

PELL GRANT ELIGIBILITY CHANGES

The final FY 2012 omnibus package included four significant changes to eligibility for the Pell Grant program.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, these 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 receive one in 2012-13.

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. Income and family size largely determine the EFC calculation. Generally, the lower the EFC, the more financial aid a student is eligible to receive.

Zero EFC students must have a family income of \$32,000 or less *and* (1) be eligible for or have a family member who is eligible for food stamps, free or reduced price lunch, Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), or Women, Infants, and Children (WIC); (2) be a dislocated worker; (3) be eligible to file a 1040A or 1040EZ federal income tax return; or (4) not be required to file an income tax return.

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.

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. Currently, a student who is eligible for between 5 and 10 percent of the maximum (\$5,550) will receive 10 percent (\$555); a student who is eligible for less than 5 percent of the maximum the student will not receive an award. In 2012-13, this means about 3,000 recipients will not receive an average grant of \$506.

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 who currently receive Pell and have exceeded 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 2012-13.

1. In addition to these changes to Pell eligibility, the omnibus also temporarily eliminates the in-school interest subsidy on student loans for the six-month grace period following graduation (July 1, 2012 - July 1, 2014).

2. Department of Education, Table 20A, <http://www2.ed.gov/finaid/prof/resources/data/pell-2009-10/pell-eoy-2009-10.html>