Maximizing Pell to Support Graduate Students

Workforce Demands for Graduate-Prepared Individuals
Increasing access to master’s and doctoral education is an essential step to strengthening the U.S. workforce. According to the U.S. Bureau of Labor Statistics, jobs that require a master’s degree are among the fastest-growing in our economy.¹ The ability for individuals—including those from disadvantaged backgrounds—to pursue graduate education will help meet workforce demands and keep our economy competitive. Therefore, federal student financial aid policies should encourage academic progression at both the undergraduate and graduate levels. One way to accomplish this is maximize the ability of Pell support to promote access and completion.

Pell-Eligible Students Face Greater Financial Burden
According to the U.S. Department of Education, in Academic Year (AY) 2015-2016, nearly 46% of first-year graduate and professional students were Pell recipients, up from 32.5% in AY 2007-2008 and 35.9% in AY 2011-2012.² This positive trend was reflected in all types of graduate and professional programs—an encouraging indicator that a greater number of students from low socio-economic backgrounds are pursuing graduate education. However, these same individuals are more likely to have greater financial needs than their counterparts. Master’s students who were former Pell recipients are more likely to carry undergraduate debt compared to non-Pell recipients.² Moreover, in AY 2015-2016, 69.7% of former Pell recipients in their first-year of graduate education took out student loans, compared to 37.6% of those who never received Pell.² Therefore, the prospect of taking on an additional financial burden can be a significant detriment that prevents former Pell recipients from advancing their education.

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(Data from the U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study, 2007-08; 2011-12; and 2015-2016.)
Solution: Allow Students to Allocate Pell Support Towards Graduate Education

For over 50 years, Pell Grants have successfully transitioned more students from lower and middle-socioeconomic status into the undergraduate pipeline. However, many Pell recipients who have obtained their undergraduate degree wish to pursue a graduate degree, but they face financial challenges that discourage them from doing so. One common sense solution to achieving greater access to master’s and doctoral education is to allow Pell recipients to utilize their grant dollars beyond the baccalaureate level.

According to 2016 data from the National Postsecondary Student Aid Study, over one-third (34.6%) of former Pell recipients pursuing graduate education did not exhaust the allowable 12 semesters of support during their undergraduate education. Current law does not grant them the ability to allocate aid from any remaining semesters towards their graduate degree. Allowing students who are deemed Pell eligible to use their remaining semesters of support to access graduate education will provide them with the credentials required for entry into emerging and growing employment sectors. CGS supports allowing Pell recipients to allocate Pell towards graduate studies following completion of a bachelor’s degree. This was included in the Aim Higher Act (H.R. 6543) during the 115th Congress. The bill also proposed extending Pell eligibility from 12 to 14 semesters.

Improving On-Time Graduation
In addition to meeting workforce demands and strengthening the economy, extending Pell support to graduate education can improve on-time graduation rates of students who are more vulnerable to financial pressures. At the undergraduate level, the prospect of being able to allocate semesters of Pell support that remain after completing a bachelor’s degree can incentivize students to finish on time. At the graduate level, additional support provided through Pell can reduce the amount that students would need to borrow, which can make a significant difference in their financial security. Alleviating any amount, however modest, can be the difference between a student graduating by the program’s target date versus taking a semester off or worse—not graduating at all—because they are having to weigh the personal financial repercussions. Giving these individuals the option to utilize their full Pell support can help ensure academic progression is smooth and timely.

Increasing Diversity and Elevating Socio-Economic Status for Students Most in Need
Pell Grants promote economic diversity as well as diversity within other demographics, such as race and ethnicity. As the U.S. population becomes more diverse, so too must the students in our higher education institutions. The U.S. Census Bureau estimates that approximately 41% of the country’s population identifies as other than white, non-Hispanic. While higher education institutions are making strides in increasing diversity, utilizing Pell towards graduate studies can serve as an avenue for low-income students from racially and ethnically diverse backgrounds. In turn, their education can open doors and give rise into greater economic security.

Additionally, employers recognize that a diverse workforce is key to recruiting and retaining top talent. Diversity drives innovation through the sharing of ideas, perspectives, and beliefs that foster economic competition. Promoting access to graduate education is a critical step in this endeavor, and maximizing Pell is one way to achieve this.

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