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New Student Aid Changes Help Nontraditional Students

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Although Congress continues to work on reauthorizing the Higher Education Act, the fiscal year 2006 federal budget—enacted in February 2006 as the Deficit Reduction Act of 2005 (Public Law 109-171)—included several higher education provisions that will provide additional financial aid to low-income working adults and other non-traditional students. Outreach is needed to help community college administrators and financial aid staff learn about these changes so that their students can benefit from them. Specifically, the bill does the following for low-income adults (effective July 1, 2006 unless otherwise specified):

- **Expands Pell Grants to students enrolled less than half time (Section 8016).** The bill allows room and board to be included in the cost of attendance for up to three semesters (not more than two of which can be consecutive) for students enrolled less than half time.
- **Reduces the “work penalty” for independent students (Section 8017).** The income protection allowance (IPA) is increased for all types of students—dependents and independents with and without dependents—which allow will students to keep more of what they earn. This is particularly important for independent students, who typically must work to support themselves during college. For single students or married students who are both enrolled, the IPA is increased from \$5,790 to \$6,050; for married students where one is enrolled, the IPA increases from \$9,260 to \$9,700. This provision will not take effect until July 1, 2007.
- **Decreases the asset assessment rate for all students (Section 8017).** Students’ assets will be assessed at a lower rate when calculating the expected family contribution, making many students eligible for more student aid. Assets of independent students with dependents other than a spouse will be assessed at 7 percent rather than 12 percent, and the assets of independent students without dependents other than a spouse will be assessed at 20 percent instead of 35 percent. This provision will not take effect until July 1, 2007.
- **Simplifies access to aid for recipients of means-tested benefits (Section 8018).** Independent students with dependents other than a spouse and dependent students who received federally means-tested benefits during the 12 months prior to applying for aid, and who have an annual adjusted gross family income of \$20,000 or less, will automatically qualify for a zero expected family contribution. Means-tested benefit programs qualifying under this provision are food stamps; free and reduced price school lunch; Supplemental Nutrition Program for Women, Infants and Children (WIC); Supplemental Security Income; and Temporary Assistance for Needy Families.

- **Increases the threshold for the automatic zero expected family contribution to \$20,000 (Section 8018).** Students from families with an annual adjusted gross income of \$20,000 or less will automatically qualify for zero expected family contribution. This change only applies to independent students with dependents other than a spouse and dependent students.
- **Pell Grants may cover licensure and certification fees (Section 8016).** Educational institutions may include one-time fees for professional licensure and certification in the cost of attendance.

The text of the new law is available through the Government Printing office at the following link
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_public_laws&docid=f:publ171.109.pdf