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Do Pell Grants Really Help Latinx Students Graduate? Understanding Financial Aid and Student Success in California's Public Universities

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Do Pell Grants Really Help Latinx Students Graduate? Understanding Financial Aid and Student
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Broad Research Question: How does financial need and federal financial aid affect the educational success of Latinx students?

Specific Research Question: How does the percentage of Latinx students receiving Pell Grants impact Latinx Graduation rates at UC and CSU campuses between 2017 and 2020?

Latinx students in California are showing up to college in higher numbers than ever, but they're still not graduating at the same pace as other groups. According to the Public Policy Institute of California, only about 64% of Latinx students finish within six years, compared to 83% of Asian students and 75% of white students (Alesi & Gomez, PPIC). That gap is honestly hard to ignore, especially with how expensive college has gotten and how many Latinx students have had to juggle school, work, and family just to stay on track. For a lot of us, financial aid isn't extra support; it's literally what keeps us enrolled. That's what pushed me to really dig into the Pell Grant, since it's the main type of federal aid available to low-income students and something so many Latinx undergrads depend on. In this project, I'm looking at whether campuses with higher shares of Latinx Pell Grant recipients also see stronger graduation outcomes for Latinx students, using UC and CSU data from 2017 to 2020 to understand how those patterns play out.

Context & Significance

One of the biggest challenges facing Latinx students in California is the simple fact that college is expensive, and financial pressure can make it harder for students to stay enrolled and graduate. California has one of the largest Latinx college-going populations in the country, especially in the UC and CSU systems. Even with this growth, Latinx students still graduate at lower rates compared to other students. These gaps show that Latinx students are not getting the same outcomes even when they are enrolled in college at higher rates than ever. To understand this problem, it helps to know what the Pell Grant is. It is a financial aid program that helps low-income students and does not need to be paid back. Many Latinx students rely on Pell

Grants because they come from families who can't cover the cost of tuition, housing, transportation, and much more.

For years, California has tried to address college affordability through its own programs, like the Cal Grant and Middle Class Scholarship, but the Pell Grant still reaches the most low-income families, including a lot of Latinx students. Since the Pell Grant is federal, California cannot control how much is funded or who qualifies, but they can control how it responds to the needs of these students, whether through campus support programs and working with federal aid. This matters for California public policy because the future of some of the state's workforce depends on Latinx college completion. Latinx students are almost half of California's student population yet they face many financial barriers that prevent them from graduating. These graduation gaps also reflect deeper inequality issues that California has been trying to fix for many years. When the largest population group in the state is struggling to graduate, it becomes a major concern. This is why answering my specific research question is important: understanding whether Pell Grants actually help Latinx students graduate can show policymakers whether current financial aid is enough or if students need more help. If Pell Grants are helping students succeed, that's a sign that expanding need-based aid could further reduce equity gaps. If they are not, then the state needs to consider more support systems to make sure low-income Latinx students don't fall behind. My research helps fill a gap in understanding how need-based aid affects Latinx students specifically in California's public universities.

Literature Review

Most research on financial aid and student success shows that money really does matter when it comes to helping low-income and first-generation students graduate. While different researchers use different methods, some focus on national data or specific states and universities, but overall, the main takeaway is that financial aid helps students graduate. That aligns directly with my project, which looks at whether Pell Grants make a difference for Latinx graduation rates at UC and CSU campuses.

A lot of researchers agree that financial aid helps students stay in college and finish their degrees. For example, Bettinger (2015) finds that need-based aid like the Pell Grant helps students stay enrolled because it reduces the time they have to spend working instead of studying. This is also discussed by Goldrick-Rab and Kelchen (2016) when they share that many Pell Grant eligible students still face financial stress that comes from housing or food insecurity, which interferes with their college success. Their work suggests that financial aid helps, but students still struggle, which can explain why some students who receive Pell Grants might still not graduate. Even though these studies do not focus specifically on California Latinx students, the same issues apply here because many Latinx undergraduates fall into the same low-income category. Besides academic journals, policy organizations have also studied financial aid and college completion. For example, the California Budget & Policy Center explains that financial barriers continue to keep too many low-income and underrepresented students from graduating (Budget Center, 2019). Their report focuses more on summer financial aid but, the overall message is that consistent and stable financial aid really matters. The Campaign for College Opportunity also did a report showing that Latinx students in both UC and CSU systems continue to graduate at lower rates and a big part of that has to do with money issues and not

getting enough support on campus (Campaign for College Opportunity, 2023) This source is helpful for my project because it explains the real challenges Latinx students face in California. Another report from the Public Policy Institute of California shows similar patterns, showing that Latinx students continue to fall behind in graduation outcomes even as overall rates go up, which points out the long-term inequality in California (PPIC, 2022). Both of these sources help confirm why looking at the Pell Grant and financial need is important for understanding Latinx student success. To add to this, Flores (2010) finds that when states expand financial support programs aimed at undocumented or low-income Latino students, their enrollment and persistence increase. This reinforces the idea that resources aimed at reducing financial barriers like the Pell Grant can play a major role in improving outcomes for Latinx students.

Most of this research points to the main point that financial aid can help students stay in school and graduate, but it doesn't work the same for everyone. One major issue is that these studies look at the Pell grant at the national level without digging into what happens specifically to Latinx students. Some don't break the data down by race at all, which is why my research will help fill this gap by focusing specifically on Latinx student outcomes in California, comparing Pell Grant percentages and graduation rates across campuses and over time. I plan on using campus-level data from 2017 to 2020 to make sure my research is more detailed and see the connection of how the Pell Grant affects Latinx student success.

Theory, Hypothesis & Causal Mechanism

My research is based on the idea that when students have enough financial support, they are more likely to stay in school and finish their degree. Many Latinx students in California come from low-income or working-class families, so money becomes a major factor in whether

they can stay enrolled full-time or not take any breaks. The Pell Grant is supposed to help fill that gap because it does not need to be repaid; the grant gives students a safety net to focus more on school than trying to balance school and work. My main theory is that financial stress and academic success are directly connected. When students feel financially secure, even just a little bit, they are able to focus more on school. With financial aid, students don't have to have a full time job and work long hours to afford school, food, and housing. All of this can make a difference in graduation outcomes, especially for Latinx students who are first-generation. So if the Pell Grant reduces that stress, it should improve Latinx graduation rates.

My conceptual hypothesis is campuses with a higher percentage of Latinx Pell grant recipients will have higher Latinx graduation rates, because Pell Grants reduce financial barriers and make it easier for students to stay enrolled in college. And my operational hypothesis is that an increase in the percentage of Latinx undergraduates receiving Pell grants at UC or CSU campuses will be connected to an increase in that campus's Latinx 6-year graduation rate from 2017 to 2020.

My causal mechanism is the idea that federal financial aid gives students more stability and lowers the pressure to work or take time off from school. When students feel less overwhelmed by money, they have more time to study, take full course loads, and ask for help when they need it. Basically, their energy can go toward their education instead of worrying about paying for it. If the Pell Grant is doing what it's supposed to do, we should see that relief show up in graduation rates, especially in groups that face the most financial obstacles, like Latinx students in California.

Research Design/ Methods

When I started working on my research, one of the first things I had to figure out was how to actually measure the Pell Grant side of my question. I decided to look at the share of Latinx freshmen who receive the Pell grant on each UC and CSU campus as my independent variable. And instead of doing anything complicated, I used straightforward data, I took the amount of Latinx freshmen at a campus who were Pell Grant recipients and compared that to the total number of Latinx freshmen enrolled that year. This gave me a simple percentage that reflects how common Pell Grants support Latinx students. I chose this operationalization because it allows me to compare campuses as some have a bigger Latinx population. Using percentages makes the comparisons more clear and shows how common financial need and Pell Grant eligibility is for Latinx students on each campus. The data for this variable comes from the UC and CSU research dashboards, which report Pell Grant recipients by ethnicity. My dependent variable is the Latinx graduation rate at each campus. I measure this by using the official graduation percentages reported by the UC Information Center and the CSU Student Success dashboard. I chose these measures because it's important data that policy makers look at to evaluate equity gaps.

Also, I included control variables that might influence both Pell grant eligibility and graduation rates. One important control is the overall share of low-income students on each campus because schools with more low-income students might have different outcomes. Another control variable is the percentage of Latinx students on each campus overall. This matters because campuses with more Latinx student communities may have more cultural support systems and resources that can help increase graduation rates. Both control variables come from UC and CSU enrollment demographic data. The unit of analysis in my research is the campus

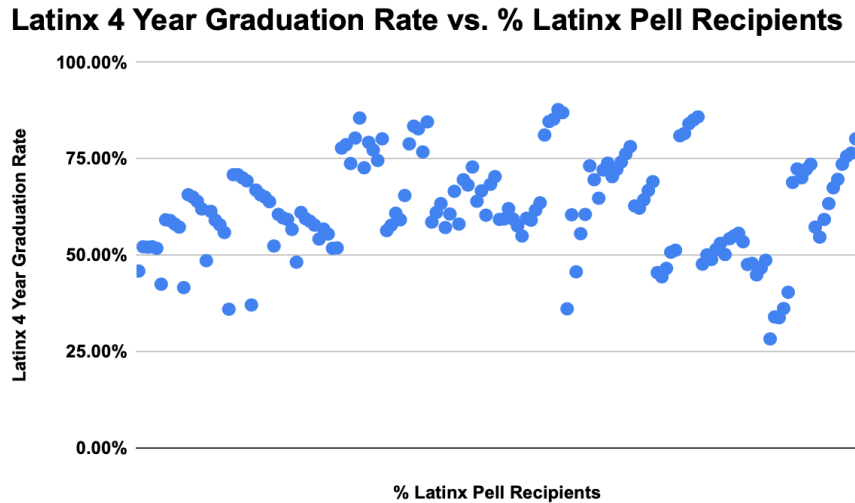
and year. This helps me look at the variation across each campus over time. My design uses multiple cases over multiple years. That way I can compare UCs and CSUs and see the relationship between the Pell grant and graduation rates.

The temporal scope of my project is 2017 through 2020. I chose these years because the data is complete and is consistent for 4 year graduation rates. The geographic scope is all public universities in California which is 10 UC's and 23 CSU's. Since each campus contributes four yearly observations my total sample size is 132 campus year cases. This gives me enough variation for me to compare each campus and year. Overall this research design allows me to connect Pell grant eligibility patterns with Latinx graduation rates in a consistent way. By measuring variables across all campuses and all years and by controlling demographic factors I can test my hypothesis with a dataset that reflects the diversity of California's higher education.

To test the relationship between my variables, I used a Pearson's r correlation since both my independent variable, the percentage of Latinx freshmen receiving Pell Grants and my dependent variable, the Latinx 4-year graduation rate, are continuous. This allowed me to see whether the two move together across UC and CSU campuses. I also ran an OLS regression to check whether the relationship held after accounting for my control variables, like overall Latinx enrollment and the share of low-income students on each campus. In addition to that, I used a simple t-test by comparing campuses with higher-than-average Latinx Pell recipient rates to those with lower rates to see if their graduation outcomes were meaningfully different. Altogether, these tests helped me see not just whether the variables are connected, but how strong that connection is and whether it remains once other factors are considered.

Results

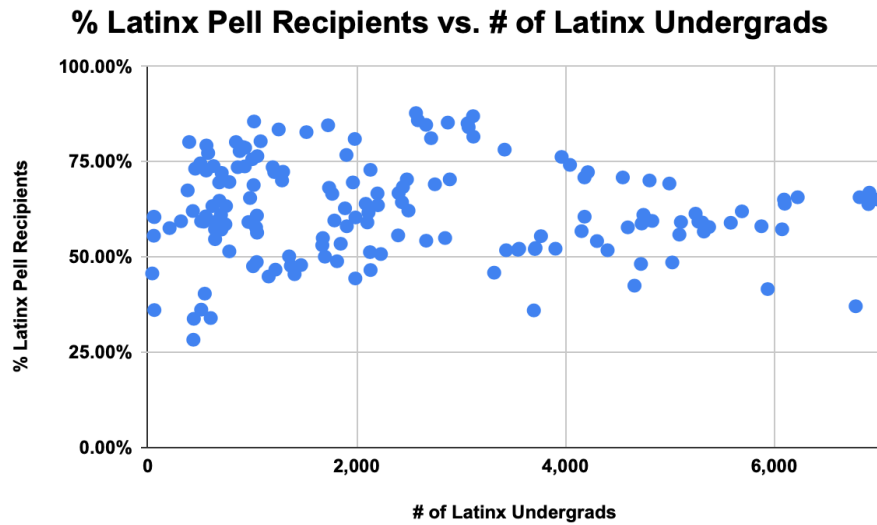
Figure 1. Latinx 4-Year Graduation Rate vs. % Latinx Pell Grant Recipients



Data Source: UC Info Center & CSU Student Success Dashboard (2017–2020)

This scatterplot shows how Latinx graduation rates increase as the percentage of Latinx Pell Grant recipients increases. Even though the points are spread out, there's still a clear trend. It's not a perfect line. Some campuses fall off the pattern but overall the relationship connects to my hypothesis that more Latinx Pell Grant support usually lines up with better graduation outcomes.

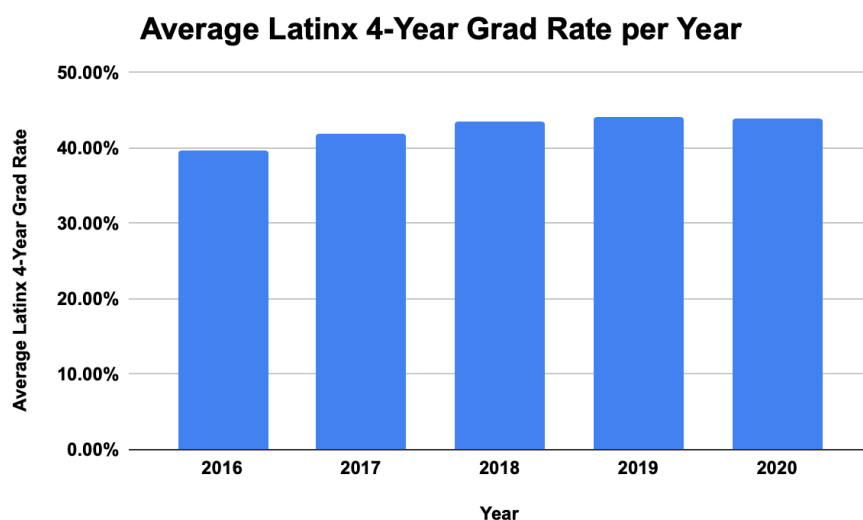
Figure 2. % Latinx Pell Recipients vs. # of Latinx Undergraduates



Data Source: UC Info Center; CSU Student Success Dashboards

This scatterplot compares the size of a school's Latinx population with how many of those students receive Pell Grants. The data shows that even at campuses with more Latinx enrollments, the Pell grant recipient percentages are pretty different. This tells me that financial need isn't just about the number of Latinx students on campus; different schools seem to serve different levels of low-income students.

Figure 3. Average Latinx 4-Year Graduation Rate per Year (2016–2020)



Data Source: UC Info Center; CSU Student Success Dashboards

This bar chart shows the average Latinx 4-year graduation rate across from all the UC and CSU campuses in California from 2016 to 2020. We can see that graduation rates slowly go up from 2016 to 2019, then go back down a little in 2020. Overall, there is some growth but then in 2020 things like covid could affect graduation rates.

Research Implications

In my research I wanted to look at if campuses with higher percentages of Latinx Pell Grant recipients also have higher Latinx graduation rates. After putting my data together I can see that it supported my hypothesis. The main reason my results lean in favor of the hypothesis is that Pell Grants reduce financial pressure. When students don't have to work as many hours or stress as much about covering basic costs, they are more able to stay enrolled full-time and finish

their degree. That shows up in the data as higher graduation rates in places where more Latinx students receive this aid.

I would say that there are some unexpected findings, especially with campuses where graduation rates were low even though Pell grant recipients were high. That suggests that money isn't always enough. Some schools might have less academic or cultural support programs or more part-time students. These factors affect Latinx student success but weren't included in my dataset. In terms of real-world implications, my results suggest that strengthening need-based financial aid is still an important tool for closing graduation gaps in California. If California wants to improve Latinx graduation outcomes, both the financial aid needs to be improved and campus support.

Research Limitations/Extensions

Even though my project helped me understand the connection between Pell Grants and Latinx graduation rates, there were definitely a few limitations. One big problem was the data itself for example UC and CSU dashboards doesn't show things the same way and some data was harder to find. I also couldn't get really specific student-level data that probably affects graduation just as much as financial aid. Looking back at my whole research I wish I looked into campus support programs because they really are super important especially for underrepresented communities.

There were also control variables I would've liked to include but didn't have time or data for. For example, looking at part-time vs. full-time enrollment would probably help explain why some campuses didn't follow the main pattern. Campus cost of living could've been another

important factor, since attending school in places like LA or the Bay Area is way more expensive than attending somewhere like Chico or Stanislaus.

In the future I really think my project could go a lot of different directions. For example I can look beyond UC and CSUs and compare these trends to California Community Colleges since their enrollment has increased a lot. I could also look at whether specific kinds of campus support change the Pell Grant to graduation relationship. And I want to look at a longer time period especially before and after big policy changes like COVID or FAFSA reforms. Overall, there's a lot more to look at and this project made it clear that financial aid is just one part of a bigger picture.

Conclusion

Looking back at this project, my goal from the beginning was simple, I wanted to understand whether the Pell Grants were actually helping Latinx students in California finish college. We talk a lot about financial aid like it's a guaranteed solution, but for students like me—and so many people I know—it isn't. Financial aid decided if a student can stay enrolled. That's what made me want to take a closer look at the relationship between Pell Grants and Latinx graduation rates across UC and CSU campuses.

After collecting the data and really looking at my results I can see that campuses where more Latinx freshmen received Pell Grants also have higher Latinx graduation rates. Not every campus or year had the same result but they overall lined up with what I expected. Since a lot of Latinx students are balancing school with jobs and much more my results make a lot of sense. Which is why it's important that financial aid actually meets what students need so that they are

less stressed and can focus on school. With just a little more support Latinx students can stay enrolled full-time.

At the same time, the project also showed that financial aid alone isn't a quick fix. A few campuses did not follow the pattern, and that made me think about what else plays a role. Like some campuses have stronger advising or cultural support programs. As well as maybe housing costs, transportation, or local job markets shape whether a student graduates on time. In some cases the Pell Grant helps, but not enough on its own when a student. Those mismatches in the data are a reminder that numbers don't always tell the whole story. It shows that students need more than just money, they need community and overall support.

Overall, my research helped me understand that when students don't have to worry as much about paying for school, they have the chance to actually focus on being students and graduate. If California wants to close equity gaps and expand and improve need-based aid needs to be focused on. This research doesn't solve the problem on its own, but it points to where we can start.

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