

“Where Is the Refund Going?”: Second Chance Pell Recipient Perceptions of Federal Student Aid

Launched in 2015, the Second Chance Pell Experiment has allowed a select number of institutions of higher education to provide Pell grants to incarcerated students. To date, much of what is known about the implementation and impact of Second Chance Pell comes from the perspective of non-incarcerated practitioners. This research brief draws on focus groups conducted by the Research Collaborative on Higher Education in Prison at the University of Utah with incarcerated students and formerly incarcerated alumni of prison higher education programs. The larger project from which these data are drawn, *Exploring the Experiences Participants in Second Chance Pell*, is a mixed methods research study examining the implementation and facilitation of the Second Chance Pell Experiment.¹

Here, we examine the perceptions of federal student aid among student participants in the Second Chance Pell Experiment across four institutions. Specifically, we share perceptions of the communications students receive from program staff and administrators regarding financial aid, including FAFSA, tuition statements, and refunds. We find that:

- » Students either express dissatisfaction with rote directions they receive to complete the FAFSA or relief that program staff shield them from the stress of deciphering the financial aid process themselves. Some students implicitly trust program staff and require limited transparency, which can inadvertently contribute to financial aid confusion and illiteracy among students.
- » Many students are aware that if they were not incarcerated, they would receive refunds of Pell funds awarded in excess of the cost of tuition and fees. Across all sites, students shared that program staff do not sufficiently explain what happens to Pell refunds.
- » Lack of transparency about financial aid, especially the cost of attendance and Pell Grant refunds, breeds considerable mistrust among incarcerated students. Some students suspect colleges are unduly profiting from their Pell monies but fear repercussions if they raise too many questions.

In what follows, we expand upon each of these findings and conclude with recommendations. Note that all student and alumni names in this brief are pseudonyms. For ease of identification, the below table provides information regarding institutional-type and instructional mode for all sites included in the research. Sites with an asterisk indicate those where our research team interviewed incarcerated students and alumni and are included in this analysis.

Table 1

INSTITUTIONAL TYPE AND INSTRUCTIONAL MODE BY SITE

Site	Institutional Type	Instructional Mode
A*	2-year, Public	Distance-based

Site	Institutional Type	Instructional Mode
B*	4-year, Public	In-person
C*	2-year, Public	Distance-based
D*	2-year, Public	In-person
E	4-year, Private	In-person
F	4-year, Private	In-person
G	2-year, Public	In-person
H	2-year, Public	In-person
I	2-year, Public	In-person

*Sites with student and alumni data.

In what follows, we describe each of these findings in detail drawing from focus group data with incarcerated students and alumni of prison higher education programs participating in Second Chance Pell.

“I WAS GOING TO SIGN IT”: LEVELS OF STUDENT SATISFACTION WITH FAFSA SUPPORT

Student understandings of Pell reflect, in part, the quality of communication from higher education program staff. Staff at Sites E (4-year, private), G, H, and I (all 2-year, public) indicate they provide varying levels of financial aid education to incarcerated students. A financial aid administrator at Site G (2-year, public), for example, developed a brochure to explain to students how to address a defaulted student loan, an outstanding institutional balance, and dependent financial aid status. She was adapting her materials to include information about lifetime eligibility (LEU) and satisfactory academic progress (SAP). A first-generation college student herself, this administrator felt she needed to offer incarcerated students an abundance of information “because they can’t just come into the office.” Similarly, the program coordinator at Site I (two-year, public) created a “common mistakes document” for students, with “a succinct version of the instructions for the FAFSA.” At Site H (2-year, public), a financial aid administrator visits the prison but stipulates that she does not offer “a financial aid overview as a class or anything.” She explained that students can learn about concepts like lifetime eligibility if they ask.

While staff describe significant efforts to inform students about the financial aid process, how students may receive these efforts is different. At Site D, students emphasized the brevity of the prison higher

education program's introductory session, including filling out the FAFSA. Nicholas described the program's orientation as "a really fast process"; Cody said it lasted "two minutes." In this session, students were directed to "sign here, put zeroes here, and [use] this code" with little individual attention or explanation of the underlying rationale for prescribed answers. TJ wished program staff offered greater clarity about the "reasoning" behind their FAFSA directions.

Program coordinators at Site A (2-year, public) shared that they developed a detailed orientation guide for students, including descriptions of the Pell Grant, the FAFSA, and per credit hour and full-time flat rate tuition costs. The extent to which students completely understand and internalize this information is unclear.

Linda described the guide as full of "all those nice little numbers...that I don't understand but just take for granted that it's OK." Indeed, when asked to describe how Pell works, students at Site A turned immediately to program coordinators. "All I do is sit down and let [the program coordinator] fill out the forms," said Manuel. "I just sat there." Students do not openly worry that program staff are obfuscating the financial aid process. They suggest it is a relief that someone else is taking on the burden of remembering the ins and outs of Pell.

Site B (4-year, public) alums did not feel pressure to learn the rationale behind the FAFSA, either. Paul was a "deer in the headlights" every time he filled out the form; he "never pursued learning that information on [his] own" and relied on program staff to remind him which information to enter. He was content to sign what he was told and refrain from asking questions. Leonard described the FAFSA as "more of a nuisance" and did not feel compelled "to understand everything before signing." He was not inclined to consider the long-term implications of his financial aid decisions at the time. "I didn't think about any of the funding or any of those types of requirements or responsibilities that I had with it," he said. "I just knew that I wanted the higher education, and if I had to sign it, I was going to sign it." Reid and John described their priorities in similar ways. "Just let me fill this paperwork out," said John, "because my focus is getting this education and getting out of prison and letting these people know we're human beings."

Unlike their counterparts at Sites C and D, students at Sites A and B did not mention refunds, though Site A program staff indicated students had voiced similar suspicions about refunds in the past. For example, an administrator at Site A suggests that students do raise questions about their refunds such that program staff must make sure to "rectify" student accounts before incarcerated people access them. "If they see that there's \$500 extra on their account," he said, "they think that we took their money...[So] sometimes before we educate them on how to log in to see that information, we try to rectify all that and make it show what it's actually gonna be before they see it. Now, that doesn't always work that way, either. Right? And then the student still blames us, that we stole their \$500 or whatever it might be, even \$50." Site A's orientation materials also include references to refunds, indicating students have at least asked these questions in the past: "No funds are refunded to students. If there's anything 'left over,' [the college] by law has to return funds to the Federal government. Second Chance Pell does not allow for any funds to be paid directly to incarcerated individuals."

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“NOBODY REALLY ASKED TOO MANY QUESTIONS”: STUDENT AWARENESS OF TUITION STATEMENTS AND PELL REFUNDS

As mentioned above, Site D (2-year, public) students were uncertain whether the college was using Pell or state funding to cover the cost of their courses. A few students recall receiving a document (presumably their SAR) detailing their Pell expenditures and remaining semesters of eligibility. Still, program staff did not necessarily offer guidance about how to interpret it. Furthermore, students rarely get their grades and transcripts, let alone itemized tuition statements. Consequently, students do not know precisely how the college is spending the funds it receives on their behalf, and some express considerable suspicion that the program is profiting at their expense. “Why are they so adamant that we fill out [the FAFSA]?” asked Wesley. “Where does all that money go?” Charles could not understand why the program would require any students to use Pell funding when the college could apply state funding instead, allowing students to save their eligibility for educational pursuits after release. Greg thought it might be because Pell was “more lucrative for the school.” “Are they trying to pocket the rest of the money?” wondered another student. Charles and Wesley imagined program staff buying new cars and homes using their Pell funds.

“ ARE THEY TRYING TO POCKET THE REST OF THE MONEY?”

The topic of student refunds is especially sensitive. Outside of prison contexts, institutions include expenses like transportation and dependent childcare in the cost of attendance (COA) that determines how much Pell funding their students will receive. After their Pell award is applied to tuition and fees, the students then receive a refund to cover these other expenses. For Second Chance Pell students, colleges and universities can only include tuition, fees, books, and supplies, limiting the amount Pell institutions can receive on their behalf. Still, incarcerated students may be awarded Pell above the cost of tuition, fees, books, and supplies, depending on factors like the number of credit hours in which they are enrolled and costs for books.

In August 2022, the Department of Education updated its FAQs to indicate that schools can issue refunds if they do not supply books and/or supplies to students and if the local corrections authority/prison agrees to facilitate payment.² None of the institutions participating in this study indicated they were aware of this updated guidance; all institutions have a policy of not issuing refunds to students. For those institutions that are not allowed to issue refunds, the Department of Education is not entirely clear. One section of the Department’s frequently asked questions for Second Chance Pell indicates, “To avoid providing credit balances to students, institutions may want to consider including books and supplies as part of institutional charges and either providing books and supplies directly to students or including the costs of books and supplies in the student’s tuition and fees.” However, the previous section states that, “any remaining amount of Pell Grant funds that cannot be delivered to the student must be returned by the school to the Department of Education.”³ It is unclear, then, whether, according to the August 2022 update, schools should return refund amounts to the Department or make an effort to charge students enough for books and supplies that there will be no credit balances for students to receive in the first place. In July 2022, though, the Department of Education published its Notice of Proposed Rulemaking (NPRM), updating the interpretation of the FAFSA Simplification Act amendments that expanded Pell Grants to incarcerated students outside the Second Chance Pell Experiment. This NPRM stipulates that for prison education programs, “the postsecondary institution must reduce the Pell Grant award if the amount exceeds cost of attendance so that it does not result in a credit balance.”⁴ It is unclear which guidance the Department will ultimately adopt.

Financial aid administrators at Sites A, D, and G (all 2-year, public) revealed that up to this point, the federal government has not explicitly prohibited students from receiving the excess amount after tuition, fees,

books, and supplies are deducted from their Pell award. A financial administrator at Site D explained: "The school will get the information and then they'll automatically package the student based on a regular matriculated student." Staff familiar with the prison program at each institution must monitor incarcerated students' awards to ensure there is no indication these students should receive a refund. Financial aid administrators then engineer award amounts and records accordingly. Each term, Site A (2-year, public) will return any "leftover" funds to the federal government and "rectify" incarcerated students' bills so that they do not reflect the refund they would receive. A financial aid administrator at Site G (2-year, public) said, "We're having to adjust or fit [leftover amounts] in so there is no refund that is available."

“ YOU’D BE AMAZED AT HOW MANY SAY, ‘WELL, WHAT ABOUT THE EXTRA MONEY?’ ”

Despite this careful engineering, there are students, especially those who accessed Pell before incarceration, who know they would typically receive refunds for any federal funds the college gets in excess of tuition and fees.

Reentry specialists at Site H (2-year, public) remarked, "You'd be amazed at how many say, 'Well, what about the extra money?...you get a Pell grant, you get extra money when it's all spent.'" Students at Site D (2-year, public) are especially suspicious about the lack of refunds. Almost a quarter of the focus group participants at Site D mentioned refunds. Noting that students cannot keep books or laptops purchased using their Pell funds, Wesley was especially incensed that the college does not send them refund checks. He said, "They don't reimburse what they don't use to you; I want an understanding of where the money is going." Cody expressed some understanding that the college supposedly calculates the cost of attendance for incarcerated students so precisely that there is no remainder to refund. However, in the absence of any documentation, he is skeptical that is the case. "Where is the refund going?" he asked. "Is there a refund?... Ideally you would be able to see that on a tuition statement." TJ wanted transparency about the cost of books and tuition and any profit margins for the college: "We just want to know if it is happening," he said.

“ THEY DON’T REIMBURSE WHAT THEY DON’T USE TO YOU; I WANT AN UNDERSTANDING OF WHERE THE MONEY IS GOING.”

While a few students at Site C (2-year, public) said they had never seen a bill and had "not a clue" about the cost of tuition, a significant number of students at Site C had seen a general breakdown delineating the price per credit but not a personalized statement. A total of nine students out of the 48 who participated in focus groups at this site mentioned the possibility of mediated access to a bill, either by asking the prison education director to log in to their online account or for a printed copy. However, they stipulated that 1) they had to be "persistent" for the program coordinator to give them a printed copy or access to their online account and 2) the information in the bill was "superficial" and "general." Noticing that the student computer fee was listed as exactly \$500, Javier questioned how administrators calculate and present student costs. "I mean, that's a really round number," he said. "You don't go to Dell and just [say], 'I want a \$500.00 computer.'" Administrators, he implied, are adding but not explaining fees beyond the actual price of the device.

Two Site C (2-year, public) students articulated reasons why they could not receive a refund in prison. Yet many students implied that this discrepancy was suspect. Roy, Javier, and Terrell each raised a variation of the rhetorical question: "where is the extra money going"? Isaac and Shane suggested administrators return the extra funds to the federal government, which is what Site C indicates on its generalized cost breakdown issued to students. However, Peter insisted the college was keeping them. Louis speculated that each student's refund is added to "a slush fund" to pay for books and supplies; he thinks it should be reserved for students who have to take an unusual number of credit hours, so they do not have to pay out of pocket.

Students' suspicions have increased as transparency has diminished. Isaac, for example, remembers that program staff began redirecting his mail from the college once they realized he was receiving notices regarding the actual funds he had been allocated. One student assumed that administrators felt "no need" to share information with students "because...we're inmates." Several students felt as though they would be "shunned," "subject to disciplinary action," or perceived as "ungrateful" if they questioned discrepancies too forcefully. "That's definitely the vibe I've received," concluded one student: people in prison should be happy with whatever educational opportunities they receive and not raise too many questions or criticisms. Students at Site D (2-year, public) were concerned about being perceived as ungrateful; some were hesitant to critique the program because they feared it be taken away entirely.

Conclusion

Lack of transparency from higher education program administrators not only breeds distrust among students – but it also deprives them of the opportunity to gain financial aid literacy that will be vital for their future educational endeavors. Students from Sites A and B do not express the same level of frustration with administrators. In fact, students at these sites often voice a high degree of confidence in the individuals running college in prison programs. However, this trust results in similar kinds of financial aid illiteracy as seen among students at Sites C and D (both 2-year, public).

Two students at Site A (2-year, public) exemplify how attentive program staff must be to the issue of trust with regard to financial aid matters. Phillip wanted the program staff to understand that *"the nature of being incarcerated entails a huge lack of trust sometimes...So, knowing exactly what you're getting into before you jump into it, [he] think[s] especially financially, should be pretty upfront."* At the same time, Manuel at Site A wanted researchers to convey students' gratitude for educational opportunities and hoped that reading their perspectives would encourage individuals to volunteer and contribute to higher ed in prison programming. Program staff must foster trust among students. They can do so by being transparent about how Pell Grants works in prison and by encouraging critical feedback. Students should not fear being perceived as ungrateful simply for asking questions about how their Pell funds are being used. Program staff must also ensure that trust does not inhibit financial aid literacy and autonomy among students.

Recommendations:

- » Program staff should ensure that all applicable federal student aid materials distributed by the college or university on campus or online be regularly made available to incarcerated applicants and students.
- » In orientation and at the beginning of each semester, program staff should hold in-person, small group sessions to explain the rationale behind FAFSA answers, emphasizing the importance of financial aid literacy for students' future academic endeavors. This process should also include a sample calculation form so that students can see the average expenditures incurred for each semester and ask questions.
- » Administrators should provide students with tuition statements every semester. Tuition statements should include an itemized breakdown of charges, an explanation of how student fees are calculated, and the entire amount of Pell funds students are awarded, even if they do not receive any refund.
- » Program staff should explain that while students do not have to worry about covering these costs now, understanding tuition and fees will be crucial in the future. Inviting formerly incarcerated alumni to speak about their experiences accessing federal student aid upon release (and/or share their experiences via video or in writing) would be a particularly effective approach.
- » Program staff should review updated guidance from the Department of Education regarding refunds for incarcerated students, investigating whether the relevant corrections authority might allow for students to receive refunds. If this is not possible, program staff should clearly and regularly explain

rules and regulations that impact students' ability to receive refunds, including Department of Education guidelines as well as corrections policies.

- » Staff with the Department of Education should further clarify guidance to schools about refunds, both procedures that schools should follow and language to use to educate students.

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Endnotes

¹ Castro, E. L., Royer, C., Aguilar Padilla, E., & Gaskill, S. (2022, October 1). *Exploring the Experiences of Participants in Second Chance Pell: Introduction and Executive Summary*. Salt Lake City, UT: Research Collaborative on Higher Education in Prison.

² See question and answer 21 regarding credit balances: "...under this experiment an incarcerated student's cost of attendance is limited to tuition and fees, and books and supplies. As a result, a credit balance could only occur if the school does not supply the student's books and supplies. In these cases, because costs for books and supplies are allowable educational expenses, then, if the student's Pell Grant disbursements exceed the student's charges for tuition and fees, the school would be required to provide the amount of the Title IV credit balance to the student... In some cases, there may be restrictions on receipt of credit balance funds imposed by the correctional facility. In these cases, the institution must abide by the requirements of the correctional facility and should consider including books and supplies as part of their institutional charges." Federal Student Aid. (2022, August 5). *U.S. Department of Education's Experimental Sites Initiative Second Chance Pell Experiment Frequently Asked Questions*. <https://experimentalsites.ed.gov/exp/pdf/SecondChancePellFAQ.pdf>. See Q and A 21.

³ Federal Student Aid. (2022, August 5). *U.S. Department of Education's Experimental Sites Initiative Second Chance Pell Experiment Frequently Asked Questions*. <https://experimentalsites.ed.gov/exp/pdf/SecondChancePellFAQ.pdf>. See Q and A 21.

⁴ Institutional Eligibility, Student Assistance General Provisions, and Federal Pell Grant Program. 87 Fed. Reg. 45432 (proposed July 28, 2022), p. 97.