

# Pell Grant

## SNAPSHOT

**Overview:** The 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 are targeted to lower-income students enrolled in programs that result in a certificate or degree. (For more detailed eligibility information, see section on how Pell Grants can support career pathways and career pathway bridges.)

**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, and there is no 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 must also be enrolled as a regular student in a certificate or degree program that itself meets Pell Grant eligibility criteria. Students are eligible for Pell Grants if they:

- Demonstrate financial need,
- Are a U.S. citizen or eligible non-citizen,

- Have a high school diploma or GED. If a student does not have one of these credentials, the student can demonstrate his or her “ability to benefit” from the program in one of two ways: (1) pass an ability to benefit test (see the Office of Postsecondary Education’s website for a list of approved tests); or (2) complete six postsecondary credits in a degree or certificate program with a C average or better (the student can receive federal student aid after completing these credits, but not during),<sup>21</sup>
- Have resolved any issues related to drug convictions,<sup>22</sup>
- Are not in default on a federal student aid loan; if the student owes an overpayment on a federal student aid grant or loan but has made a repayment arrangement for the default or overpayment, the student is eligible,
- Maintain “satisfactory progress,” which requires students to maintain a minimum grade point average and to complete a certain percentage of courses attempted each semester. In addition, maintaining satisfactory progress also requires achieving the number of credits needed to 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 degree program, adjusted for enrollment status), and
- Have not completed the requirements for, or received, a bachelor’s or professional degree.

Pell Grant amounts vary according to the student’s expected family contribution, which is dependent on student and family earnings, the cost of attending the institution, whether the student attends full-time or part-time, whether the student attends for a full academic year or less, as well as other factors. According to the U.S. Department of Education, the maximum Pell Grant scheduled award for a full-time student for the full academic year 2010-11 (7/1/10-6/30/11) is \$5,550. Awards are prorated based on enrollment status and length of the period of attendance. The average award for 2010-2011 is expected to be approximately \$3,865. Pell Grant recipients typically come from very low-income families, with most having household incomes under \$30,000 (and more than half from families with income under \$20,000).

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

- 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, as well as certain other requirements,
- Is a degree program or a 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, and
- Is an accredited program approved by the state (unless the accrediting agency and/or state do not regulate that type of program).

Some states and institutions have worked 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, and has already received approval for 22 certificate programs. In addition to designing programs according to the eligibility guidelines, the process required Ivy Tech 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 made up of courses that are also part of an associate degree program, so students can gain credit toward an associate degree if they choose to continue their education. Ivy Tech Community College is one of the few community colleges to have focused on gaining approval for numerous shorter-term technical certificate programs.

The **Arkansas** Career Pathways Initiative (CPI) includes four key components: (1) clear pathways of continuing education and employment, (2) innovative instructional strategies aimed at improving student retention and completion, (3) comprehensive student support services, and (4) strategic partnerships.<sup>23</sup> CPI is funded entirely through the state's Temporary Aid to Needy Families (TANF) program. However, program staff helps 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.” Oregon’s community colleges, in partnership with the state’s high school Career & Technical Education Network, Oregon University System, Employment Department, and Workforce Investment Boards have launched 150+ Career Pathways Certificates at the 17 community colleges. 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. However, Career Pathway Certificates & 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 degree, can also earn a Career Pathway Certificate, LTOY, or other stand-alone certificate as they complete the required coursework on the way to attaining an aid-eligible credential or degree.<sup>25</sup>

### PROGRAM LIMITATIONS

Pell Grants can cover a wide range of expenses related to postsecondary education and training; however, there are some 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 who have been convicted of a drug-related crime while receiving student aid or who have defaulted on federal student loans can be temporarily or permanently disqualified from receiving a Pell Grant.
- Although students can theoretically apply for student financial aid at any time, student aid 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). Students who apply too late in the cycle may miss out on limited grant funding. Also, it can take several weeks from the time of application for a student to begin receiving aid, so students and programs must plan ahead.
- There is a limit on how many Pell Grant awards a student can receive. All students who first received a Pell Grant on or after July 1, 2008, may receive Pell Grants for up to 18 semesters or the equivalent. This means students can receive no more than nine scheduled awards; this is prorated for part-time students. (The limit does not apply to students who received their first Pell grant before July 1, 2008.)
- Remedial courses are Pell-eligible 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 they are eligible for Pell Grants. Pay particular attention to program length and intensity.
- Ensure that low-income students seeking to enroll in credit-bearing career pathways 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. This is especially important if a college opts for the alternative to the ability to benefit test in helping students qualify for federal student financial aid.
- Maximize federal need-based financial aid in conjunction with state aid programs.
- Provide state leadership in helping colleges to be more assertive in gaining aid eligibility for qualifying shorter-term certificate programs. Provide professional development for college financial aid officers, faculty, and staff.