



STATEMENT OF LAUREN ASHER
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Statement on New Pell Grant Program Costs from CBO

“Today, the Congressional Budget Office (CBO) [released](#) new data projecting Pell Grant program costs that are significantly lower than prior estimates. Program costs have also declined over the last six years as a result of eligibility cuts made in FY2011 and FY2012 as well as an improving economy, creating a temporary program surplus.

“Nearly 8 million students are depending on [Pell Grants](#) to help them afford and complete college, now and in the coming years. We urge Congress not to undermine Pell Grants by raiding the temporary Pell Grant surplus to fund other programs. Using Pell Grant funds for any other purpose would jeopardize access to college when our nation and economy need a more educated workforce.

“We should be doing more, not less, to help students and families pay for and complete college without burdensome debt. Eighty four percent of Pell Grant recipients have family incomes of \$40,000 or less, and they are already more than twice as likely as other students to borrow to pay for college. Nearly 9 out of 10 Pell Grant recipients who graduate from a four-year college have student debt, and their average debt is \$4,750 more than higher income students.

“Past Pell Grant funding gaps have led to deep and harmful cuts for students. Assuming Congress maintains current funding levels, CBO now projects that Pell Grants will not face a funding gap for nine years – until FY2025. However, spending Pell Grant funds elsewhere now would make that gap occur much sooner. For example, diverting \$2 billion from Pell Grants in FY2017 could lead to a funding gap as soon as FY2021.

“Moreover, these funds are urgently needed to strengthen Pell Grants. The 2016-17 maximum Pell Grant will cover less than 30% of public four-year college costs, the lowest share in more than 40 years. Under current law, the maximum Pell Grant will stop adjusting for inflation after 2017-18, eroding the grant’s purchasing power even more. In addition to increasing the maximum Pell Grant and continuing to adjust it for inflation, other priorities identified and supported by a broad range of stakeholders for strengthening Pell Grants include: restoring Pell eligibility for students whose federal loans are discharged due to school closure or fraud; making grants available to students year-round; and restoring eligibility for incarcerated individuals who will be returning to the community.

“The Pell Grant program is the federal government’s most valuable and effective investment in higher education. If we do not strengthen it, millions of students will be forced to borrow more, drop out, or forgo college altogether.”

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An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.ticas.org or follow us on Twitter at [www.twitter.com/TICAS_org](https://twitter.com/TICAS_org).