PELL GRANT PROGRAM CHANGES

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GENERAL ELIGIBILITY

ELIGIBILITY FOR FEDERAL PELL GRANT FUNDS IS EXTENDED ONLY TO UNDERGRADUATE STUDENTS—INCLUDING STUDENTS ENROLLED LESS THAN HALF TIME—WHO HAVE NOT PREVIOUSLY RECEIVED A BACCALAUREATE OR FIRST PROFESSIONAL DEGREE.

Incarcerated Students

Federal Pell Grant for Incarcerated Students

Effective July 1, 2023, Federal Pell Grant eligibility was restored for confined or incarcerated students enrolled in an eligible Prison Education Program (PEP). Although confined or incarcerated students are not required to be enrolled in a PEP for other Title IV aid, it is a requirement to receive a Federal Pell Grant. The definition of a confined or incarcerated individual can be found in the Glossary.

Second Chance Pell

The Second Chance Pell Experiment, as part of the Experimental Sites Initiative (ESI), was established to help incarcerated individuals access educational programs. Approximately 200 schools participated as experimental sites. Schools' participation in the Second Chance Pell experiment provided additional data to ED as they help institutions implement and comply with the new provisions.

Annual Maximum and Minimum Amounts

The annual maximum Federal Pell Grant amount is set, in part, by annual appropriations legislation. For 2026-27, the maximum annual amount for a full-time student is $7,395 and the minimum amount is $740. The minimum Federal Pell Grant is calculated as 10 percent of the maximum Pell Grant award for the award year.

Special Rules

Special Rule for Pell Grants

Effective with the 2024-25 award year, as part of the FAFSA Simplification Act, the Special Rule for Pell Grants replaced the Iraq and Afghanistan Service Grant (IASG) and the Children of Fallen Heroes (CFH) with new or modified eligibility criteria for a student who is less than 33 years old as of January 1 of the FAFSA award year and whose parent or guardian died in the line of duty while:

1. Serving on active duty as a member of the Armed Forces on or after September 11, 2001 (i.e., IASG); or
2. Actively serving as and performing the duties of a public safety officer (i.e., CFH).

Enrollment Intensity

Enrolled Credit Hours	Enrollment Status	Enrollment Intensity
12 or more	Full Time	100%
11	Three Quarter Time	92%
10		83%
9		75%
8	Half Time	67%
7		58%
6		50%
5	Less Than Half Time	42%
4		33%
3		25%
2		17%
1		8%

Credit Hours	Enrollment Status	Enrollment Intensity
10 or more	Full Time	100%
9	Three Quarter Time	90%
8		80%
7	Half Time	70%
6		60%
5		50%
4	Less Than Half Time	40%
3		30%
2		20%
1		10%

Which Formula to Use?

Federal Pell Grant

	Formula 1	Formula 2	Formula 3	Formula 4	Formula 5
	Credit-Hour Programs	Credit-Hour Programs	Credit-Hour Programs	Clock-Hour and Nonterm Credit-Hour Programs	Correspondence Study[3]
Standard terms, nonstandard terms, or nonterm?	Standard terms (academic calendar = 2 semesters or trimesters or 3 quarters)		Nonstandard or standard terms	Clock hour or nonterm credit hour	Correspondence coursework
Academic calendar offered in a specific timeframe?	Offered in a fall through spring timeframe, or in any timeframe if program meets requirements in 690.63(a)(1)(ii)(B)[1]		May be offered in any timeframe		
Overlapping terms?	No overlapping terms			Not applicable	
Weeks in academic calendar?	At least 30 weeks of instructional time[2]	Less than 30 weeks of instructional time	Academic calendar may be more or less than 30 weeks of instructional time		
For term-based programs, hours needed for full-time enrollment each term in the award year?	Full time ≥12 credit hours		*Enrollment intensity*: 100% ≥12 credit hours *Nonstandard term*: Full time is calculated according to regulatory formula in 690.63(d)	N/A	N/A (50% enrollment intensity is always used)

Pop Quiz!

Once the school has determined the appropriate formula for a program, it must use it to calculate amounts for all students enrolled in the program and for all terms in the award year.

T/F

FAFSA Application Updates

OBBBA Changes to Pell Grants and Need Analysis

Implemented on the 2026-27 *Free Application for Federal Student Aid* (FAFSA®) form

Asset exemptions

Amends the need analysis formula, used to calculate the Student Aid Index (SAI), to exempt assets from the following (in addition to the existing exemption for a family's primary residence):

- A family-controlled small business with not more than 100 full-time or full-time equivalent employees
- A family farm on which the family resides
- A commercial fishing business and related expenses, including fishing vessels and permits owned and controlled by the family

Pell ineligibility due to high SAI

Modifies the Pell Grant calculation to make a student ineligible for a Pell Grant if the student has an SAI that equals or exceeds twice the amount of the maximum Pell Grant.

NOTE: This does not apply to special Pell Grant eligibility rules (formerly known as the Iraq Afghanistan Service Grant [IASG] and the Children of Fallen Heroes [CFH] Scholarship).

Foreign income incorporated into Pell eligibility calculation

Modifies the Pell Grant calculation formula to incorporate foreign earned income, rather than relying on financial aid administrators' review of foreign income and adjustment of financial data in individual cases to calculate Pell Grant eligibility.

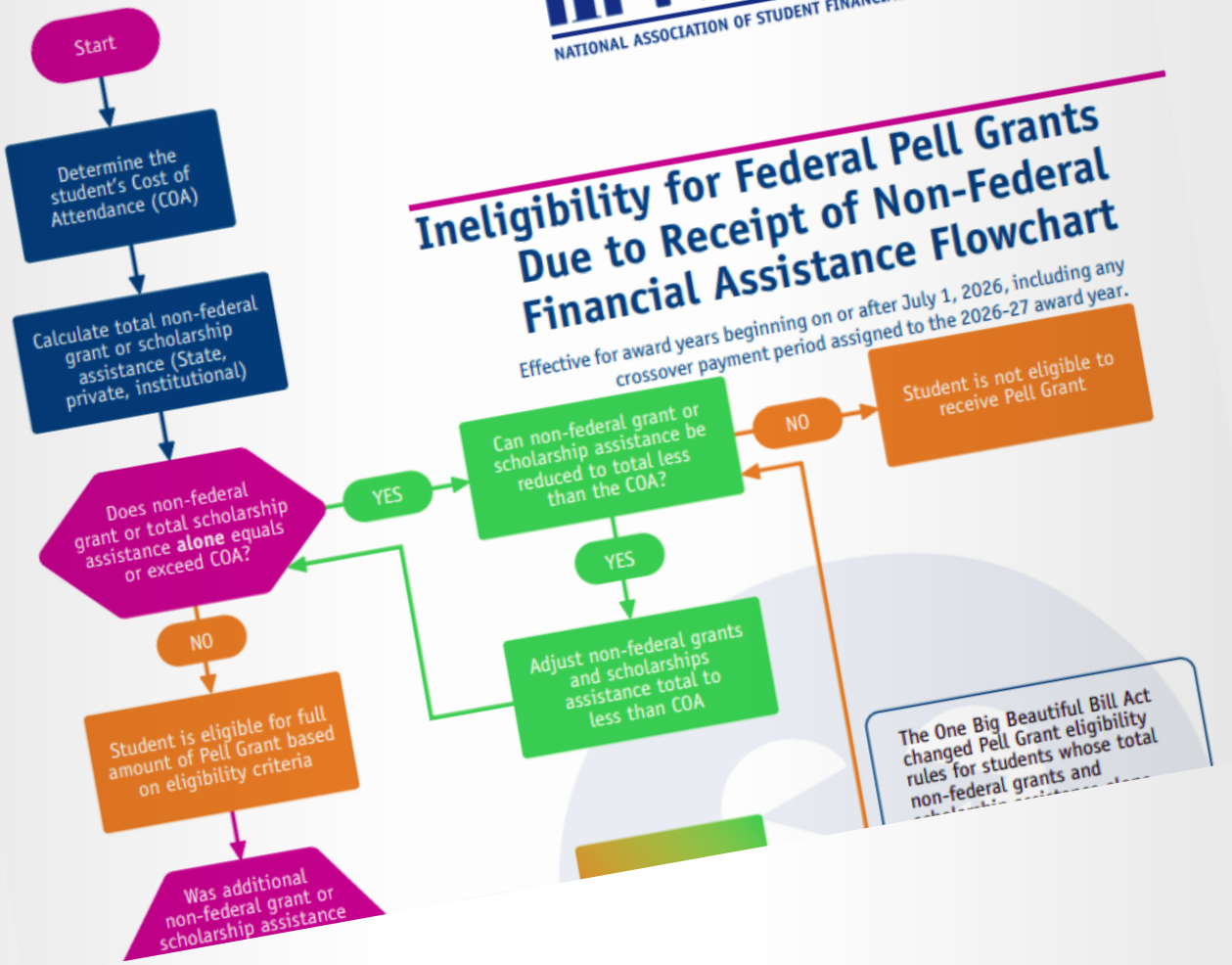
PELL GRANT ELIGIBILITY AND NON-FEDERAL GRANTS AND SCHOLARSHIPS

NASFAA

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Ineligibility for Federal Pell Grants Due to Receipt of Non-Federal Financial Assistance Flowchart

Effective for award years beginning on or after July 1, 2026, including any crossover payment period assigned to the 2026-27 award year.



The One Big Beautiful Bill Act changed Pell Grant eligibility rules for students whose total non-federal grants and

PELL GRANT FUNDS AND NON-FEDERAL GRANTS AND SCHOLARSHIPS

- Students will not qualify for Pell Grant funds during any award year in which they also receive grant and scholarship aid from non-federal sources that equals or exceeds their cost of attendance
- If the ENTIRE cost of attendance is already paid for by other non-federal sources, the student is not eligible
- NASFAA FlowChart
- "Does non-federal grant or total scholarship assistance alone equal or exceed COA?" No – Student is eligible for full Pell Grant; "Was additional non-federal grant or scholarship assistance identified after Pell is fully disbursed?" – Yes;
  Student is eligible for full Pell Grant

25-26 Negotiated Rulemaking

AHEAD

WORKFORCE PELL

OBBBA: Workforce Pell

- Effective July 1, 2026, the One Big Beautiful Bill Act creates a new type of Pell-eligible program called an “eligible workforce program” that can be shorter than the current minimum program length.
- Eligible workforce programs must be between 150-599 clock hours (or an equivalent number of credit hours) and must be at least 8 weeks but less than 15 weeks in calendar time.
- These programs must be designed to train students to enter occupations that support local or regional workforce needs.

OBBBA and Workforce Pell: Student Eligibility

- Students in eligible workforce programs must generally meet the same eligibility requirements for Pell Grants as other students.
- Institutions will generally award and disburse Pell Grants for eligible workforce programs in the same manner as other Pell Grants.
- Students cannot qualify if they have a graduate credential or if they are currently enrolled in a graduate program.
- Otherwise-eligible students with bachelor's degrees ***are eligible for Pell*** if enrolled in eligible workforce programs.

OBBBA and Workforce Pell: Eligible Workforce Program Requirements

Requirements determined by a state Governor, after consultation with a State workforce board:



Alignment

Program must be aligned with "high-skill, high-wage, or in-demand industry sectors or occupations."



Meets Hiring Requirements

Program must meet the hiring requirements of employers in the sectors with which it's aligned.



Portability

Program must either be "stackable and portable" across more than one employer or lead to the only recognized credential for an occupation.



Academic Credit

Students who complete the program must receive academic credit toward a certificate or degree program at the same institution.

OBBBA and Workforce Pell: Eligible Workforce Program Requirements

Requirements determined by the U.S. Department of Education:

Length (Calendar Time)	Length (Hours)	Modality	Time Offered	Completion Rates	Placement Rates
At least eight weeks but less than 15 weeks	Between 150–599 clock hours (or an equivalent number of credit hours)	Cannot be offered using correspondence courses or study abroad; remedial and noncredit coursework do not count toward Pell eligibility	Must be offered for at least one year before Department approval	Must have verified completion rate of at least 70% within 150% of normal time	Must have verified job placement rate of 70% measured 180 days after completion

OBBBA and Workforce Pell: Value-Added Earnings

The *OBBBA* creates a "value-added earnings" metric that pertains specifically to eligible workforce programs.

Earnings Test

- This metric compares median earnings of graduates with 150% of the Federal Poverty Level (with consideration to regional price parity).
- The difference between the two values is the "value-added earnings" for the program.

Cohort Selection

- ED will evaluate the earnings of individuals who graduated from eligible workforce programs three award years prior.
- Value-added earnings apply to eligible workforce programs in the 2030-31 award year.

Limits on Tuition and Fees

- An eligible workforce program's published tuition and fees can be no higher than the calculated value-added earnings for the program.

Workforce Pell FAFSA Updates

- APP-26-02
- System changes went live April 26
- These changes are only for 26-27
- FPS updated to allow for Workforce Pell for students with bachelor's degrees
- New field added to FPP, "Enrolled in Eligible Workforce Program"
  - 1= Yes
  - 2= No
  - <blank> = Null
- First FAFSA is always blank; if bachelor's degree received, Pell eligibility flag is No
- FAA must manually set this field to 'Yes' via a correction in FPP (or EDE) to indicate student is enrolled or accepted for enrollment in an eligible program
- Once Yes, a new ISIR transaction will include Pell Grant eligibility
- All schools on the FAFSA will get this updated ISIR
- COD will generate a warning edit
- If student drops, school must change field to 'No'

Guidance on the Use of Federal Tax Information (FTI), FAFSA Data, and Non-FAFSA Data

- **GEN-25-08 released 9/30**
- **Provides information on the permitted access, disclosure, and use of FTI, FAFSA data, and non-FAFSA data by schools, state agencies, and contractors under the *Higher Education Act*, the Internal Revenue Code (IRC), the *Family Educational Rights and Privacy Act*, and the *Privacy Act of 1974*.**
  - **Defines FTI, FAFSA data, and non-FAFSA data**
  - **Describes FTI and FAFSA data use without additional student consent**
  - **Describes FTI and FAFSA data use that requires student consent**
  - **Explains *FERPA* and the use of non-FAFSA or institutional data**
  - **Clarifies the role student consent plays in disclosures and data sharing**

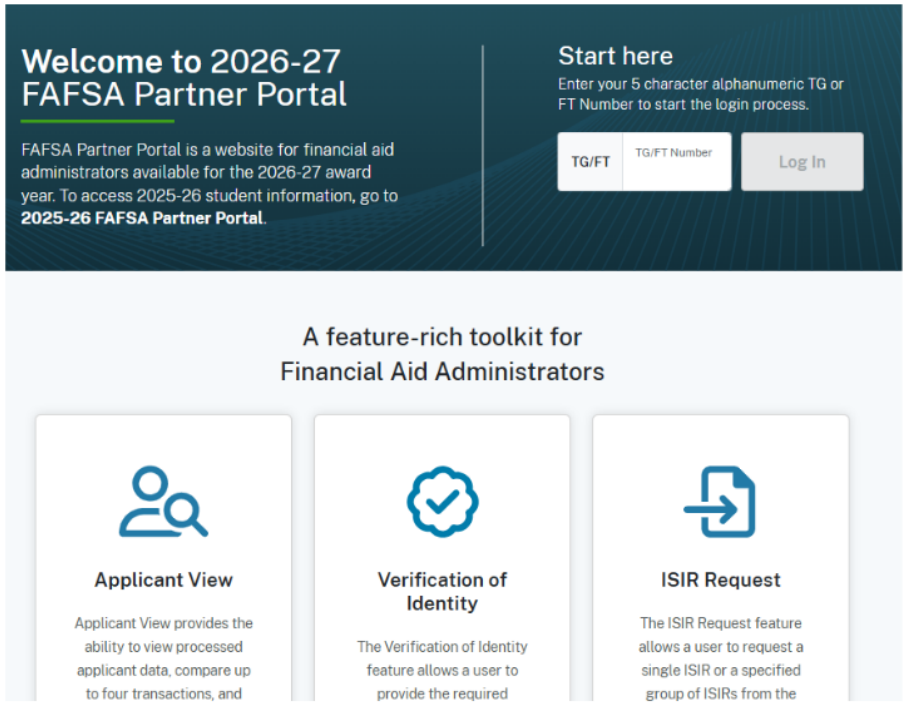
When determining whether a use or disclose of data is allowable, the most restrictive statute applies (*HEA,* IRC, or *FERPA*).

IMPLEMENTATION OF R2T4 REGS

- GENERAL-26-20
- INSTITUTIONS REQUIRED TO TAKE ATTENDANCE MUST DOCUMENT THE DATE OF THE INSTITUTION'S DETERMINATION THAT THE STUDENT WITHDREW NO LATER THAN 14 DAYS AFTER THE LDOA
- ONE METHOD FOR SCHOOLS USING CLOCK HOURS (GOOD EXAMPLE)
- MODULES COUNT IN THE DENOMINATOR ONLY WHEN THE STUDENT BEGINS ATTENDANCE IN THE MODULE
- EARLY IMPLEMENTED – INCARCERATED INDIVIDUAL EXCEPTION; FULL REFUND EXEMPTION (BOTH OPTIONAL)

FAFSA Partner Portal Improvements

- Ability to print FAFSA Submission Summary
- Institutional Student Information Record (ISIR) comparison feature
- Ability for states to request ISIRs by SSN
- Updated application receipt timestamp now in Central Time



FAFSA UPDATES TO COME

- REAL-TIME FAFSA PROCESSING: SUMMER 2026 (IMMEDIATE CONFIRMATION AT TIME OF SUBMISSION, NO 1–3-DAY DELAY IF SUCCESSFUL SUCCESSION)
- WILL BE ABLE TO SEE FAFSAS PROCESSED IN REAL TIME IN FPP
- SINGLE LINK FOR FPP: (FOR 26-27 AND BEYOND)
- PRE-FILLED DATA FOR RENEWAL APPLICATIONS FOR 27-28
- FA-DDX FUNCTIONALITY WITH INDIVIDUALS WITH ITINS: COMING SOON

IDENTITY VERIFICATION AND FRAUD PREVENTION

In summer 2025, due to significant evidence of fraud, the Department launched a nationwide effort to prevent fraud and identity theft and improve the integrity of the *Title IV, HEA* programs.

Phase One

(June 2025):

All first time summer students flagged for V5 verification.

Phase Two

(August 2025)

Targeted fraud screening conducted on 2025-26 FAFSA forms, with suspicious forms flagged for V5 verification.

Phase Three

(Spring 2026)

Real-time fraud detection implemented on the FAFSA form.

FAFSA REAL-TIME FRAUD DETECTION CAPABILITY

- APP-26-03 – dated April 15, 2026
- Began on April 26
- Small portion of applicants must complete additional steps to confirm identity
- Students making corrections online will also be evaluated for fraud
- Four categories: Low, Moderate, High-Risk, and Highest Risk
- High-Risk must confirm identity through new process
- Highest Risk students must confirm identify in person on campus

FAFSA REAL-TIME FRAUD DETECTION CAPABILITY, CONTINUED

- MUST PRESENT DOCUMENTATION AND COMPLETING A BRIEF, LIVE CAMERA CHECK (MOBILE OR TABLET DEVICE WITH A CAMERA; DESKTOP OR NON-MOBILE WILL GET A QR CODE TO CONTINUE TO A MOBILE DEVICE)
- MUST PRESENT ONE FORM OF GOVERNMENT-ISSUED IDENTIFICATION AND COME ON CAMERA TO TAKE A PICTURE
- HAVE A SHORT WINDOW TO RETRIEVE IT IF NEARBY

FAFSA REAL-TIME FRAUD DETECTION CAPABILITY, CONTINUED

- MODERATE-RISK: COMMENT CODE 353; NO ACTION NEEDED; YOU MAY MAKE A DETERMINATION TO REVIEW
- HIGH-RISK: ATTEMPTED IDENTITY CONFIRMATION COMPLETED BUT UNSUCCESSFUL – REJECT CODE 74/COMMENT CODE 354
- HIGH-RISK: ATTEMPTED IDENTITY CONFIRMATION NOT COMPLETED – REJECT CODE 74/COMMENT CODE 355
- HIGH-RISK: ATTEMPTED IDENTITY CONFIRMATION SUCCESSFULLY COMPLETED, COMMENT CODE 356
- HIGHEST RISK: NO OPTION TO COMPLETE IDENTITY CONFIRMATION; REJECT CODE 75/COMMENT CODE 357
- TECHNICAL ISSUE PREVENTS ED FROM NORMAL SCREENING – COMMENT CODE 360; NO ACTION NEEDED; YOU MAY MAKE A DETERMINATION TO REVIEW

FAFSA REAL-TIME FRAUD DETECTION CAPABILITY, CONTINUED

- IF LEGITIMATE STUDENT, YOU CAN RESOLVE THE REJECT (STARTED ON MAY 3)
- NO REQUIREMENT TO RESOLVE REJECTS IF YOU DON'T HEAR FROM THESE STUDENTS
- COLLECT V4 DOCUMENTATION, GO INTO FPP, AND USE THE NEW FIELD "FAA FRAUD OVERRIDE"
- NEW ISIR THEN GENERATES
- COMMENT CODE 358 STATES FAA SUCCESSFULLY RESOLVED ERROR
- IF STUDENT IS REJECTED FOR FRAUD AND SELECTED FOR V4/V5, YOU ONLY COMPLETE A SINGLE IDENTITY CONFIRMATION. REPORT V4/V5 RESULTS AND USE THE "FAA FRAUD OVERRIDE FIELD"

FAFSA ONE-TIME FRAUD DETECTION SCREENING FOR PREVIOUS ISIRS

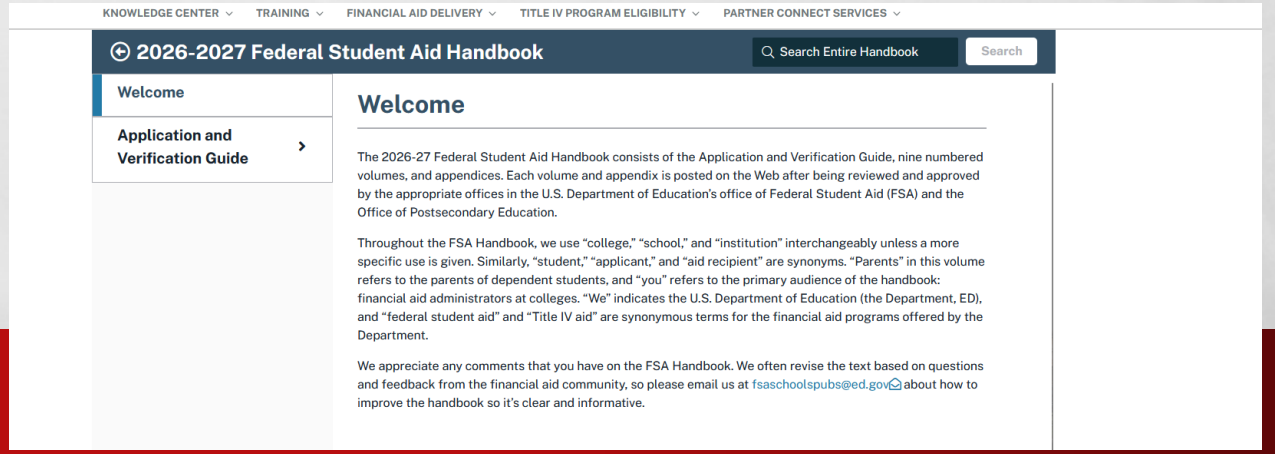
- **ED COMPLETED screening on all previously submitted 26-27 FAFSAs on May 14**
- **Evaluation based on data already provided on the form**
- **No option for real-time identity**
- **Additional 300,000 ISIRs came to ED selected for V5**
- **One-time review before real-time fraud detection was implemented**

Identity Verification and Fraud Prevention

- **EA-APP-25-16 / FR November 26, 2025**
- **Statement of Educational Purpose is *no longer required.***
- **An institution can now document completion of the identify component of V4 and V5 verification with:**
  - **Student submission of a valid government ID in person or through video call;**
  - **Certification from a notary that the student appeared before the notary and presented a government-issued photo ID confirming their identity, for students who cannot appear in person or on video call;**
  - **Verification from a vendor compliant with NIST Identity Assurance Level 2 of the student's identity; or**
  - **Confirmation of the student's identity by responsible individual at the student's prison facility.**

26-27 FSA HANDBOOK

- ANN-26-07; ANNOUNCED MAY 14
- APPLICATION AND VERIFICATION GUIDE NOW AVAILABLE
- VOLUMES 1 AND 9 ALSO AVAILABLE
- GENERAL/RECENT CHANGES



WEDNESDAY WEBINAR SERIES

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

- ANN-26-06; 5,000 attendees; first-come, first-serve (log on early)
  - Awarding with Pell Grant Formula 3
    - Wednesday, May 27, 12-1:30 CT
  - Awarding with Pell Grant Formula 4
    - Wednesday, June 17, 12-1:30 CT
  - Federal Work-Study Program
    - Wednesday, July 8, 12-1:30 CT

FSA VIRTUAL OFFICE HOURS SCHEDULE AND REGISTRATION

May 2026 Virtual Office Hours

- Tuesday, May 26, 2026, 3–4 p.m. ET
- Thursday, May 28, 2026, 11 a.m.–12 p.m. ET

June 2026 Virtual Office Hours

- Monday, June 1, 2026, 3–4 p.m. ET
- Friday, June 5, 2026, 11 a.m.–12 p.m. ET
- Monday, June 8, 2026, 3–4 p.m. ET
- Friday, June 12, 2026, 11 a.m.–12 p.m. ET
- Tuesday, June 16, 2026, 3–4 p.m. ET
- Thursday, June 18, 2026, 11 a.m.–12 p.m. ET
- Monday, June 22, 2026, 3–4 p.m. ET
- Friday, June 26, 2026, 11 a.m.–12 p.m. ET
- Tuesday, June 30, 2026, 3–4 p.m. ET

July 2026 Virtual Office Hours

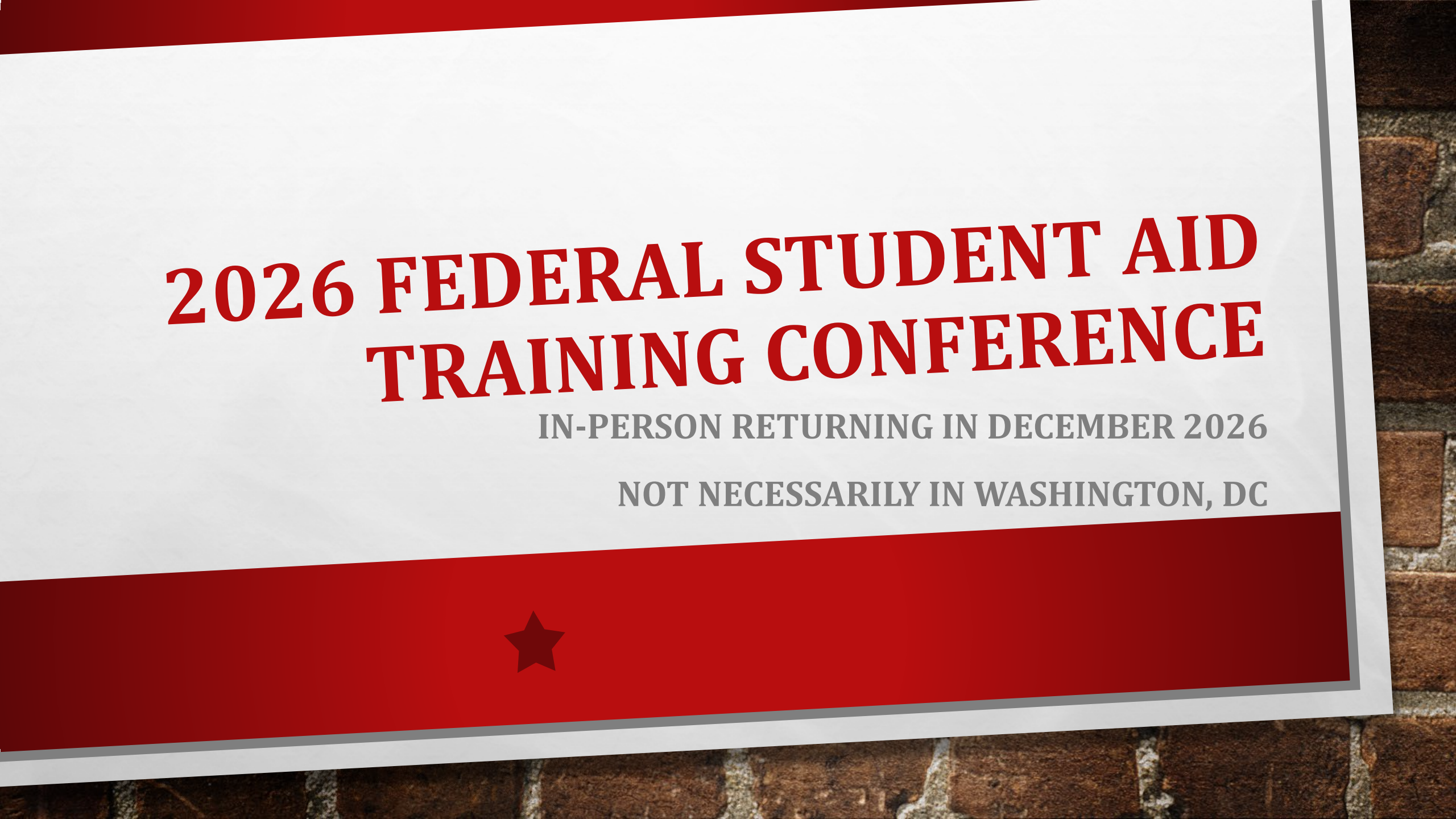
- Thursday, July 2, 2026, 11 a.m.–12 p.m. ET
- Monday, July 6, 2026, 3–4 p.m. ET
- Friday, July 10, 2026, 11 a.m.–12 p.m. ET

Choose the link; register. You'll receive an email confirmation that will include the link to join on the day of the event. Registration numbers will help us measure interest, and each session can accommodate up to 10,000 participants.

2026 FEDERAL STUDENT AID TRAINING CONFERENCE

IN-PERSON RETURNING IN DECEMBER 2026

NOT NECESSARILY IN WASHINGTON, DC



QUESTIONS OR COMMENTS?

FAQS AND TOOL FOR ASKING QUESTIONS

- GENERAL-26-30
- Frequently Asked Questions (FAQs) – first round on Student Loan Reforms; living document
- Email to ask questions –
  - ob3schoolquestions@ed.gov
- In-person Town Hall in DC at ED HQ
- Students – studentaid.gov/bigupdates

THANK YOU!

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June 11, 2026