

## PELL GRANT ELIGIBILITY CHANGES

The Pell Grant program received significant attention in 2011, resulting in a large influx of much-needed funds and permanent changes to program eligibility. Over the past three years, the program has seen unprecedented growth – from assisting 5 million students to over 9 million. With 9.4 million students projected to receive a Pell Grant in academic year (AY) 2012-2013, the program has required additional funding to match the demand.

During the summer of 2011, the Pell Grant program was in danger of facing an \$18.3 billion shortfall over the next two academic years. Congress opted to infuse the program with \$17 billion during the debt ceiling negotiations, leaving a more manageable \$1.3 billion shortfall for AY 2012-2013. In order to maintain the \$5,550 maximum and address the \$1.3 billion shortfall for AY 2012-2013, Congress implemented the four following changes to Pell Grant eligibility in the final FY 2012 omnibus funding package:

1. Elimination of Ability-to-Benefit Students: Ability-to-Benefit students are those who have not received a high school diploma or GED but have demonstrated their capacity to benefit from college access through testing or course completion. As of July 1, 2012, new students will no longer be eligible for student aid. Consequently, 65,000 students who would have received an average grant of \$3,932 will not be eligible receive any Pell Grant funding in 2012-2013.
2. Changes to Income Levels for Zero Expected Family Contribution (EFC): The Expected Family Contribution (EFC) is the amount a student or family is expected to contribute toward college costs. Generally, the lower the EFC, the more financial aid a student is eligible to receive. Under the omnibus, the maximum income for automatic zero EFC students has been reduced from \$32,000 to \$23,000. This will eliminate 12,000 students from eligibility for an average Pell Grant of \$4,098. An additional 274,000 recipients will receive an average of \$715 less in Pell funding, but remain in the program, as a result of this change.
3. Elimination of Students Receiving 10% of the Maximum Award: Students receiving the minimum Pell Grant award of \$555 no longer qualify to receive Pell as of July 1, 2012. In 2012-2013, this means about 3,000 recipients will not receive an average grant of \$506.
4. Reduction in the Maximum Number of Semesters: Students currently may receive a maximum of 18 full-time semesters of Pell Grant awards. Starting on July 1, 2012, this will be reduced to 12 full-time semesters, and it will retroactively impact students currently exceeding 12 semesters. For students who are less than full-time, the cap is applied proportionally to their enrollment. As a result, about 63,000 recipients will not receive an average award of \$3,905 in 2012-2013.

These changes will generate \$11 billion in savings over the next 10 years, but they will also knock hundreds of thousands of students out of the program in the coming decade. In the short term, 145,000 recipients will not receive awards in AY 2012-2013. For community colleges, elimination of the Ability-to-Benefit students represents the greatest impact. However, it is important to note that other proposed changes, such as elimination of less than half-time students and changes to the income protection allowance, were avoided during this round of cuts.