

Issue: Pell Grant and Loan Flex

Promote a system by which the total amount of funding available in the Pell Grant and Student Loan programs is allocated on the basis of progress toward degree completion, rather than the number of years in school. Such a proposal would both accommodate innovations on “time to degree,” such as Summer Pell, but also provide equal financial support to students who finish on time, and those who take five or six years to complete.

Overview

Currently, the federal student aid system provides *less* grant and loan aid to students who complete on time than to those who take longer. This seems particularly anachronistic as colleges and universities are being encouraged to innovate when it comes to issues dealing with time to degree.

College costs, increasing numbers of adult students and students with AP and IB course credit, and the demand for more college graduates have come together in a way that calls for improved support for degree completion. Student aid needs to be flexible enough to both encourage students to “keep going,” and to accommodate students with different academic preparation and those who participate in competency-based education programs.

NAICU Position

NAICU has proposed a revised system, referred to as “Pell Grant and Student Loan Flex,” that would replace the current annual Pell Grant and loan limits with an aggregate undergraduate limit for bachelor’s (and associate’s) degrees. The system would allow a student to drawdown funds as the student made progress toward degree completion.

Current annual limits may need to be maintained for freshmen (or even sophomores), until they have demonstrated an ability to succeed in college. Flexibility in using Pell Grant funding could also address the issue of the loss of “Summer Pell” and could provide new educational incentives to reduce a student’s time to degree. Pell Flex should include an inflationary adjustment. Although this drawdown system based raises a number of operational issues, a similar idea for Pell Grant flexibility has been put forth by the National Association of Student Financial Aid Administrators (NASFAA) and the College Board.

Pell Grant and Loan Flex, and how it could apply to competency-based education, might need to be tested before being adopted. This could be done through the Department of Education’s experimental sites program. Currently, student aid awards for “direct assessment” of learning are determined through a conversion to credit or clock hours. Changes to this process should safeguard against fraud.

NAICU Action to Date

- In 2012 and 2013, the Student Aid Committee discussed Pell and Student Flex pros and cons. They recognized the many operational issues, but saw a particular opportunity to use this approach to solve the Summer Pell problem.
- This recommendation was sent to the House Committee on Education and the Workforce in July 2013, in response to its request for reauthorization proposals.
- NAICU staff has discussed Pell and Loan Flex with House and Senate Education Committee staff, as well as other organizations that are proposing related ideas.

Membership Engagement

- The drawdown idea intrigues a number of Hill staff who are currently considering the operational challenges. Should they decide a proposal such as this is operationally and politically feasible, we will work with member campuses to review and address the operational concerns.

Next Steps

- Continue to review/refine concepts through discussion with the Board's Student Aid Committee and financial aid experts.
- Continue conversations with key Hill staff, and organizations such as NASFAA and the College