



Establish Pell Grant Eligibility for Quality Short-Term Training Programs

Legislators should provide limited new Pell Grant eligibility for short-term training programs in a reauthorized Higher Education Act. These programs are an important and growing component of community college offerings. They are designed both to respond to immediate employer demand and to create new pathways or career ladders to foster upward mobility.

Currently, Pell Grant eligibility is limited to programs that are the equivalent of two thirds of an academic year (600 clock hours/16 credit hours). This restriction was established before obtaining some postsecondary education, even shorter-term credentials, was as imperative as it is today.

In 2014–15, 24% of all credentials awarded by community colleges were certificates of less than 1 year. These academic credentials were earned in a variety of fields and reflected varied local workforce needs. They include business management, engineering, precision production, nurse assistant, computer and information technology, marketing, and many other areas.

AACC proposes providing institutions with Pell Grant funds equal to 2% of the previous year's Pell Grant expenditures that would be targeted at financially needy students enrolled in short-term programs that lead to good jobs. The mechanics of the program are specified below. Local evaluations would guide resource allocation to the highest quality, most in-demand programs. Institutional leaders, working with business and local economic development experts, are best positioned to identify these programs.

Funding would be provided through the regular Pell Grant appropriation, becoming part of its base. Students in eligible programs would qualify based on the same needs analysis as other Pell Grant recipients, though support for living expenses should be limited.

This proposal recognizes that any expansion of Pell Grant eligibility must be acutely cost-sensitive, even with the current program surplus. The cost of this new eligibility is capped up front. While it would add to program costs, the maximum expenditure would be known in advance, thereby eliminating the budget uncertainty that has plagued the program. At current funding levels, the program would add less than \$600 million annually to the overall cost of the program even if every institution now enrolling Pell Grant recipients used all newly available funds, which is highly unlikely.

Proposed Pell Grant Short-Term Education Awards Program

- Upon application to the U.S. Department of Education (ED), institutions would be allocated 2% of the previous year's Pell Grant funds awarded to its students to provide to otherwise Pell-eligible students in programs that are less than 600 hours in length. Institutions could determine which particular programs would be eligible.

All other relevant student and institutional Pell Grant eligibility provisions would apply.

- Funds would be awarded to students in the same fashion as the campus-based programs such as Supplemental Educational Opportunity Grants. Fifteen percent of unused funds could be carried over into the succeeding award year. Any accrued funds beyond that would be returned to the Pell Grant program.
- The funding would be provided directly through the Pell Grant program as with any other expansion the cost would be added to the program's base expenditures.
- Annual institutional reporting to ED would be required outlining which students and programs had received support.
- For each eligible program on a given campus, colleges would be required to award funds to students demonstrating the greatest need in a program, as evidenced by lowest EFC, but flexibility should be provided to address students in pressing circumstances.
- Consideration should be given to allowing colleges to award students with a baccalaureate degree (who currently are not Pell-eligible) to receive awards providing they meet all other relevant criteria. Large numbers of students with a baccalaureate degree continue to enroll in community colleges to obtain job-related skills.

Benefits of the Proposal

- Its expenditures are capped – limited to no more than 2% of aggregate Pell Grant funding. Ultimately, the new eligibility would very likely cost less since not all colleges would use their full allocations. Furthermore, on a per student basis, it would not add any cost if the existing 12 semester lifetime limit is not altered.
- The 2% ceiling will make it less susceptible to institutional abuse.
- It provides full local flexibility and requires colleges to prioritize programs that are successful in ameliorating the skills gap. It would particularly accommodate older students who are interested in “skilling up.”

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