

Pell Grant Provisions Prevent Student Abuse

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Despite recent discussion of student abuse of federal Pell Grants, *there is actually no evidence widespread abuse exists*. Current federal laws and regulations are designed to ensure that all Pell Grant recipients are eligible to receive grant aid and are making progress toward a degree or certificate. New integrity regulations strengthening these safeguards went into effect on July 1, 2011. Any concerns about fraud or abuse should be addressed directly and carefully to avoid harming the millions of needy students who play by the rules. In fact, the Pell Grant program already includes a well-tailored set of protections and integrity provisions:

- **Students who drop out must repay what they did not earn—and are not eligible for more aid until they do (Return to Title IV).** Federal financial aid programs authorized under Title IV of the Higher Education Act, including Pell Grants and Direct Loans, support student attendance in eligible programs. Students can only receive federal financial aid up to the cost of attending their college, so they cannot receive more than what they need to attend. Students “earn” their financial aid awards in a given term by continuing to enroll in and attend college courses. Students who receive federal aid to support their attendance, and then withdraw before having “earned” it, cannot keep all of the aid they received. Those who owe Title IV balances to the U.S. Department of Education are also unable to receive additional federal aid until they have repaid what they owe.
- **Students must be progressing towards a credential to continue to receive federal aid (Satisfactory Academic Progress).** Students who fail to pass enough of their classes lose eligibility for federal aid under Satisfactory Academic Progress (SAP) rules. SAP ensures that federal aid dollars are directed towards students who are both willing and able to make regular and consistent progress towards a credential. Under federal SAP guidelines (college guidelines may be stricter), students must complete at least two out of every three units attempted with a grade of “C” or better. Colleges must assess all federal aid applicants to ensure that they are making adequate progress towards a credential in order to receive federal aid.
- **Schools are required to report suspected abuse.** To participate in the Pell grant program, a college must agree to report suspected instances of abuse or fraud to the Education Department’s Inspector General for investigation.ⁱ

In addition, most Pell Grant recipients also have to take out student loans to pay for college, providing them with a strong incentive to complete their program as quickly as they can. Pell Grant recipients are more than twice as likely to take out loans as students who do not receive Pell Grants (63% vs. 30%).ⁱⁱ Among Pell Grant recipients who graduate from four-year colleges, nearly 9 out of 10 have student loans, and their average debt is \$24,800—\$3,500 more than their higher income peers.

ⁱ Regulations of the Offices of the Department of Education, Part 668: Student Assistance General Provisions, 34 CFR § 668.16(g).

ⁱⁱ Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2007-08.