Pell Grants Help Keep College Affordable for Millions of Americans
Updated July 23, 2018

Pell Grants Are Essential to College Access and Affordability:
• Pell Grants make college possible for millions of Americans. Seven and a half million Americans depend on Pell Grants to attend and complete college.\(^1\) Research shows that need-based grant aid increases college enrollment and completion among low- and moderate-income students.\(^2\)

• Pell Grants go to students with very high financial need. The vast majority of Pell Grant recipients have family incomes of $40,000 or less,\(^3\) and recipients’ median family income has been declining over time.\(^4\)

• Pell Grant recipients are already more than twice as likely as other students to have student loans (57% vs. 27%).\(^5\) More than 8 out of 10 Pell Grant recipients who graduate from four-year colleges have student loans, and their average debt is $4,500 more than their higher income peers.

• Pell Grants are particularly important for students of color. Nearly 60% of Black undergraduates and almost half of Hispanic or Latino undergraduates rely on Pell Grants to attend school.\(^6\)

Pell Grants Must be Strengthened to Increase College Affordability, Access, and Completion:
• This year’s maximum Pell Grant covers the smallest share of college costs in the program’s history. In the 1980s, the maximum Pell Grant covered over half the cost of attending a four-year public college. In contrast, the $6,095 maximum Pell Grant in 2018-19 covers just 28% of the cost of college.\(^7\)

• A number of critical investments are urgently needed to strengthen the program, including raising the maximum award to cover a greater share of college costs and restoring the grant’s automatic annual inflation adjustment, which expired after 2017-18.

Congress Previously Cut Pell Grant Costs by More than $50 Billion. Following Recent Investments, Program Costs Are Still Projected to Remain Steady:
• Program costs peaked in 2010 and have declined by 26% since then,\(^8\) partly due to budget agreements that cut Pell Grant costs by more than $50 billion. Congress eliminated “year-round” Pell Grants in FY2011, and further reduced eligibility in FY2012. Together, those cuts reduced program costs by approximately $5 billion (12%) per year and by more than $50 billion over 10 years.\(^9\)

• Even following key reinvestments made in FY2017 and FY2018, Pell Grant costs are projected to remain flat over the next 10 years. In FY2017, Congress reinstated “year-round” Pell Grants, and in FY2018, they increased the maximum grant to cover the loss of the automatic inflation adjustment for one year. Accounting for these investments and adjusting for inflation, the Congressional Budget Office (CBO) projects no annual growth in costs, on average, over the next 10 years.\(^10\)

Pell Grants Strengthen our Economy by Expanding Opportunity and Boosting Workforce Productivity:
• The post-Great Recession economy increasingly demands postsecondary education, and a college degree dramatically increases employment and wages. Ninety-nine percent of the 11.6 million new jobs added during the post-Great Recession recovery went to those with some postsecondary education, and nearly 75% of those jobs went to those with a bachelor’s degree or higher.\(^11\) Young adults with only a high school diploma are almost three times as likely to be unemployed, and earn three-fifths as much as those with at least a bachelor’s degree.\(^12\)

• People of all backgrounds, ages, and party affiliations oppose cuts to Pell Grants and believe college affordability should be a top priority for Congress and the economy. Surveys consistently find near universal agreement on the importance of postsecondary education for individuals and the economy, widespread concerns about costs and debt, and broad support for prioritizing college affordability.\(^13\)
inflation. The College Board, 2017, calculation is based on CBO’s projected Pell Grant program costs from 2019 to 2028, adjusted for fiscal year inflation.

Changes in Pell Grant program costs during the period 2012 through 2021. “Fiscal Year 2019 Budget Request: Student Financial Assistance;” and Congressional Budget Office (CBO), “Budget and Economic Outlook: Fiscal Years 2018 to 2028” and April 2018 baseline projections for the Pell Grant program. The decline in program costs between 2010 and 2018 was 26%, adjusted for fiscal year inflation.

Calculations by TICAS using data from the U.S. Department of Education, 2015-16 Federal Pell Grant Program End-Of-Year Report, Table 71, https://www2.ed.gov/finaid/prof/resources/data/2015-2016eoyresearchreports.zip. Of the Pell Grant recipients with family incomes above $40,000, more than two-thirds (69%) have families of four or larger and almost two in five (38%) have families of five or larger.


Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2015-16.

Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2015-16.


Calculations based on changes in Pell Grant program costs during the period 2012 through 2021.

Calculations by TICAS on data from the U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (CPI-U) and Congressional Budget Office (CBO), “Budget and Economic Outlook: Fiscal Years 2018 to 2028” and April 2018 baseline projections for the Pell Grant program. The average annual growth calculation is based on CBO’s projected Pell Grant program costs from 2019 to 2028, adjusted for fiscal year inflation.


Calculations based on changes in Pell Grant program costs from 2012 through 2021.

Calculations by TICAS on data from the U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (CPI-U) and Congressional Budget Office (CBO), “Budget and Economic Outlook: Fiscal Years 2018 to 2028” and April 2018 baseline projections for the Pell Grant program. The average annual growth calculation is based on CBO’s projected Pell Grant program costs from 2019 to 2028, adjusted for fiscal year inflation.


