations had average tuition and fees that were considerably lower than the average tuition and fees among 100% classroom students. In fact, their average tuition and fees were 56.4% and 62.6%, respectively, of the average tuition and fees among students who received a classroom award in all eligible terms of enrollment.

- For 2019-20, the overall purchasing power for PA State Grant recipients, regardless of their enrollment mode, was 14.6%.
- By comparison, the average 2019-20 PA State Grant covered 14.5% of tuition and fees for students who received a classroom award in all eligible terms of enrollment, 17.2% of tuition and fees for students who received a DE award in all eligible terms of enrollment, and 17.5% of tuition and fees for students who received at least one classroom award and at least one DE award.
- The purchasing power for students who received a 2019-20 DE award in all eligible terms of enrollment and the purchasing power for students who took a combination of classroom and DE courses increased from the prior year – primarily due to the increase in the maximum award for DE students from \$2,061 in 2018-19 to \$3,092 in 2019-20.
- There was less variation from the prior year in the overall purchasing power for all PA State Grant recipients and the purchasing power for students who received a classroom award in all eligible terms of enrollment; the slight declines were due to classroom award levels remaining the same while tuition and fees increased from 2018-19 to 2019-20.

Average PA State Grant Award as a Percentage of Average Tuition & Fees at HQD Institutions

2018-19 vs. 2019-20 Academic Year



Looking Ahead

In setting the 2020-21 PA State Grant Program award formula, the PHEAA Board approved a formula in which awards to students at HQD schools are the same regardless of the percent of online enrollment. Thus, 2020-21 marks the first time in which awards to DE students are not lower than awards to classroom students.

The ongoing uncertainty regarding the COVID-19 pandemic, recognition that schools may again need to adjust mode of instructional delivery during the academic year, and increased funding informed this decision. The 2020-21 PA State Grant appropriation of \$310.7 million was supplemented by \$15 million from PHEAA's business earnings and \$30 million of federal stimulus funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This combined funding allowed PHEAA to set the 2020-21 maximum PA State Grant award at \$4,525 – the second highest in program history.

Despite award parity among classroom and DE students, schools will continue to report each awarded student's enrollment mode on a term-by-term basis in 2020-21. This reporting will enable PHEAA to continue to meet its statutory requirement of reporting to the General Assembly on the impact of DE. As the academic year progresses, however, the COVID-19 pandemic may necessitate PHEAA issuing additional guidance to schools related to 2020-21 enrollment mode reporting. Any changes to 2020-21 student eligibility or school reporting of enrollment mode will be outlined in the 2020-21 Academic Year edition of this annual report.

PHEAA will monitor new developments and make adjustments within the bounds of statutory and regulatory authority to assist schools and students. Ultimately, PHEAA's goal is to review policies and take appropriate actions to minimize disruption for Pennsylvania's student population by easing financial burdens and maintaining access to higher education.

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today PHEAA is a national provider of student financial services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach, and other student aid programs.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state-funded student aid programs. As the only major federal loan servicer with a nonprofit public service mission, PHEAA devotes its energy and resources to help ease the financial burden of higher education for its primary stakeholders – Pennsylvania students and families.

PHEAA conducts its student loan servicing operations nationally as FedLoan Servicing and American Education Services (AES). PHEAA operates its digital technology division as Avereo. For more information, visit PHEAA.org.

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