the institute for college access & success

How to Secure and Strengthen Pell Grants to Increase College Access and Success

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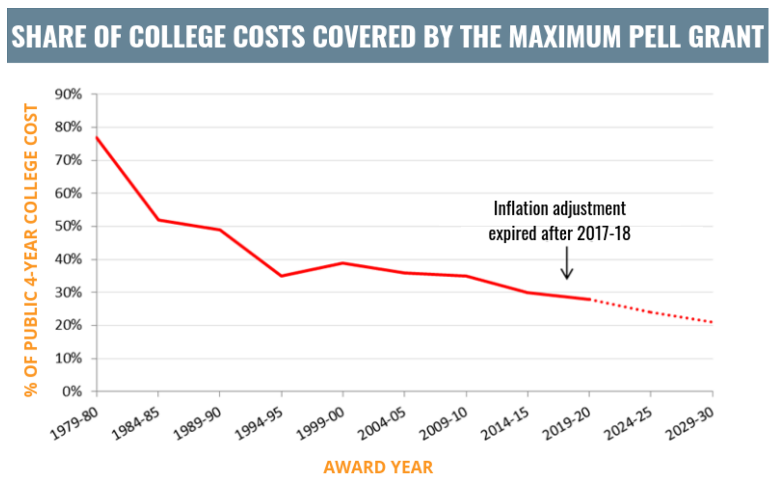
Research shows that Pell Grants are a critical and effective way to increase college access and completion, making higher education possible for over seven million Americans each year.[1] Yet this year's maximum grant covers the lowest share of college costs in the program's history, and is no longer automatically adjusted each year to ensure the grant at least keeps pace with inflation. Outlined below are key recommendations to secure and strengthen Pell Grants, the federal government's most vital investment in higher education.

Double the maximum Pell Grant to close equity gaps in access and attainment, which persist even for students with similar levels of academic preparation. Research suggests that the maximum Pell Grant needs to be roughly doubled to overcome current disparities in enrollment and completion by income.[2] This year's maximum award amount covers 28% of the cost attending a four-year public college (see graph at right),[3] and Pell Grant recipients are already more than twice as likely as other students to have student loans.[4]



Permanently restore the grant's automatic annual inflation adjustments to provide predictable annual increases going forward and reduce future erosion of the grant's purchasing power. Pell Grant awards were tied to inflation from 2013 through the 2017-18 award year.

Restore Pell Grant eligibility for students who have been deceived or defrauded by their school, to ensure that these students are afforded a truly fresh start and the chance to get a meaningful degree or certificate at another school. Counting Pell Grants received at such colleges against students' lifetime limit punishes students for their schools' malfeasance, denying them the opportunity to start again. Defrauded students' Pell Grant eligibility should be reset just as Pell Grant eligibility is reset if their school closes before they can finish.

Set the lifetime limit for Pell Grant eligibility at 7.5 years (excluding up to one year of remedial coursework). Current federal aid policies permit students to take up to 7.5 years to complete their bachelor's degree, but an immediate and retroactive change enacted in 2011 limited Pell Grant eligibility to only six years, creating a different standard for Pell Grant recipients than for other students.

Stop taxing Pell Grants as income to simplify the tax code and improve coordination with the American Opportunity Tax Credit (AOTC). Under current law, Pell Grants are taxed as income if they are used to pay for transportation, food, housing, or other non-tuition costs of attendance. Pell Grants should not be treated as taxable income if they are used for qualified education expenses.

Make Pell Grants a mandatory program to protect the program and ensure predictability for recipients. Pell is the only program that functions like an entitlement (where every qualified student receives a grant), but largely relies on discretionary funding through which actual costs and annual funding allocations can never be perfectly aligned. This misalignment creates temporary funding gaps and surpluses that put the program in jeopardy and generate unnecessary uncertainty for appropriators, students, and schools.

[1] TICAS. 2019. *Pell Grants Help Keep College Affordable for Millions of Americans.* http://bit.ly/2kBSZKa.
[2] See our RADD white paper, *Aligning the Means and the Ends: How to Improve Federal Student And Increase College Access and Success*, http://ticas.org/sites/default/files/legacy/files/pub/TICAS_RADD_White_Paper.pdf for examples of how the size of the sufficient grant might be determined.
[3] College costs are defined here as average total in-state tuition, fees, and room and board costs at public four-year colleges. Calculations by TICAS on data from the College Board, 2018, Trends in College Pricing 2018, Table 2, https://bit.ly/2is8e4i, and U.S. Department of Education data on the maximum Pell Grant. The maximum Pell Grant for 2019-20 was established in HR 6157 (FY2019 appropriations). For the accompanying graph, projected college costs for future years were estimated by using the average annual increase in costs over the most recent five years, and this chart assumes the maximum Pell Grant is frozen at the 2019-20 level.
[4] Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2015-16.