

The Effects of Expanding Pell Grant Eligibility for Short Occupational Training Programs: New Results on Employment and Earnings from the Experimental Sites Initiative

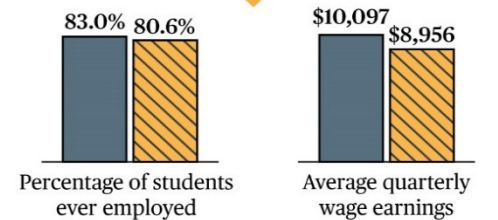
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Pell Grants are the cornerstone of federal financial aid for students with low income who enroll in postsecondary education. Currently, these grants are available only to those seeking an initial undergraduate degree or credential requiring at least a typical semester of instruction. Because these rules may restrict access to programs providing skills needed for new or better jobs, the U.S. Department of Education conducted pilots of two experimental expansions to Pell Grant eligibility between 2012 and 2017. Experiment 1 allowed income-eligible students with a bachelor’s degree to obtain Pell Grants for short-term occupational training programs lasting up to one year. Experiment 2 allowed income-eligible students to obtain Pell Grants for very short-term programs lasting as little as eight weeks. The effects of the experiments were determined by comparing what happened to about 2,700 students who were randomly assigned either to be offered or not offered experimental Pell Grants in their financial aid award packages. This report updates earlier results, adding new results about the effects on students’ labor market success.

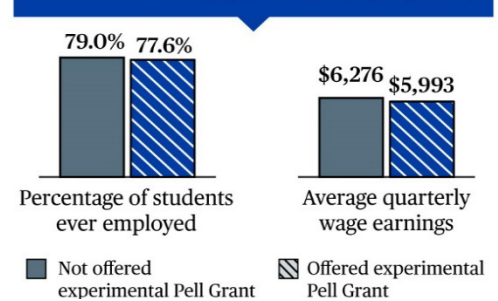
Key Findings

- In both experiments, offering experimental Pell Grants to eligible students with low income for short occupational programs increased program enrollment and completion.** For those with bachelor's degrees seeking to enter somewhat longer programs (Experiment 1), offering Pell Grants increased enrollment by 26 percentage points and completion by 17 percentage points. Offering Pell Grants for very short-term programs (Experiment 2) increased enrollment by 15 percentage points and completion by 9 percentage points. The offer also increased completion of high-demand programs—those associated with occupations in a new and emerging field, projected to grow rapidly, or with many openings in the student's state at that time—by 11 percentage points in Experiment 1 and 8 percentage points in Experiment 2.
- Despite boosting program completion, offering these experimental Pell Grants did not increase employment or earnings in the medium to long term.** Students in both experiments offered a Pell Grant were about as likely as students not offered a Pell Grant to be employed and had similar average quarterly earnings, measured between 2020 and 2021, or an average of 3.2 years after students were expected to complete their programs (see exhibits). Although the pandemic-induced recession and ensuing period of high unemployment may have hurt students' job prospects, there were no differences in employment or earnings between students offered and not offered a Pell Grant in the fourth quarter of 2021, when the job market had largely recovered. Students offered a Pell Grant who sought to enter high-demand programs also fared no better in the labor market than students who sought to enter other programs.

**Experiment 1:
Pell Grants for short-term programs for post-bachelor's students**



**Experiment 2:
Pell Grants for very short-term programs**



NOTE: No effects are statistically significant at the 5 percent level.

The 46 schools participating in the experiments were primarily public two-year colleges and were concentrated in the Southeast region of the country. The students with low income they identified for the experiments had already filled out a Free Application for Federal Student Aid (FAFSA) and expressed interest in a program of study at the school before learning about their eligibility for an experimental Pell Grant. It is unclear whether different schools, offering different programs, to different students would have the same results. The results could also be different under a more typical labor market, or if the expansions in Pell Grant eligibility included additional requirements to ensure program quality. The cost of expanding Pell Grant eligibility—about \$1,800 per student in this study—should be considered against the evidence on the economic benefits of short and very short-term programs.