

December 6, 2011

The Honorable Daniel Inouye
Chair
Senate Appropriations Committee

The Honorable Thad Cochran
Ranking Member
Senate Appropriations Committee

The Honorable Tom Harkin
Chair
Labor-HHS-Education Subcommittee

The Honorable Richard Shelby
Ranking Member
Labor-HHS-Education Subcommittee

Dear Senators Inouye, Cochran, Harkin, and Shelby:

We are deeply disappointed that the House Appropriations Committee draft Fiscal Year (FY) 2012 Labor-HHS-Education (Labor-H) bill proposes numerous *permanent* eligibility changes to the federal Pell Grant program as well as deep cuts to income eligibility limits.

The House bill would slash \$44 billion in discretionary funds from the Pell Grant program over the next 10 years (\$3.6 billion in FY12), cuts that are entirely unnecessary to fill the modest FY 2012 projected shortfall (\$1.3 billion). These cuts are completely contrary to the expectation of full-funding set by the Budget Control Act (BCA) this summer. They will severely undermine the nation's ability to help our workforce access much-needed skills, credentials, and employment. And they will disproportionately harm lower-income working students and other nontraditional students. **We urge you in the strongest possible terms to reject the House proposals as part of any final FY 2012 Labor-H appropriations bill, while continuing to work to ensure that current eligibility provisions are fully preserved and that the maximum Pell Grant award is maintained at current levels.**

With nearly two-thirds of all job openings between 2008 and 2018—more than 30 million jobs—requiring at least some form of postsecondary education, access to education and training is critical both to sustain our nation's economic competitiveness and to ensure that U.S. workers can acquire the skills they need to get and keep family-supporting jobs. The number of jobs requiring at least some postsecondary education is growing faster in almost all states than those requiring a high school diploma or less. Yet, almost 80 percent of states will have no future growth in the traditional supply of new entrants to the workforce – high school graduates – over the next decade. Twenty-one states will see *declines* in high school graduates, which means current adult workers will need to “skill up” to meet growing skill demands and fuel state economies.

This increased demand for skills, coupled with the severe dislocations experienced in many industries during the recent downturn, is driving an increasing number of low-skilled and low-income working adults to seek postsecondary degrees, certificates, and other credentials to enhance their career prospects. Today's college students are increasingly likely to already be in the workforce, with 32 percent working full-time and 43 percent employed part-time.

For many of these hard-working students, Pell Grants are the primary source of financial assistance that allows them to access, persist, and complete a postsecondary education, often while also juggling career and family responsibilities. Unfortunately, the House FY 2012 Labor-H draft bill contains a number of permanent programmatic changes that will wash out the path to postsecondary credentials, making it harder for these individuals to achieve the American dream, including:

- *Eliminates access to Pell Grants for “ability-to-benefit” students.* Current law permits individuals without a high school diploma or equivalent to qualify for Pell Grants by completing an “ability to benefit” test or by successfully completing six credits towards a certificate or degree. This option is particularly important for low-skilled individuals participating in “career pathways” programs, which have proven effective and efficient in combining basic adult education with occupational training to allow participants to more quickly earn industry-recognized credentials necessary to find good jobs and progress in their careers. The House bill would completely eliminate access to Pell Grants for approximately 100,000 individuals who rely on this provision each year, while generating minimal savings.
- *Eliminates access to Pell Grants for less-than-half-time students.* Approximately 108,000 Pell Grants recipients during the 2009-2010 school year were enrolled on a less-than-half-time (LHT) basis, including many low-income adults working full-time while attending school to improve their employment prospects. State studies have shown that the majority of these students are enrolled at least half time or greater in other semesters, indicating that this is not a permanent status for most students and this cut would have a more far-reaching impact than it may seem. Studies also show that continuous enrollment is key to completion; therefore, this cut would threaten these students’ completion rates and credential attainment.
- *Significantly reduces income protection allowances.* Income Protection Allowances (IPAs) are the amount of income a student or family may protect for food, housing, and other living expenses before they are expected to contribute to college expenses. Current IPAs range from 63 percent to 164 percent of the poverty level (depending on factors such as family size and student dependency status), but the House proposes to reduce these levels by several thousand dollars to the equivalent of between 45 percent and 134 percent of the poverty level. This effectively punishes students who must work to pay for school costs, and would likely force many students to take on additional work hours to cover lost assistance, reducing their chances for postsecondary completion.
- *Significantly reduces the threshold for the automatic-zero expected family contribution (EFC), which punishes very low-income students.* Certain students and families with incomes below \$32,000 can qualify for an automatic-zero EFC, which allows students to receive the highest available award based on their enrollment status if they meet other eligibility requirements. While the current threshold is already set at below 150 percent of the poverty level for a family of four—barely enough to meet living expenses—the House proposes to slash this level to \$15,000, the lowest level since the automatic-zero EFC was introduced in 1993. With college tuition and expenses reaching historically high levels, this provision would lead to reduced awards for as many as two million Pell Grant recipients.
- *Arbitrarily expands the definition of “income” in the aid formula, which also penalizes working students.* The House draft bill would expand the definition of untaxed income to include a range of benefits—such as the Earned Income Tax Credit (EITC) and welfare assistance—that currently are excluded from analysis of financial need. This provision would result in reduced award levels for the most economically disadvantaged students and families, forcing those individuals to pay more for college or give up attending altogether.

Overall these provisions—as well as others that would *retroactively* limit lifetime Pell Grant eligibility to six years and eliminate benefits for individuals who qualify for less than ten percent (\$555) of the maximum award—would fully eliminate Pell Grant access for over a half million low-income students in the coming academic year, and would result in more than 1 million students losing access by 2017. This would not only substantially limit economic opportunities for impacted students, but would also make it harder for U.S. businesses to find the skilled workers they need to compete and grow in today's economy.

While we recognize that Congress must make difficult choices, it is critically important that any final FY 2012 appropriations bill not include *permanent* programmatic changes to Pell Grant eligibility that would severely limit educational access for low- and moderate-income working and other nontraditional students. This is especially important because CBO projections already show program expenditures growing by less than 2 percent over the next ten years, and colleges are already experiencing slowing enrollments, including significant enrollment decreases at many proprietary schools. Again, we urge you to reject the eligibility cuts proposed in the House FY 2012 draft Labor-H appropriations bill, and instead work to ensure the greatest number of students continue receiving the highest possible Pell Grant awards to enable them to pursue the skills and credentials necessary for success in today's labor market.

We thank you for your leadership on this important matter.

Sincerely,

American Association of University Women (AAUW)
Asian American Justice Center, member of Asian American Center for Advancing Justice
Asian Pacific American Labor Alliance, AFL-CIO & APALA Education Fund
Association for Career and Technical Education (ACTE)
Association of Community College Trustees (ACCT)
Association of Farmworker Opportunity Programs (AFOP)
Center for Law and Social Policy (CLASP)
Community Action Partnership
Corporate Voices for Working Families
Corporation for a Skilled Workforce (CSW)
Corps Network
Council for Adult and Experiential Learning (CAEL)
Council for Advancement of Adult Literacy (CAAL)
Insight Center for Community Economic Development
International Association of Jewish Vocational Services (IAJVS)
Jobs for the Future (JFF)
National Alliance for Partnerships in Equity
National Association of Workforce Boards (NAWB)
National Association of Workforce Development Professionals (NAWDP)
National Council for Workforce Education (NCWE)
National Council of La Raza (NCLR)
National Employment Law Project (NELP)
National Fund for Workforce Solutions
National League of Cities
National Skills Coalition
National Transitional Jobs Network (NTJN)

National Youth Employment Coalition (NYEC)
PHI – Quality Care through Quality Jobs
Sargent Shriver National Center on Poverty Law
United States Student Association (USSA)
Wider Opportunities for Women (WOW)
Workforce Learning Strategies (WLS)
Workforce Strategy Center (WSC)
Workforce Strategies Initiative, Aspen Institute
Working Poor Families Project
Young Invincibles
YouthBuild