

# 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; this includes 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

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 make career pathway components Pell-eligible whenever 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 also 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 noncitizen.

- The student has a high school diploma or its recognized equivalent or was homeschooled or qualified by an Ability to Benefit process.<sup>40</sup> The Ability to Benefit provision in Section 484 of the Higher Education Act, allows a student who was homeschooled—or who is enrolled in an eligible career pathway program but does not possess a high school diploma or its recognized equivalent—to 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 of coursework applicable to a degree or certificate offered by an institution of higher education; or
3. Through a state-established process.

In this subsection, the term ‘eligible career pathway program’ means a program that combines rigorous and high-quality education, training, and other services that—

“(A) aligns with the skill needs of industries in the economy of the State or regional economy involved;

“(B) prepares an individual to be successful in any of a full range of secondary or postsecondary education options, including apprenticeships registered under the Act of August 16, 1937 (commonly known as the ‘National Apprenticeship Act’; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.) (referred to individually in this Act as an ‘apprenticeship’, except in section 171);

“(C) includes counseling to support an individual in achieving the individual’s education and career goals;

“(D) includes, as appropriate, education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster;

“(E) organizes education, training, and other services to meet the particular needs of

an individual in a manner that accelerates the educational and career advancement of the individual to the extent practicable;

“(F) enables an individual to attain a secondary school diploma or its recognized equivalent, and at least 1 recognized postsecondary credential; and

“(G) helps an individual enter or advance within a specific occupation or occupational cluster.<sup>41</sup>

This provision is retroactive and applies “to students who are enrolled or who first enroll in an eligible program of study on or after July 1, 2014.”

- The student has resolved any issues related to drug convictions.<sup>42</sup>
- 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 to keep a minimum grade point average and complete a certain percentage of attempted courses 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 is primarily determined by his expected family contribution, which is based 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 influenced by the cost of attending the institution.)

For the 2017-18 academic year, the maximum Pell Grant award for a full-time student is \$5,950. Awards are prorated based on enrollment status and the length

of the attendance period. The average new award in 2015-2016 was approximately \$3,792. Pell Grant recipients typically come from very low-income families; 70 percent of recipients in the 2015-16 academic year had household incomes under \$30,000, and 39 percent came from families with income at or below \$20,000.<sup>43</sup>

Certificate and degree programs are generally eligible for Pell Grants if they meet all 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 at least one year long, provides a degree or certificate upon completion, and results in gainful employment. Certificate programs shorter than one year may be exempt from this criterion if they are included in 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 be offered over at least 15 weeks of instruction.<sup>44</sup>
- 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 worked to ensure students earn “milestone credentials” within career pathway programs that are eligible for Pell Grants.

In **Indiana**, Ivy Tech Community College has worked 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 matching program design to 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; this

allows students to earn credits toward an associate's degree if they choose to continue their education.

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.<sup>45</sup> The CPI is funded primarily through the state's Temporary Assistance for Needy Families program. However, CPI 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 in-demand occupations, increased wage gain, and lifelong learning.”<sup>46</sup> In partnership with the state's high school Career & Technical Education Network, the Oregon University System, the Employment Department, and Workforce Boards, Oregon's 17 community colleges have created over 240 types of Career Pathways Certificates and awarded them to over 5,000 students. 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 standalone 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.<sup>47</sup>

#### 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.<sup>48</sup> 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. That works out to 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, unlike other remedial coursework, ESL courses can offer content below the secondary level and still be Pell-eligible.

#### OPPORTUNITIES FOR STATES

- Work with financial aid administrators to ensure career pathway programs are structured to match Pell Grant eligibility. Pay particular attention to program length and intensity. If a student is enrolled in and intends to complete a long-term program that is eligible for student aid, then he can also receive aid while earning an interim credential.
- 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, WIOA Title I funding, TANF dollars) in order to offer students more comprehensive funding packages that can 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.