

Strengthening America's Middle Class

THE PELL GRANT EQUITY ACT OF 2007, H.R. 990

The Pell Grant Equity Act of 2007 will provide all low-income students with the same opportunity to receive a Pell Grant by eliminating the tuition sensitivity provision in the Pell Grant program.

A "tuition sensitivity" rule under current law punishes low-income students who attend very low cost schools by reducing the amount of Pell Grant aid they can receive. *This bill would provide a one year fix for the upcoming 2007-2008 academic year.*

WHAT IS A PELL GRANT?

The Pell Grant scholarship is need-based aid that serves as the foundation for a student's financial aid package. In FY2006, more than 5 million undergraduate students received a Pell Grant scholarship. Of those students receiving Pell Grants, 74 percent have incomes below \$30,000.

HOW ARE PELL GRANTS AWARDED?

Under current law, Pell Grants are primarily awarded to students based on the difference between the appropriated maximum Pell Grant award and the student's expected family contribution (EFC). The EFC is a measure of the student's and their family's ability, where applicable, to pay for their higher education expenses.

WHEN DOES "TUITION SENSITIVITY" APPLY?

"Tuition sensitivity" is triggered when the appropriated maximum Pell Grant award is above \$2,700, which it has been since 1998. As implemented by the U.S. Department of Education, tuition sensitivity reduces the Pell Grant scholarship received by a small number of the poorest students attending institutions with very low tuition charges. In FY2005, the Pell Grant award was reduced under the tuition sensitivity provision for students whose:

- Tuition charges (and any allowances for dependent care or disability related expenses) were less than \$675;
- EFCs were \$700 or less; AND
- Total cost of attendance (including books, supplies, transportation, and room and board fees) was \$3,400 or higher.

If two students have the same low-income background and the same educational expenses, but Student A attends a college with a lower tuition than Student B, the "tuition sensitivity" rule mandates that Student A receives a lower Pell Grant scholarship simply because they go to a lower cost school, despite the fact that their low-income background would have entitled them to receive a maximum Pell Grant.

At California's community colleges, where tuition was recently reduced from \$26 per credit to \$20 per credit, the tuition sensitivity rule hits students especially hard.

WHO DOES THE PELL GRANT EQUITY ACT HELP?

According to the Congressional Research Service, this bill would affect approximately 96,000 students in the upcoming academic year, and would provide an average Pell Grant scholarship increase of \$108 per student.