

Pell Grants

Overview: The federal Pell Grant Program, authorized by Title IV of the Higher Education Act, is the largest federal grant program supporting postsecondary education and training for low-income students. It distributes need-based awards through postsecondary institutions to help students with the costs of attendance, including both direct costs, such as tuition and fees, and indirect costs, such as living expenses.

Type of Program: Grants to individuals via the higher education institution they attend.

Eligibility and Targeting: Both students and educational programs must meet specific eligibility criteria. Pell Grants target lower-income students enrolled in programs that result in a certificate or degree.

Services/Program Support: For students enrolled in eligible postsecondary programs that lead to a certificate or degree, Pell Grant funding can cover tuition, fees, housing and food expenses, books and supplies, transportation, and child care. Pell Grants can cover up to a year of remedial coursework if the student has been admitted to an eligible program and the remediation is part of or required for that program.

Non-federal Funds: Pell Grants are wholly funded by the federal government. There is no state or institutional matching requirement.

HOW PROGRAM CAN SUPPORT CAREER PATHWAYS AND CAREER PATHWAY BRIDGES

States and local institutions have few, if any, opportunities to make policy that directly affects how Pell Grant funding is used because funding flows directly from the federal government to the student via the educational institution the recipient attends, and student and institutional eligibility standards are determined by federal law. However, states and institutions can adopt policies and practices that expand the number of students and educational programs that are eligible for student aid. Pell Grants can help ensure that lower-income students have access to career pathways. States and local institutions can raise awareness about the availability of Pell Grants to pay for tuition and other expenses related to participating in an eligible career pathway. States can work with postsecondary institutions to design career pathway and career pathway bridge offerings to make as many

components Pell-eligible as possible. If a component cannot be designed as Pell-eligible, states and postsecondary institutions should consider how to support it with complementary funds from other sources.

Students must meet individual eligibility criteria and be enrolled as a regular student in a certificate or degree program that itself meets Pell Grant eligibility criteria. A student is eligible for Pell Grants if he or she meets all of these conditions:

- The student demonstrates financial need.
- The student is a U.S. citizen or eligible non-citizen.
- The student has a high school diploma or its recognized equivalent (e.g., GED) or was homeschooled.²⁹ Prior to July 1, 2012, if a student did not have one of these credentials, he or she could demonstrate his or her “ability to benefit” from postsecondary education

in one of three ways: (1) pass an ability-to-benefit test; (2) complete six postsecondary credits in a degree or certificate program with a C average or better; or (3) through a state-established process. With the *Consolidated Appropriations Act 2012*, Congress eliminated aid eligibility for students without a high school credential or its equivalent. However, some students are “grandfathered”: a student who was enrolled in an eligible program prior to July 1, 2012, can use the “ability to benefit” provisions to establish aid eligibility (assuming he or she meets all other eligibility requirements).³⁰

- The student has resolved any issues related to drug convictions.³¹
- The student is not in default on a federal student loan and does not owe the institution or the federal government for an overpayment of student aid (if the student has made a repayment arrangement for the default or overpayment, he or she may be eligible for aid).
- The student maintains “satisfactory progress,” which requires students maintain a minimum grade point average and complete a certain percentage of courses attempted each semester. In addition, maintaining satisfactory progress requires achieving the number of credits needed to earn a postsecondary certificate or degree program within 150 percent of the time normally required for completion (e.g., three years for a two-year associate’s degree program, which is prorated for part-time attendance).
- The student has not completed the requirements for or received a bachelor’s or professional degree.

A student’s Pell Grant amount primarily is determined by the student’s expected family contribution, which depends on student and family earnings (the formula is: Pell Grant Award = Total Maximum Pell Grant minus Expected Family Contribution; in some cases, the amount may be determined by the cost of attending the institution).³² The maximum Pell Grant award for a full-time student for the full academic year 2012-13 (7/1/12-6/30/13) is \$5,550. Awards are prorated based on enrollment status and the length of the period of attendance. The average new award in 2010-11 was \$3,800. Pell Grant recipients typically come from very low-income families: 74 percent of recipients in 2011 had household

incomes under \$30,000 (and more than half came from families with income under \$20,000).³³

Certificate and degree programs are generally eligible for Pell Grants if the program meets all of these criteria:

- The program is offered by an eligible public or private nonprofit institution of higher education or proprietary or postsecondary vocational institution. This generally means that the institution has legal approval from the state and is accredited or meets an alternative to accreditation standard, as well as certain other requirements.
- The program is a degree or certificate program at least one year long, resulting in gainful employment or, for certificate programs shorter than one year, is on the institution’s list of federally approved non-degree programs (the Eligibility and Certification Approval Report or ECAR). To be eligible for Pell Grants, these shorter certificate programs must be at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours long and offered over at least 15 weeks of instruction.³⁴
- The program is accredited and approved by the state (unless the accrediting agency or state does not regulate that type of program).

Some states and institutions have sought to ensure that students can earn “milestone credentials” within career pathway programs that are eligible for Pell Grants. For example:

In **Indiana**, Ivy Tech Community College has made a concerted effort to make shorter-term (less than one year) technical certificates eligible for student financial aid. It has received approval for 59 certificate programs. In addition to designing programs according to the eligibility guidelines, Ivy Tech had to gain approval from its accreditation body (the Higher Learning Commission), the Indiana Commission for Higher Education, and the U.S. Department of Education. Each certificate program is composed of courses that are also part of an associate’s degree program, so students can gain credit toward an associate’s degree if they choose to continue their education. Ivy Tech Community College is one of the

few community colleges to focus on gaining approval for numerous shorter-term technical certificate programs.

The **Arkansas** Career Pathways Initiative (CPI) has four key components: clear pathways of continuing education and employment, innovative instructional strategies aimed at improving student retention and completion, comprehensive student support services, and strategic partnerships.³⁵ The CPI is funded primarily through the state's Temporary Assistance for Needy Families program. However, program staff help participants apply for Pell Grants and other student aid to augment CPI funds. (Students use financial aid funds to cover tuition, fees, and other costs of attending before accessing CPI funds.)

Since 2004, **Oregon's** Career Pathways Statewide Initiative has aimed to “transform Oregon’s education systems to focus on helping youth and adults attain degrees, certificates, and credentials that lead to demand occupations, increased wage gain, and lifelong learning.”³⁶ Oregon’s 17 community colleges, in partnership with the state’s high school Career & Technical Education Network, the Oregon University System, the Employment Department, and Workforce Investment Boards, have created over 150 Career Pathways Certificates. Community college financial aid directors have approved financial aid guidelines for Career Pathway Certificates. In general, Career Pathway, Less Than One Year (LTOY), and other stand alone 12- to 44-credit certificate programs are not eligible for student aid. (The Oregon Initiative operates on a quarter-based hour system, not a semester-based hour system.) However, Career Pathway Certificates and LTOY Certificates are considered “momentum points” in student progression toward the aid-eligible course of study. Students who are enrolled in a course of study that is eligible for financial aid, such as an associate’s degree, can also earn a Career Pathway Certificate, LTOY, or other standalone certificate as they complete the required coursework on the way to attaining aid-eligible credentials or degrees.³⁷

PROGRAM LIMITATIONS

Pell Grants can cover a wide range of expenses related to postsecondary education and training. However, there are limitations:

- Students must meet all eligibility criteria described above.
- Educational programs must meet all eligibility criteria described above.
- Postsecondary institutions must be eligible to distribute federal Title IV student financial aid.
- Students convicted of drug-related crimes while receiving student aid or who have defaulted on federal student loans can be temporarily or permanently disqualified from receiving Pell Grants.
- Although students can theoretically apply for financial aid at any time, it is generally applied for and distributed in semester-based cycles (based on terms or other payment periods for clock-hour and non-term-credit-hour programs). It can take several weeks from the time of application for a student to begin receiving aid, so students and programs must plan ahead.
- Students cannot receive Pell Grant awards for more than 12 semesters or its equivalent.³⁸ This is prorated for part-time students.
- Remedial courses are Pell-eligible only if the student is accepted into an eligible program and takes remedial coursework within that program. Up to one academic year’s worth of these courses can be counted in the student’s enrollment status for federal aid. For the purpose of this limit, that is 30 semester or trimester hours, 45 quarter hours, or 900 clock hours. English as a Second Language courses do not count against the one-year limitation on remedial coursework, and they need not be at the secondary school level.

OPPORTUNITIES FOR STATES

- Work with financial aid administrators to structure career pathways and career pathway bridges so these programs are eligible for Pell Grants. Pay particular attention to program length and intensity. Students can receive student aid as they earn *interim* credentials that are too short to qualify for student aid on their own as long as the student is enrolled in and intends to complete a longer-term, aid-eligible program within which the interim credentials are embedded.
- Ensure that low-income students seeking to enroll in credit-bearing career pathway programs apply for Pell

Grants to cover tuition and other expenses. Assess how much Pell Grant funding can be expected for career pathways.

- Provide state leadership in helping colleges coordinate multiple funding streams and sources of student aid (e.g., Pell Grants, WIA Title I funding, TANF dollars) in order to offer more comprehensive funding packages to help students cover the entire cost of attendance, including tuition and fees, living expenses, and student supports, such as child care and transportation.
- Maximize federal need-based financial aid in conjunction with state aid programs.
- Provide state leadership in helping colleges be more assertive in gaining aid eligibility for qualifying shorter-term certificate programs.
- Provide professional development for college financial aid officers, faculty, and staff.