

Postsecondary Education (Title VIII)

The need to increase the number of individuals who have access and complete a postsecondary credential has never been more important than it is in today's economic climate. The American Recovery and Reinvestment Act of 2009 (ARRA) provides a significant infusion of federal funds to increase access to a postsecondary education. The stimulus funds will increase the Pell Grant Program so the maximum award will increase to \$5,350 for the 2009-2010 school year. In addition, the stimulus will make an additional \$200 million in the Federal Work-Study Program so eligible students through September 30, 2011. These funds are need-based and available to students at the undergraduate and graduate levels.

The stimulus funds also provide \$100 million to support the State Grants Program under Title II of the Higher Education Act. The United States Department is expected to release a request for proposals later in the year. These grants will be available through a competitive process with a focus on teacher education including recruitment and preparation.

Governors will face the following major issue specific to the funding for the State Grants Program:

- All grantees must provide a 50 percent matching contribution to their projects with non-federal funds to enhance the level of project services and to promote sustainability of the projects.

1 Federal Pell Grant Program

1.1 Purpose

- The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain post baccalaureate students to promote access to postsecondary education and help offset the costs of postsecondary education. Students may use their grants at any one of approximately 5,400 participating postsecondary institutions.

1.2 Funding Level

- \$15.64 billion. This would retire the existing Pell grant shortfall and increase the maximum Pell grant award to \$5,350 (up from \$4,860) for the 2009-2010 school year. Grant awards will increase to \$5,550 in the 2010-2011 school year.

1.3 2008 Appropriations

- \$16.26 billion

1.4 Mechanism and Use of Funds

- **Recipient:** Low-income undergraduate and certain post baccalaureate students. Currently, 6.1 million students participate in the program.

- **Grant Type:** Direct grants to individual students with financial need who have not received their first bachelor's degree or who are enrolled in certain post baccalaureate programs that lead to teacher certification or licensure. Financial need is determined by the U.S. Department of Education using a standard formula, established by Congress, to evaluate the financial information reported on the *Free Application for Federal Student Aid* (FAFSA) and to determine the family expected family contribution (EFC).

Components in the formula include:

- Student's income (and assets if the student is independent)
- Parents' income and assets (if the student is dependent)
- Family's household size
- Number of family members (excluding parents) attending postsecondary institutions.

The EFC is the sum of: (1) a percentage of net income (remaining income after subtracting allowances for basic living expenses and taxes) and (2) a percentage of net assets (assets remaining after subtracting an asset protection allowance). Different assessment rates and allowances are used for dependent students, independent students without dependents, and independent students with dependents.

After filing a FAFSA, the student receives a Student Aid Report (SAR), or the institution receives an *Institutional Student Information Record* (ISIR), which notifies the student if he or she is eligible for a Federal Pell Grant and provides the student's EFC.

- **Timing:** Funding is to participating institutions available through September 30, 2011. Students must be paid at least once per term (semester, trimester, or quarter). Participating schools that do not use formally defined terms must pay the student at least twice per academic year.

1.5 Issues for Governors

- These funds are formula driven and, as a result, based on student financial need. Since the grants are administered directly to colleges and universities, there is no direct role for governors.

2 Federal Work-Study (FWS) Program

2.1 Purpose

- The FWS Program is a need-based student aid program that provides undergraduate, graduate, and professional students the opportunity for paid employment while attending school.

2.2 Funding Level

- The ARRA makes available \$200 million for the FWS program through September 30, 2011.

2.3 2008 Appropriations

- \$980.5 million

2.4 Mechanism and Use of Funds

- **Recipient:** Institutions apply for an allocation of funds to be awarded to undergraduate, vocational, and graduate students enrolled or accepted for enrollment at participating schools. Students can receive FWS funds at approximately 3,400 participating postsecondary institutions.¹
- **Type:** Awards are based on a student's financial need, the availability of funds, and whether a student requests FWS employment and is willing to work. Institutional financial aid administrators at participating institutions have substantial flexibility in determining the amount of FWS awards to provide to students who are enrolled or accepted for enrollment. Hourly wages must not be less than the federal minimum wage.
- **Use of Funds:** There are no requirements placed on institutions or the student on how these funds are spent.
- **Matching:** The federal government pays from 50% to 100% of an eligible student's wages.
- **Timing:** Funds will flow to eligible institutions based on current cycle.

2.5 Issues for Governors

- These funds go directly to postsecondary institutions.

3 Teacher Quality Enhancement – State Grants Program

3.1 Purpose

- Title II of the Higher Education Act authorizes three teacher quality programs: State Grants, Partnership Grants, and Teacher Recruitment Grants. Only the State Grants Program is receiving funding under ARRA.
- The State Grants program is a competitive grant program to improve teacher education programs, strengthen teacher recruitment efforts, and provide training for prospective teachers in states.

¹ Contact your state's office of higher education to see which postsecondary institutions participate in the FWS program.

3.2 Funding Level

- \$100 million

3.3 2008 Appropriations

- Although Congress appropriated a total of \$33.6 million for the Title II programs for fiscal year 2008, no money was appropriated for the State Grants program.

3.4 Mechanism and Use of Funds

- **Recipient:** State Education Agencies are eligible to apply for this grant.
- **Type:** Competitive Grants
- **Matching:** All grantees must provide a 50 percent matching contribution to their projects with non-federal funds to enhance the level of project services and to promote sustainability of the projects. Failure to provide the matching contribution may result in a reduction in the grant, a need to refund the grant to the Department of Education, and/or possible termination of the grant. Matching contributions are subject to audit. All contributions, including cash and third party in-kind, are allowable as a part of the state's matching contribution.

Grantees may charge indirect costs based on an indirect cost rate of eight percent or the grantee's negotiated indirect cost rate, whichever is less. Unrecovered indirect costs cannot be counted as match. Thus, if a grantee has a negotiated indirect cost rate of 40 percent, the grantee may use no more than eight percent indirect cost as match, and may not claim any of the unrecovered indirect costs based on the 40 percent indirect cost rate as a matching contribution. Matching contributions may be counted as cost sharing towards only one federally assisted project. Thus, the same contribution may not be counted as cost sharing for two or more federal grants.

- **Use of Funds:** While a request for proposals has not been released yet, it is anticipated that allowable grant activities may include, but will not be limited to, a focus on improving content knowledge, teaching methods, and technology preparation; enhancing future teachers' clinical experiences; mentoring new teachers; recruiting teachers for high-need schools; encouraging meaningful teacher accountability; and providing high-quality professional development activities for both new and experienced teachers.
- **Timing:** Anticipated release of RFP will be in Spring 2009.

3.5 Issues for Governors

- States have made significant investments over the past several years to improve the quality of teaching. As a result, there are many state programs currently in place. States should review these programs and their results to inform the development of the state's application.
- One of the assurances and requirements for the State Stabilization Funds is that "a state must take action to comply with Section 1111 (b)(8)(C) of ESEA to ensure to address inequities between the distribution of teachers in high-and low-poverty schools, and to ensure that low-income and minority children are not taught at a higher rate than other

children by inexperienced, unqualified, and out-of-field teachers.” States should consider how they might use these funds to meet this requirement.