

December 8, 2025

**By Matthew Feehan, J.D., Senior Policy Advisor
Veterans Education Project**

Accountability in Higher Education and Access through Demand-driven
Workforce Pell (AHEAD) Committee Negotiated Rulemaking
December 8 – December 12, 2025
January 5-9, 2026

Issue Two: § 690.80 Recalculation of a Federal Pell Grant award

The Department’s proposed subsection is neither aligned with Congressional intent nor consistent with its own long-standing regulatory framework. Whereas existing regulations give institutions discretion—stating that an institution “may (but is not required to) establish a policy”—the newly drafted language adopts a markedly more aggressive posture by requiring institutions to act as enforcers of external financial aid. By mandating that institutions “must” reduce non-Federal assistance or return Pell funds whenever external grants exceed the student’s cost of attendance, the Department effectively transforms institutions of higher education into *de facto* debt collectors, compelling them to intervene in financial arrangements they do not control and cannot lawfully modify. This shift is a stark departure from previous regulatory practice and imposes enforcement obligations on institutions that Congress clearly never contemplated.

(d) Receipt of assistance from non-Federal grants.

If at any time during the award year the student receives assistance from non-Federal sources that equals or exceeds the student’s cost of attendance as described in 34 CFR 690.5, the institution must either reduce the non-Federal assistance until it does not equal or exceed the student’s cost of attendance or return all of the Federal Pell Grant funds that the student received for that award year. (emphasis added).

Solution

(d) Receipt of assistance from non-Federal grants.

When an institution is made aware that, at any time during the award year, a student has received assistance from non-Federal sources in an amount that equals or exceeds the student’s cost of attendance as described in § 690.5, the institution may make adjustments to the student’s non-Federal assistance or to the Federal Pell Grant disbursement, consistent with the institution’s established policies and applicable State, private, or institutional grant requirements, in order to ensure that total assistance does not exceed the student’s cost of attendance.