How did we win back Year-Round Pell?
This spring, Congress passed the funding legislation for fiscal year (FY) 2017 that makes year-round Pell Grants available to qualifying students as of this July 1st. Thanks to the permanent reinstatement of Year-Round Pell, students will now be able to receive an additional Pell Grant disbursement to take additional coursework beyond the standard 24-credit annual maximum. For most students, this additional award would be applied during the summer months, allowing them to have continual and seamless access to Pell Grant aid throughout the year. Under this expansion, the maximum amount of Pell aid a student may receive annually has increased from $5,920 to $8,880 for students who attempt 36 credit hours during a single award year.

The reinstatement of year-round Pell was a major policy priority for ACCT and the top community college legislative priority this year at the Community College National Legislative Summit. It is a testament of the continued advocacy of our institutions that we as a national community were able to galvanize Congressional support and get year-round Pell passed in Congress and signed into law.

Why was Year-Round Pell cut in the first place?
The concept behind year-round Pell had strong bipartisan support and was initially authorized in 2008. That initial offering of year-round Pell also coincided with other expansions of the program — the maximum award level was increased and the eligibility formula was adjusted to allow for more generous awards for some students. These changes, combined with record postsecondary enrollment numbers during the economic downturn, created significant demand for the program. Millions more students were receiving awards at greater levels, and as a result the program began to accumulate large shortfalls. To generate savings for the program, Congressional appropriators adjusted Pell Grant eligibility rules in 2011 and 2012 by eliminating Year-Round Pell, eliminating Ability-to-Benefit (ATB) students, changing the formula to calculate Expected Family Contribution (EFC), and reducing the full-time semester eligibility to 12 full-time semesters.

Many of the changes to Pell Grant eligibility rules had a disproportionately negative impact on non-traditional students, and especially on community college students. As a result, many community college students saw their Pell Grant award reduced or their eligibility was eliminated.

Where is Pell Going? Where Has It Been?
After a major legislative victory for Year-Round Pell Grants, a look back — and at what’s to come.

By Jee Hang Lee
Why was 2017 the right time to reinstate Year-Round Pell?

This fiscal outlook for the Pell Grant program has changed significantly since the Great Recession. Postsecondary enrollment numbers have declined, and demand for Pell is not as great. That, combined with the eligibility changes enacted in 2011 and 2012, has resulted in a significant decrease in the cost of the program. As a result, the Pell Grant program is now operating with a significant surplus — $8.5 billion in surplus funds are being rolled into FY 2018. While it is important to reinvest this surplus into the Pell Grant program to ensure that funds are available for future years, the existence of this surplus is enticing for Congressional appropriators as they deal with other funding shortfalls and reductions.

At our urging, some of the surplus was tapped to reinstate Year-Round Pell. But the 2017 funding bill also eliminated $1.3 billion from the Pell Grant program surplus. These funds were reallocated to other funding areas or used to backfill funding gaps. For the forthcoming appropriations process, the House Appropriations Committee and the Trump Administration have proposed once again raiding the Pell Grant surplus to fill budgetary holes. However, these proposed rescissions are significantly larger than this spring’s $1.3 billion, at $3.3 and $3.9 billion, respectively.

What’s uncertain about the future of Pell Grant funding?

Questions remain about what may happen to the Pell Grant program during the FY 2018 appropriations cycle. Current funding caps make some sort of rescission of surplus funds possible; however, negotiations to raise the caps may occur in the fall. The ongoing surplus also opens the door to possible expansions for the program. Therefore, as the FY 2018 appropriations process plays out, ACCT has focused on potential areas for near-term reforms to Pell. These include changes to the formula to calculate Pell, expansions of Pell Grant eligibility for qualified students enrolled in certain short-term training programs, and an increase in the maximum award amount.

What Pell-related requests should community college leaders make next?

Pell Grant awards are calculated via formula based on factors such as income, enrollment intensity, the number of individuals in a household, and whether a student is independent or dependent. At the core of the Pell Grant calculation is the Expected Family Contribution (EFC). In 2012, Congress opted to scale back the income levels at which a student can qualify for a full Pell Grant award. Prior to that change, students with an income of up to $32,000 could qualify for zero EFC. Zero EFC students who attend full-time are eligible for a maximum Pell Grant award. In 2012, that number was reduced to $23,000, essentially reducing the set-aside for basic living expenses such as food, housing, and clothing. This reduction has disproportionately impacted working students and students with families.

Ending this work penalty and restoring the zero EFC levels to at least $32,000 would allow many community college students who are at or within 150 percent of the federal poverty line to receive additional aid.

Congress also may consider an increase to the Pell Grant maximum award for FY 2018. Since the 2010-11 academic year, the Pell Grant program has received mandatory funding to increase the maximum award. For the past five years, that increase has been automatically tied to inflation. The current academic year is the last year for that inflationary increase, potentially leaving the maximum award to stagnate at $5,920 for full-time students taking the standard 24-credit full-time course load. An increase to the maximum award in FY 2018 would improve the purchasing power of Pell.

Another ongoing priority for community colleges is the extension of Pell Grant eligibility for certain students enrolled in short-term training programs. Currently, Pell is limited to programs that are at least 15 weeks in length, even though many job training programs are shorter. Legislation such as the bipartisan JOBS Act would open eligibility for certain short-term programs that are at least eight weeks in length. This would enable eligible students to receive half of the current discretionary Pell Grant award, or up to $2,887.

ACCT will continue to monitor budgetary developments and alert members about pressing updates relating to Pell Grants and other programs vital to community colleges and our students. Please follow along with the latest developments and encourage other advocates at your college to use ACCT’s new online policy website, ACCT NOW. To receive legislative updates via email, send us an email at publicpolicy@acct.org.

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