January 6, 2012

To: Accelerating Opportunity State Leads and Coordinators

From: Jobs for the Future

Subject: Changes in Pell Grant Eligibility that Affect Career Pathways Implementation

Please join the Jobs for the Future team in a webinar on Friday, January 13, from 1:00 – 2:30 p.m. Eastern

Purpose: To provide a collective forum to discuss strategy and tactics for how to effectively address recent legislative actions eliminating federal financial aid for students without a high school diploma or a GED.

Who Should Attend: State implementation teams and all college implementations team members are invited to attend.

Log in information:

Date: Friday, January 13, 2012
Time: 1:00 pm, Eastern Standard Time
Meeting Number: 790 610 591

To join the online meeting (Now from mobile devices!)

1. Go to https://jff.webex.com/jff/j.php?ED=160071892&UID=0&RT=MiMxMQ%3D%3D
2. If requested, enter your name and email address.
3. Click "Join".

Summary of Legislative Change:

• Just before the holidays, Congress acted on its FY 2012 Labor-HHS-Education appropriations legislation, the “Consolidated Appropriations Act of Fiscal Year 2012,” providing funding for federal programs for the rest of this fiscal year.

• One of the casualties in this legislation, which was designed to address this year’s Pell grant shortfall in funding, was the elimination of Pell grant eligibility for students without a high school diploma or a GED, eliminating the ability to benefit (ATB) eligibility provisions for Pell grants in the Higher Education Act.
• Under the legislation, ATB students who are enrolled by June 30, 2012, are still eligible for receipt of Pell grants; but students enrolling on or after July 1, 2012, are no longer eligible. JFF is checking on the status of students who are currently eligible to determine if they are able to be “grandfathered in” or if they will stop getting Pell on July 1.

• In addition to elimination of the ATB provision, the following changes were made in Pell grant eligibility:
  o Reduction in the number of semesters for which students are eligible (during a lifetime) for Pell grants, from 18 to 12 semesters (retroactively); and
  o Reduction of the income necessary for an automatic zero Expected Family Contribution (EFC) from $30,000 to $20,000 annual income.

Each of these changes in Pell eligibility will hurt students participating in the Accelerating Opportunity programs, but the elimination of ATB eligibility is the most damaging.

• In addition to these changes in Pell grants, funding was cut for the Department of Labor’s Workforce Innovation Grants by $75 million in FY 12, down from $125 million in FY 11 to $50 million in FY 12. Funding for WIA formula funding was held at the prior year levels, but the percent of funding for State-level activities was held at 5 percent, as in FY 11, down from 15 percent in the WIA statute and in years prior to FY 11. This reduction in state-held funding was made last year to try and hold service delivery whole in response to cuts of over $300 million in the WIA’s title I formula funding in FY 11. This means that the majority of funds went to local programs rather than state activities. This is significant however, because state-held funds are what most states use for innovative strategies like career pathways initiatives.

Implications for the Accelerating Opportunity Initiative

• This recent legislation significantly impacts our primary funding model, since most of the proposed integrated pathways models are predicated on getting targeted students populations (those without a high school diploma/GED) into college occupational/technical programs

• This legislation does not prohibit those students without a GED or high school diploma from enrolling and participating in college technical/occupational programs; rather, this legislation means that these students won’t be eligible for Pell grants to fund their technical programs.

• The reduction in the amount of Workforce Investment Act title I funding available which may impact local or “braided funding” WIA training dollar allocations.
Potential Strategies for States/Colleges

The following strategies are proposed for states and their colleges to review and to determine if one or more strategies of these can be employed to mitigate the serious consequences of the most recent ATB legislation.

1. **Recruiting underprepared students who do have a H.S. diploma or GED.** In addition to primarily targeting students without a H.S. diploma or GED, also focus on those adults/students who are at the 6th grade level and above with the need to enter technical training and earn a credential, but who have a diploma/GED. Some states and colleges may also want to focus more readily on bridging students who finish their GED into the pathways in order for those students to be eligible for Pell grants for the technical part of their training. In addition, we would encourage all states and their colleges to consider “fast track” GED programs that could accelerate the earning of a GED in the first semester (with some contextualized instruction around the pathway) in order to permit students entry into technical programs right away.

2. **Cost Reduction Strategies.** Colleges could waive tuition for just those students enrolled in Accelerating Opportunity pathways without a Diploma or GED. The waiver could cover the first credential and/or 12 credit hours, which would be consistent with the outcomes of the initiative for those students entering the Accelerating Opportunity pathways. In addition, States could facilitate a conversation with their colleges and examine ways to make the occupational/technical instruction more cost effective and possibly less expensive for students, such as: choosing lower cost CTE programs for the pathway, utilizing on-line instruction, or implementing cost sharing programs with area community based partners or colleges.

3. **Sponsor student tuition via college foundation scholarships.** Colleges could work with their own foundations to help offset student costs with full or partial scholarships.

4. **Self pay.** Students without a H.S. diploma or GED could still enter the Accelerating Opportunity program and start coursework; however, the cost of tuition and books, etc. would have to be covered by them. This initiative assumed little or no debt burden for students, but this may have to be an option for some students. A 12-credit credential would cost in the range of $1,800 to $3,600 ($150-$300 credit hour).

5. **Incumbent Workers.** Some states/colleges may want to focus on employer engagement strategies that can foster the enrollment of incumbent workers in Accelerating Opportunity pathways. This would permit employers to possibly sponsor technical program tuition costs as part of their tuition reimbursement/professional development programs.
6. **Maximize Workforce Investment Act training dollars.** Though this funding source is shrinking as well, ensure strong partnerships with the state workforce agency and also ensure that colleges at the local level are working with the Local Workforce Investment Boards and One-Stop Career Centers to refer eligible students to the college to enroll in pathways. Local workforce systems are allowed under the Appropriations legislation to provide training through contracts for high demand occupations, so local workforce systems can pay for cohort-based training, which offers more flexibility for sending students to Accelerating Opportunity programs.

7. **Braided Funding/Access to Benefits and Supports.** Ensure students have access to all available benefits and supports such as food stamps, TANF support, child care, transportation, etc. to help offset the cost of participation. Toward this end, states and local colleges should maximize their partnership with community-based organizations (CBOs).

8. **Federal Discretionary Grant Funds.** We encourage all Accelerating Opportunity states/colleges to take advantage of the grant solicitation (SGA) that was announced by the Department of Labor just prior to the holidays for its Workforce Innovation grants. Under this year’s SGA, $125 million in grants (include in the FY 11 appropriation) will be awarded to partnerships with workforce investment systems in the lead, for system innovations, including career pathways efforts. We will send a detailed description of this SGA out to the Accelerating Opportunities sites next week, encouraging states and consortia of states to apply.

We invite other strategies and tactics that you may have to add to this list as we address this critical issue as part of this initiative.

**Next Steps:**

**Recommended Action:** *It would be helpful for states to survey/collect information about the approximate percentage of students without a H.S. diploma or GED each of your demonstration colleges was planning on targeting and enrolling, and the extent to which Pell funds were expected to cover all credits earned after the first six.* It would also help us at JFF if you could let us know the extent to which this recent legislation will impact enrollments.

Meanwhile, JFF and its partners are discussing several strategies for addressing the ATB eligibility changes made in the FY 12 Appropriations legislation, working with Administration officials and with key Members of Congress. We will discuss these strategies further during the webinar on January 13.