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Focused on Financial Aid

FAFSA improvements, funding increases, and ‘Workforce Pell’ top legislative priorities.

BY CARRIE WARICK-SMITH

AS THE CHERRY BLOSSOMS BLOOMED HERE IN Washington, D.C. this spring, Congress and the administration focused on financial aid. Read on for three major updates affecting how students access federal financial aid.

A Better FAFSA is Coming this December

In March, the Office of Federal Student Aid announced that “Better FAFSA” will open in December 2023. The Free Application for Federal Student Aid (FAFSA), which usually opens on October 1 of a given year, is undergoing radical changes in response to the passage of the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act of 2019 and The FAFSA Simplification Act of 2020. The Better FAFSA will transform how data are collected from students and families and the mechanism used to determine Pell Grant eligibility.

First developed during the 1992 reauthorization of the Higher Education Act, Congress created the FAFSA to ensure that prospective college students would not need to fill out multiple forms or pay multiple fees to apply for federal, state, and institutional financial aid.

These are the first major changes to the FAFSA since the form went online in 1997. The changes are substantial and require a new technology infrastructure to support the user-friendly design of the law, which includes more widespread and automatic data sharing with the Internal Revenue Service. In addition to near-mandatory transfer of IRS data to complete financial and family questions, the new FAFSA will eliminate the use of “number of students” in college as part of the federal financial aid calculus and decrease the proportion of filers who need to report their assets on the form.

The biggest change, however, will be an additional pathway through which students can qualify for the Pell Grant. In addition to qualifying based on the federal financial aid formula, students can also qualify for

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Pell Grants based on their adjusted gross income as related to the federal poverty level for their family size and composition (for example, single parent family earnings thresholds are measured more generously). This new approach will allow families to know if they qualify for a maximum Pell Grant, or at least a minimum Pell Grant, based on a user-friendly calculator tool or look-up table.

Colleges looking to learn more should visit the FSA Partners Knowledge Center page dedicated to Better FAFSA (fsapartners.ed.gov/knowledge-center) and contact their state financial aid association or state higher education executive for state-specific information about how these FAFSA changes, and the delay in FAFSA opening, will affect financial aid in their state.

Budget Proposes Another Historic Pell Increase

In March, President Biden released his budget proposal for the federal fiscal year 2024 (FY24) that will begin on October 1, 2023. The budget included two key priorities from the community college joint legislative agenda: investment in the Pell Grant and free community college.

President Biden has pledged to double the maximum Pell Grant from \$6,495 in FY21 to \$13,000 by FY29. Currently, the maximum Pell Grant is \$6,895 (FY22) and will increase to \$7,395 this fall (FY23). The President is proposing an additional \$820 increase for FY24 (for Pell Grants beginning July 1, 2024). For much of the past two decades prior to the Biden Administration, the annual increase for the Pell Grant has been closer to the inflation rate, or an increase of \$100-\$150. While an increase is anticipated, it is unlikely that the full \$820 will be funded by a divided Congress.

After removing free community college from last year's budget proposal, President Biden renewed his call for a federal-state partnership to support free tuition and fees at the nation's community colleges. Additionally, he proposed a new \$500 million competitive grant funding free tuition and fees and specific community college programs that are fully articulated to four-year programs or lead to high-demand, high-pay jobs. In this program, colleges would apply to the federal government directly for funding. While the full federal-state partnership faces a steeper uphill battle in this Congress,

the smaller, program-based free college proposal could receive more attention.

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Short-Term Pell Gets a Rebrand and Much Attention

The top community college priority of extending Pell Grant eligibility to short-term programs remains a hot topic in Congress. Increasingly referred to as "Workforce Pell," or sometimes still as "Short-term Pell," the concept has bipartisan support. However, there are now three proposals in the House of Representatives and one in the Senate on the best way to implement these changes in the Pell Grant program.

The Jumpstart Our Businesses by Supporting Students (JOBS) Act of 2023 was reintroduced with bipartisan sponsors in both the House and the Senate. Additionally, the leaders of the House Education and Workforce Committee each support an additional, partisan proposal for designing the Workforce Pell program. Committee chair Virginia Foxx (R-N.C.) is a co-sponsor of Rep. Elise Stefanik's (R-N.Y.) Promoting Employment and Lifelong Learning (PELL) Act. Ranking Member Bobby Scott (D-Va.) introduced his own bill called A Job to Compete Act.

ACCT will continue to monitor these three bills and work with Congress to provide technical assistance on the best possible design. Given the consensus on the topic area, Congress must come to an agreement on the details so that students can access this crucial aid to support their career development.

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