

To Celebrate #PellTurns50, Let's #DOUBLEPELL!

June 2022

From 1972 to today, the federal Pell Grant program has provided need-based grant aid to 80 million low- and moderate-income students to help them achieve the dream of a college degree.

Fifty years in, Pell Grants remain the federal government's most effective investment in college affordability — but the share of college costs covered by the grant is at an all-time low.

Big new investments in Pell are long overdue — that's why we're urging Congress to #DoublePell and restore the promise of the Pell program for generations to come.

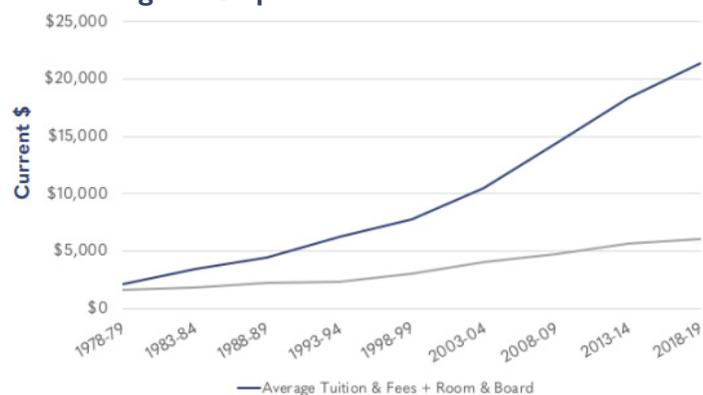
Pell Grants Help Millions of Students Go to College ...

- » Nearly seven million students annually depend on Pell Grants to attend and complete college. ¹ There is clear evidence that need-based grant aid increases college enrollment and completion among low- and moderate-income students.²
- » Pell Grants are extremely well targeted to students with very high financial need — 80% of Pell recipients come from families with annual incomes at or below \$40,000, including 40% with annual family incomes at or below \$15,000.³
- » Pell Grants are particularly important for BIPOC students. Nearly 60 percent of Black students, half of American Indian or Alaska Native students, almost half of Hispanic or Latino students, and over one-third of Native Hawaiian/other Pacific Islander students rely on Pell Grants to attend and complete college.⁴ Because communities of color have faced the worst economic impact from the pandemic, BIPOC students are in particular need of additional resources to cover college costs.

... But They Don't Go Far Enough

- » Students from low- and moderate-income families are in critical need of additional grant aid to pay for college. Pell Grant recipients are already more than twice as likely as other students to have student loans (57% vs. 27%). 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.⁵
- » Students from families making \$30,000 or less would need to spend more than three-quarters of their total income to cover the cost of a four-year college. To cover the cost of a two-year college, these students would still need to spend half of their annual income.⁶
- » The Pell Grant currently covers the lowest share of college costs in its history: At its peak in 1975-76, the maximum Pell Grant covered more than three-quarters of the cost of attending a four-year public college. The 2018-19 maximum award amount covers just 28% of that cost.⁷

Rise in Cost of Attendance at Public Four-Year Colleges Compared to Maximum Pell Grant



How Congress Can Invest in the Pell Grant Program

Pell Grants have long enjoyed bipartisan support. The time is now to invest in our nation's neediest students and restore the grant's purchasing power. Congress must:

- » **Double the maximum Pell Grant** so that it covers at least roughly half of the cost of attending a four-year public college. Research shows that an investment of this size is needed to make serious headway in closing income-based gaps in college enrollment and completion.

Critically, #DoublePell is needed even if lawmakers enact some type of tuition- or debt-free college program. Even if tuition and fee costs are covered, low-income students often struggle to cover other costs of attendance such as housing, transportation, food, and books; these costs remain a major roadblock to completion. Pell Grants are also flexible and enable students to access the institution of their choice, even if that institution is not covered by a state or federal affordability guarantee.

- » **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. Without the automatic adjustment, there is an annual risk that the grant won't even keep pace with inflation.

- » **Make Pell Grants a mandatory program** to protect the program and ensure predictability for recipients.

The Pell Grant program functions like an entitlement, where every qualified student receives a grant, but largely relies on discretionary funding. Shifting to mandatory funding would eliminate the need for annual appropriations and provide for automatic adjustments in program funding based on changes in participation.

Endnotes

1. Congressional Budget Office (CBO) March 2020 baseline projections for the Pell Grant program, <https://bit.ly/2VVtFh0>.
2. Denning, Jeffrey T., Benjamin M. Marx, and Lesley J. Turner. 2019. "ProPelled: The Effects of Grants on Graduation, Earnings, and Welfare." *American Economic Journal: Applied Economics*, 11 (3): 193-224. <https://www.nber.org/papers/w23860.pdf>; Evans, Brent J. and Tuan D. Nguyen. 2018. "Monetary Substitution of Loans, Earnings, and Need-based Aid in Postsecondary Education: The Impact of Pell Grant Eligibility (CEPA Working Paper No.18-05)." Retrieved from Stanford Center for Education Policy Analysis: <http://cepa.stanford.edu/wp18-05>.
3. Calculations by TICAS using data from the U.S. Department of Education, 2017-18 Federal Pell Grant Program End-Of-Year Report, Table 71, <https://www2.ed.gov/finaid/prof/resources/data/2017-2018researchtables.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 (39%) have families of five or larger.
4. Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2015-16.
5. Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2015-16.
6. Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study, 2015-16.
7. Calculations by TICAS on data from the College Board's "Trends in College Pricing 2019," Table 2, <https://bit.ly/2Si0u5B>, and U.S. Department of Education data on the maximum Pell Grant. College costs are defined here as average total in-state tuition, fees, and room and board costs at public four-year colleges.