

PELL GRANTS FOR SHORT-TERM PROGRAMS

THE RATIONALE AND THE RISKS

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Higher education is the most reliable engine of economic mobility in the US, and for those able to complete it, a bachelor's degree generally provides the most value. Yet gaps in enrollment, completion, and outcomes by race and income stubbornly persist across postsecondary credentials of all levels. Some workforce and education advocates, focused on the need for more robust, accelerated pathways to employment, recommend expanding Pell Grants to cover instructional programs shorter than 15 weeks in order to help those who are in need of economic opportunity but not interested in or able to pursue a lengthier college credential. There are primarily two types of proposals for doing so: expanding Pell Grant eligibility to cover programs of at least eight weeks in length that are offered by institutions eligible for federal aid; and expanding Pell Grants to cover programs offered by nontraditional, unaccredited, and non-federal aid eligible education and training providers. In either case, *concerns about quality and fraud make it imperative to carefully consider - and avoid - any harmful consequences of expanding access to federal funds in these ways.*

WHAT ARE SHORT-TERM PROGRAMS AND DO THEY PAY OFF FOR STUDENTS?

Short-term programs are generally designed to help people improve their position in the labor market by providing skills and/or credentials that open up new job opportunities for the employed, the unemployed, and those looking to switch careers. Short-term programs can be offered for academic credit or not, and credits earned may or may not be transferable to another institution and/or stackable with other short-term programs on the way to a credential. They are offered by a wide range of colleges- accredited and unaccredited; Title IV eligible and ineligible; and for-profit, not-for-profit, and public. They are also offered by independent and nontraditional entities (e.g. private, for-profit bootcamps). Federal data systems define short-term programs as those less than one year, masking substantial variation in a category that includes programs ranging from one day up to a full year.¹ Furthermore, federal data only track programs offered by federal aid-eligible institutions, excluding programs offered by nontraditional providers. Due to these data limitations, the prevalence of short-term programs that do not qualify for Pell Grants and are shorter than 15 weeks is unclear.

The wide variation in short-term programs and the credentials they offer makes broadly interpreting their pay-off difficult.² Existing research into the return on investment for students earning certificates, many of them in programs shorter than a year, shows a general association between increased length of program and increased returns.³ Certificates are generally linked to an increase in earnings compared to high school diplomas, and certificates in some fields can even lead to earnings that exceed some two- and four-year degrees.⁴ However, outcomes vary tremendously

by program focus and design, labor market linkages, state and region, income, gender, and race.⁵ Earnings gains from certificates are also highly contingent on securing employment in the field for which the certificate was earned, and data show that a majority of certificate holders are not able to do this.⁶ Additionally, some certificates may produce immediate employment gains, but longer-term earnings gains and job security may require additional training.⁷

WHY WERE CURRENT PROGRAM ELIGIBILITY RULES AND COURSE LENGTH RESTRICTIONS PUT IN PLACE FOR PELL GRANTS?

Undergraduate programs offered by Title IV eligible institutions and that provide a minimum of 15 weeks of instruction are eligible for both federal loans and Pell Grants. Programs providing at least 300 but less than 600 clock hours of instruction over the course of at least 10 weeks are eligible for federal loans, but not Pell Grants, so long as they have verified graduation and job placement rates of 70 percent and meet some additional requirements.⁸

Institutional eligibility rules and course length minimums were tightened during the Reagan and Bush administrations after high-profile cases of fraud and abuse of federal aid funds, and years of high student loan default rates. Because the current minimum standards were designed to protect students and taxpayers from unscrupulous, low-quality education providers, policymakers considering loosening these standards should examine this history closely. *The utmost care must be taken to avoid recreating past- or accelerating current- deceptive and fraudulent practices that put students and taxpayers at risk.*

IMPORTANT QUESTIONS MUST BE ANSWERED BEFORE EXTENDING PELL GRANTS TO SHORT-TERM PROGRAMS.

Because institutional eligibility for federal aid provides several layers of important oversight, *we strongly recommend against opening up Pell Grants to any entity that does not meet current institutional eligibility requirements for federal aid.*

Many independent innovators are already experimenting with facilitating short-term, skills-based training at no or low up-front cost to either participants or taxpayers.⁹ In fact, some leaders and stakeholders in this nascent field have themselves expressed deep concern that opening up Title IV funding could lead to an influx of low-quality programs and predatory actors in their industry.¹⁰

Whether Pell Grants should be used to pay for programs shorter than 15 weeks (or 600 clock hours) at accredited, federal aid eligible institutions remains a valid policy question. However, neither the wisdom nor necessity of expanding federal Pell Grant funding to short-term programs should be considered a foregone conclusion. Below are important questions about program quality, value, and accountability that must be addressed before determining whether Pell Grants are the best fit for funding these programs, and whether the benefits of using Pell Grants in this way outweigh both foreseen and unforeseen costs and consequences.

- Would existing quality control in federal law be strong enough to successfully prevent predatory programs that overpromise and underdeliver from taking advantage of this expanded federal subsidy? What additional measures might be needed to avoid exacerbating existing failures and spurring on widespread problematic abuses?
- How should labor market value for a short-term program be identified and measured given dynamic market conditions and variation in labor markets across cities, regions, and states?
- What level of student support, including advising, job placement, and other services, must be required of short-term programs so that they are more likely to achieve their labor market goals, and how and by whom will these services be overseen?
- What level of local employer partnership should be required to ensure these programs are meeting workforce demands? Should programs provide skills that are broadly applicable within a field or specifically tailored to a single employer? Where a program is designed for a very specific job, should the employer be required to have skin in the game? Could federal tax benefits or other incentives be created to encourage industry to fund pre-employment training through short-term programs?

- What is the appropriate role of states in funding short-term programs designed to meet their specific labor market needs? And how can the federal government ensure they play this role?
- Why not modify and increase funding in the Workforce Innovation and Opportunity Act (WIOA) to pay for these workforce programs, rather than repurpose Pell Grant funds?
- Could extending Pell Grants to short-term programs undermine the federal government's ability to address gaps in postsecondary achievement more broadly, including increasing the maximum grant to cover a greater share of college costs and permanently indexing the grant to inflation?
- How can we ensure that expanding federal education funding to one of the many pathways to economic mobility does not translate to nudging low-income students into a single educational and economic trajectory?

CITATIONS

¹ Miller, Abby, Erwin Mason, Samantha Richardson, and Monika Arntz. 2016. "Collecting and Disseminating Data on Certificate Awards." National Postsecondary Education Cooperative (NPEC). <http://bit.ly/2ySPm7m>.

² Available research generally uses state administrative datasets, and does not include outcomes for programs provided by for-profit entities. The research available furthermore generally pertains to certificates, as opposed to specific industry certifications, which are distinct but also implicated in efforts to expand Pell Grant eligibility.

³ For example, see Belfield, Clive and Thomas Bailey. 2017. "Labor Market returns for Sub-Baccalaureate College. A Review." Center for Analysis of Postsecondary Education and Employment (CAPSEE). <http://bit.ly/2yNJ1W>.

⁴ For example, see Carnevale, Anthony P., Stephen J. Rose, and Andrew R. Hanson. 2012. "Certificates: Gateway to Gainful Employment and College Degrees." Georgetown University Center on Education and the Workforce. <http://bit.ly/2gL-CfOQ>.

⁵ For example, see above research and Schneider, Mark. 2015. "The Value of Sub-Baccalaureate Credentials." *Issues in Science and Technology* XXXI(4) (Summer 2015): 67-73.

⁶ For example, see Carnevale, Anthony P., Stephen J. Rose, and Andrew R. Hanson. 2012. "Certificates: Gateway to Gainful Employment and College Degrees." Georgetown University Center on Education and the Workforce. <http://bit.ly/2gL-CfOQ>.

⁷ For example, see Belfield, Clive and Thomas Bailey. 2017. "Labor Market returns for Sub-Baccalaureate College. A Review." Center for Analysis of Postsecondary Education and Employment (CAPSEE). <http://bit.ly/2yNJ1W>.

⁸ See Federal Student Aid Handbook (June 2017). *Program Eligibility, Written Arrangements & Distance Education*, Retrieved from <https://ifap.ed.gov/fsahandbook/attachments/1718FSAHbkVol2Ch2.pdf>.

⁹ For example, see <https://revature.com/> and <https://skills.fund/>.

¹⁰ For example, see Anderson, Meg. 2015. "Federal Student Loans Expand to Cover Some Coding Boot Camps." *NPR*, October 14, 2015. <http://n.pr/2gN9Acd>. See also Cooper, Preston. 2016. "Keep Coding Bootcamps Great: Don't Give Them Taxpayer Money." *Forbes*, August 22, 2016. <http://bit.ly/2iBbzAJ>.