

Federal Pell Grant Program of the Higher Education Act: Primer

Updated November 6, 2024

Congressional Research Service

<https://crsreports.congress.gov>

R45418



R45418

November 6, 2024

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Federal Pell Grant Program of the Higher Education Act: Primer

The federal Pell Grant program, authorized by Title IV of the Higher Education Act of 1965, as amended (HEA; P.L. 89-329), is the single largest source of federal grant aid supporting postsecondary education students. Pell Grants, and their predecessor, Basic Education Opportunity Grants, have been awarded since 1973. The program provided \$31 billion in aid to approximately 6.5 million undergraduate students in FY2023. Pell Grants are need-based aid that is intended to be the foundation for all need-based federal student aid awarded to undergraduates. Unlike loans, students do not repay Pell Grants.

Effective in award year (AY) 2024-2025, the FAFSA Simplification Act, as amended (FSA; Title VII, Division FF of P.L. 116-260, the Consolidated Appropriations Act, 2021) made several changes to the program. In addition, the FSA authorized Pell Grants for incarcerated students enrolled in prison education programs beginning on July 1, 2023. This report describes the Pell Grant program and highlights key differences between AY2023-2024 and AY2024-2025.

To be eligible for a Pell Grant, an undergraduate student must meet several requirements. One key requirement is that the student and his or her family demonstrate financial need. In AY2024-2025, financial need is determined by either a family's adjusted gross income (AGI) in comparison to the federal poverty guidelines or the family's student aid index (SAI) as calculated using family financial information provided on the Free Application for Federal Student Aid (FAFSA). In AY2023-2024, financial need was determined through the calculation of an expected family contribution (EFC), which was based on applicable family financial information provided on the FAFSA. Although there is no absolute income threshold that determines who is eligible or ineligible for Pell Grants, an estimated 92% of Pell Grant recipients had a total family income at or below \$60,000 in academic year 2021-2022. Other requirements include, but are not limited to, the student not having earned a bachelor's degree or being enrolled in an eligible program at an HEA Title IV-participating institution of higher education for the purpose of earning a certificate or degree.

The maximum annual award a student may receive during an academic year is calculated in accordance with the Pell Grant award rules. In AY2024-2025, the student's scheduled award is determined as follows: if AGI is below specified levels, the scheduled award is the total maximum Pell Grant; otherwise, if SAI is at or below 90% of the total maximum Pell Grant, the scheduled award is the total maximum Pell Grant minus SAI; otherwise, if AGI is below other specified levels, the scheduled award is the minimum Pell Grant.

In AY2024-2025, the scheduled award is reduced so as not to exceed cost of attendance (COA), if applicable. The COA is a measure of a student's educational expenses for the academic year. In AY2023-2024, the student's scheduled award was the least of (1) the total maximum Pell Grant minus the student's EFC, or (2) COA minus EFC. For a student who enrolls on a less-than-full-time basis, the student's maximum annual award is the scheduled award ratably reduced. For FY2023 (AY2023-2024) and FY2024, the total maximum Pell Grant is \$7,395. Qualified students who exhaust their scheduled award and remain enrolled beyond the academic year (e.g., enroll in a summer semester) during an award year may receive a *year-round* or *summer* Pell Grant, thus receiving up to 1.5 scheduled grants in each award year. A student may receive the value of no more than 12 full-time semesters (or the equivalent) of Pell Grant awards over a lifetime.

The program is funded primarily through annual discretionary appropriations, but the HEA provides mandatory appropriations. The total maximum Pell Grant is the sum of two components: the discretionary maximum award and the mandatory add-on award. The discretionary maximum award amount is funded by discretionary appropriations enacted in annual appropriations acts, and augmented by permanent and definite mandatory appropriations. For FY2024, the discretionary appropriation was \$22.475 billion and the augmenting mandatory funds total \$1.170 billion. The mandatory add-on award amount is funded entirely by a permanent and indefinite mandatory appropriation of such sums as necessary, as authorized in the HEA. Funding provided for the Pell Grant program is exempt from sequestration.

The Pell Grant program is often referred to as a *quasi-entitlement* because eligible students receive the award level calculated for them without regard to available appropriations. In a given year, the combined total of the discretionary appropriation and the augmenting mandatory appropriation may be smaller or larger than the actual cost to fund the discretionary maximum award. The annual discretionary appropriation is available for obligation on October 1 of the fiscal year for which the appropriation is made and remains available for obligation through September 30 of the following fiscal year. Thus, the funds may support multiple award years, allowing the discretionary appropriation to operate at a surplus or shortfall in any given year. When the discretionary appropriation is too small, the program carries a shortfall into the subsequent fiscal year; when it is too large, the program carries a surplus into the following fiscal year. Since FY2012, the program has had a surplus.

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Introduction

The Federal Pell Grant program, authorized by Title IV-A-1 of the Higher Education Act of 1965, (HEA; P.L. 89-329), as amended, is the single largest source of federal grant aid supporting postsecondary education students. The program provided approximately \$31 billion in aid to approximately 6.5 million undergraduate students in FY2023.¹ Pell Grants are need-based aid that is intended to be the foundation for all federal need-based student aid awarded to undergraduates. In award year (AY) 2019-2020, approximately 40% of undergraduates received Federal Pell Grants.² Unlike loans, students are not required to repay Pell Grants.

The discretionary statutory authority for the Pell Grant program was reauthorized through FY2034 by the FAFSA Simplification Act (FSA; Title VII of Division FF of P.L. 116-260, Consolidated Appropriations Act, 2021), as amended by the Consolidated Appropriations Act, 2022 (P.L. 117-103). The discretionary authorization will be extended through FY2035 under the General Education Provisions Act (GEPA).³ HEA also provides permanent mandatory program appropriations.

This report provides descriptions of key elements of the Pell Grant program and information on recipient demographics, award levels, award value, program costs, and program funding.⁴ The first section of this report addresses how the program works and describes the basic process for awarding Pell Grants, including the application process, student eligibility requirements, award rules and calculations, and the role of the institution of higher education (IHE) in the process. The subsequent sections provide information on recipient characteristics and the role the program plays in relation to other student aid.⁵ The report explains the complex Pell Grant funding streams and their implications. Finally, program costs and estimates are presented. In addition, the appendices provide award rules in AY2023-2024 prior to the FAFSA Simplification Act going into effect (**Appendix A**), historical Pell Grant award amounts (**Appendix B**), Pell Grant recipient counts (**Appendix C**), recent and future program funding (**Appendix D**), surplus and shortfall levels (**Appendix E**), and acronyms commonly used in the report (**Appendix F**).

Student Eligibility and Program Award Rules

This section of the report provides an overview of the structure of the Pell Grant program and the process through which grants are made to students. It describes student eligibility, underlying concepts and award rules for determining students' grants, and the role played by postsecondary institutions in the program.

Briefly, the Pell Grant program provides grants (i.e., aid that does not have to be repaid) to financially needy undergraduates. To apply for a Pell Grant or any HEA Title IV student aid, students must complete and submit the Free Application for Federal Student Aid (FAFSA),

¹ U.S. Department of Education, *Fiscal Year 2025 Budget*, Student Aid Overview pp. 3-4.

² U.S. Department of Education, *Digest of Education Statistics 2022*, Table 331.90.

³ For more information on GEPA's Contingent Extension of Programs, see CRS Report R41119, *General Education Provisions Act (GEPA): Overview and Issues*.

⁴ This CRS report supersedes CRS Report R42446, *Federal Pell Grant Program of the Higher Education Act: How the Program Works and Recent Legislative Changes*. The current report contains updated information.

⁵ Title IV of HEA authorizes several student aid programs: Pell Grant program, William D. Ford Federal Direct Loan (DL) Program, Federal Supplemental Educational Opportunity Grant (FSEOG) program, and Federal Work-Study (FWS) program. See CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*; and CRS Report R45931, *Federal Student Loans Made Through the William D. Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*.

providing requested financial (e.g., adjusted gross income) and other information.⁶ When the FAFSA is processed, the individual's student aid index (SAI) is calculated. The SAI is the amount expected to be contributed by the student and the student's family toward postsecondary education expenses for the upcoming academic year. After processing, each applicant receives a Student Aid Record (SAR). Each institution of higher education (IHE) designated by the applicant on the FAFSA receives an Institutional Student Information Record (ISIR). The SAR and ISIR contain the information submitted on the FAFSA and the individual's SAI.⁷

Institutions that receive valid SARs or valid ISIRs for eligible Pell Grant applicants are required to disburse Pell Grant funds to students who successfully enroll in approved coursework. Pell Grants are *portable aid*, that is, the grant aid follows students to the eligible postsecondary education institutions in which they enroll. In addition, the Pell Grant program is often referred to as a *quasi-entitlement* because eligible students receive the Pell Grant award level calculated for them without regard to available appropriations (for more on program funding, see the "Program Funding" section).⁸ The size of each student's grant is based, principally, on adjusted gross income (AGI), SAI, the total maximum Pell Grant for the award year,⁹ and the student's enrollment intensity, but may not exceed the student's cost of attendance (COA).

Student Eligibility

To be eligible for a Pell Grant, a student must meet requirements that apply to HEA Title IV student aid programs in general as well as requirements specific to the Pell Grant program.¹⁰

Among the requirements generally applicable to the HEA Title IV student aid programs for AY2024-2025 are the following:

- Students must be accepted for enrollment or enrolled in an eligible program¹¹ at an eligible IHE for the purpose of earning a certificate or degree.
- Students must not be enrolled in an elementary or secondary school and must have a high school diploma (or equivalent).¹²

⁶ There are two ways to complete and submit a FAFSA for consideration of federal student aid. For instance, students and families may use *FAFSA on the Web*, which is an interactive online process. Alternatively, they may obtain a paper FAFSA from their financial aid office or other locations and submit it to the address listed on the form, although most applications are submitted electronically.

⁷ For more information on the FAFSA processes and calculation of SAI, see CRS Report R46909, *The FAFSA Simplification Act*.

⁸ The Higher Education Amendments of 1992 (P.L. 102-325) established a provision requiring ED to notify Congress of the amount of additional funding required if appropriations are insufficient to satisfy all entitlements. Student awards have not been reduced nor recipient caps imposed to abide by appropriations since AY1990-AY1991.

⁹ The Pell Grant award year begins the first day of July in a given year and ends the last day of June the following year.

¹⁰ See HEA Section 484 and 34 C.F.R. part 668, subpart C for general requirements; see HEA Section 401 and 34 C.F.R. part 690, subpart A for Pell Grant specific requirements.

¹¹ For purposes of the Pell Grant program, an eligible program requires at least 600 clock hours or 16 semester hours offered during a minimum of 15 weeks. Alternatively, an eligible program may be at least 300 clock hours or 8 semester hours offered during a minimum of 10 weeks, if an associate's degree is required for admissions. One semester hour is an amount of student work defined by an institution and approved by the institution's accrediting agency that is consistent with commonly accepted practice and that approximates one hour of classroom or direct faculty instruction and at least two hours of out-of-class work each week for approximately 15 weeks (or an equivalent amount of work). For information on HEA Title IV eligible programs and eligible institutions, see CRS Report R43159, *Eligibility for Participation in Title IV Student Financial Aid Programs*.

¹² The equivalent of a high school diploma may include a general educational development (GED) certificate; the (continued...)

- Students must meet a citizenship requirement.¹³
- Students must maintain satisfactory academic progress while enrolled. Satisfactory academic progress requires a minimum grade point average (or its equivalent) and passing a minimum percentage of attempted credits or hours.
- Students must not be in default on a Title IV student loan, or have failed to repay or make an arrangement to repay an overpayment on a Title IV grant or loan, or be subject to a judgment lien for a debt owed to the United States. Students must have repaid any Title IV funds obtained fraudulently.
- Students may be disqualified for an *unusual enrollment history*—receiving HEA Title IV aid at multiple schools in the same semester, or receiving aid and withdrawing before earning any credit.

Specific eligibility requirements for the Pell Grant program include the following:

- Students must be enrolled in an undergraduate course of study.
- Students must not have already completed the curriculum requirements of a bachelor's or higher degree.¹⁴
- Students must be enrolled in non-foreign institutions.
- Students must be financially needy students as determined under the program's award rules (see below).
- Incarcerated students must be enrolled in a prison education program (see box below).¹⁵
- Students with a *significant* intellectual disability must be accepted for enrollment or enrolled in a comprehensive transition and postsecondary program.¹⁶

completion of an eligible homeschool program; or the completion of one of the *ability to benefit* alternatives and either being enrolled in an eligible career pathway program or being first enrolled in an eligible postsecondary program prior to July 1, 2012. The *ability to benefit* may be demonstrated by passing an examination approved by ED for such purpose, by successfully completing six credit hours or 225 clock hours applicable to a certificate or degree offered by the postsecondary institution, or by fulfilling a state-prescribed process that is approved by ED for such purpose. A career pathway program is designed to combine occupational skills training, counseling, workforce preparation, high school completion, and postsecondary credential attainment.

¹³ A student must be a U.S. citizen or U.S. national; a citizen of the Federated States of Micronesia, the Republic of Palau, or the Republic of the Marshall Islands; or a lawful U.S. permanent resident or other eligible noncitizen. Individuals in the United States on a temporary basis, such as those with a student visa or an exchange visitor visa, are not eligible for HEA Title IV aid. Students with Deferred Action for Childhood Arrivals (DACA) status, conferred by the U.S. Citizenship & Immigration Services (USCIS) office in the Department of Homeland Security, are not eligible for HEA Title IV aid.

¹⁴ Students with a bachelor's degree may be enrolled at least half-time in a *postbaccalaureate teacher education program*. Half-time enrollment is at least 6 credit hours in a standard semester. A postbaccalaureate teacher education program does not lead to a graduate degree; is offered by a school that does not also offer a bachelor's degree in education; and leads to certification or licensure necessary for employment as an elementary or secondary school teacher in the state. To be eligible for a Pell Grant, the student enrolled in the postbaccalaureate teacher education program must be pursuing an initial teacher certification or licensing credential within the state.

¹⁵ From July 1, 1993, until June 30, 2023, HEA restricted the eligibility of incarcerated students to receive Pell Grants. The FAFSA Simplification Act established Pell Grant eligibility for incarcerated students if they are enrolled in a prison education program as of July 1, 2023.

¹⁶ A student with a *significant* intellectual disability has a cognitive impairment, characterized by significant limitations in intellectual and cognitive functioning and significant limitations in adaptive behavior as expressed in conceptual, social, and practical adaptive skills; and is or was eligible for a free appropriate public education under the Individuals with Disabilities Education Act. For a description of the Individuals with Disabilities Education Act, see CRS Report (continued...)

Prison Education Programs

For incarcerated students to be eligible for a Pell Grant, they must be enrolled in a prison education program (PEP). The HEA and regulatory provisions establish several requirements of PEPs, including, but not limited to, the following:

- The PEP must be an eligible program offered by an eligible public or private nonprofit IHE. Private for-profit (proprietary) IHEs cannot offer PEPs.
- The IHE offering the PEP cannot have been subject in the past five years to certain unfavorable actions by ED, its accrediting agency, or the state.
- The entity that is responsible for overseeing the correctional facility (oversight entity) must approve the PEP to operate in the correctional facility and determine the PEP is operating in the “best interest of students.” The best interest determination is based on the qualifications and turnover of instructors, the transferability of credits toward related degree or certificate programs, the transferability of credits to other locations of the IHE, and academic and career advising being substantially similar to other programs at the IHE.
- Credits from the PEP must be transferable to at least one eligible public or private nonprofit IHE in the state or, in the case of a federal correctional facility, in the state where most of the incarcerated individuals will reside upon release.
- PEPs designed to lead to licensure or certification must satisfy state educational requirements and must not enroll incarcerated individuals who are prohibited from qualifying for such professional licensure or employment based on the individual’s conviction.

Underlying Concepts and Award Rules

The amount of an eligible student’s Pell Grant award is determined on the basis of a set of award rules. In general, these award rules are designed to ensure that the students with the least financial resources (as determined by the families’ AGI or the students’ SAI) receive the highest Pell Grant awards in each award year.¹⁷ As student financial resources increase or AGI and SAI increase, Pell Grant awards decrease until they phase out completely. Additionally, Pell Grant awards are prorated for students who attend on a less-than-full-time, full-year basis. An important feature of the Pell Grant award rules is that the grant is determined without consideration of any other financial assistance a student may be eligible to receive or may be receiving. This reflects the intention to make the Pell Grant the foundation of federal need-based aid in an undergraduate’s financial aid package. Other HEA federal aid is added to the aid package after the Pell Grant is awarded.

Some of the underlying concepts associated with the Pell Grant program, as well as the program’s award rules for AY2024-2025, are discussed below. For a discussion of award rules in AY2023-2024 prior to the effective date of the FAFSA Simplification Act, see **Appendix A**.

R41833, *The Individuals with Disabilities Education Act (IDEA), Part B: Key Statutory and Regulatory Provisions*. Comprehensive transition and postsecondary (CTP) programs are not required to lead to a recognized credential (e.g., bachelor’s degree) or adhere to the same durational requirements that regular postsecondary programs must meet (e.g., a certain number of credit-bearing clock hours). Instead, CTP programs require students with intellectual disabilities to receive curriculum advising, participate at least part-time in courses or training with students who do not have intellectual disabilities, and prepare for gainful employment. A student with a *significant* intellectual disability in a CTP program does not require a high school diploma (or equivalent) and does not have to be enrolled for the purpose of obtaining a certificate or degree. A student with a *significant* intellectual disability in a CTP program must maintain satisfactory academic progress as determined by the school for the CTP program.

¹⁷ HEA §401.

Award Year

The HEA Title IV award year begins the first day of July in a given year and ends the last day of June the following year. For example, award year AY2024-2025 began July 1, 2024, and ends June 30, 2025.

Academic Year

The HEA Title IV academic year is an IHE-determined instructional period. For credit hour programs, the academic year requires a minimum of 30 weeks of instructional time. For a clock hour program, the academic year requires a minimum of 26 weeks of instructional time. A full-time, full-academic-year student is expected to complete at least 24 semester hours, 36 quarter credit hours, or 900 clock hours. Each IHE establishes an academic year for each educational program. There may be more than one academic year within an award year.

Payment Period

The payment period is an academic period or period of enrollment for which Pell Grant aid is disbursed. Payment periods differ depending on the IHE's academic calendar and the length of the program of education. For example, an IHE on a standard semester calendar may disburse Pell Grant funds two times in an academic year, once for each of two semesters: fall and spring.

Cost of Attendance (COA)

For Pell Grant award purposes, the cost of attendance (COA) is an IHE-determined measure of the estimated educational expenses for a student enrolled full-time for a full academic year. In general, it is the sum of (1) tuition and fees; (2) an allowance for books and supplies; (3) an allowance for transportation; (4) an allowance for miscellaneous personal expenses; (5) an allowance for living expenses (i.e., housing and food); and (6) for a student with dependents, an allowance for costs expected to be incurred for dependent care.¹⁸ Institutions may use average costs for students at their school, rather than calculating actual expenses for each student. Average COA amounts must be based on the same category of students. For example, institutions establish separate averages by residency: in-state or out-of-state, or housing: on-campus or off-campus. A student's Pell Grant award cannot exceed the student's COA.

Discretionary Base Maximum Award

The discretionary base maximum award is the amount specified in annual appropriations bills for accounts funded by the Departments of Labor, Health and Human Services, and Education, and Related Agencies. For AY2024-2025, the discretionary base maximum award is \$6,335. The annual appropriations laws also establish the amount of discretionary funding available to fund the discretionary base maximum award for the program for the corresponding award year. **Table 1** presents the discretionary base maximum award for the last five years, and **Table B-1** provides a history of discretionary base maximum award amounts since AY1973-1974.

¹⁸ There are exceptions and allowable additions depending on the program of study, the student's enrollment intensity, whether the student has a disability, and the student's living situation. See HEA §472.

Table 1. Pell Grant Award Amounts, AY2020-2021 through AY2024-2025

Award Year (AY)	Discretionary Base Maximum Award	Mandatory Add-On Award	Total Maximum Award
2020-2021	5,285	1,060	6,345
2021-2022	5,435	1,060	6,495
2022-2023	5,835	1,060	6,895
2023-2024	6,335	1,060	7,395
2024-2025	6,335	1,060	7,395

Source: CRS review of annual appropriations bills for accounts funded by the Departments of Labor, Health and Human Services, and Education, and Related Agencies (LHHS), FY2020-FY2024.

Note: For a history of Pell Grant award amounts since AY1973-1974, see **Table B-1**.

Mandatory Add-On Award

The mandatory *add-on* award is an amount established by the HEA. Since AY2017-2018, the mandatory add-on award has been \$1,060. The HEA provides permanent and indefinite mandatory appropriations to fund the mandatory add-on award. From AY2013-2014 through AY2017-2018, statutory provisions established a formula to annually modify the mandatory add-on amount to account for inflation. For AY2018-2019 and all subsequent award years, the mandatory add-on amount remains the same in accordance with statutory provisions. **Table 1** presents the mandatory add-on award for the most recent five years, and **Table B-1** provides a history of mandatory add-on award amounts when provided since AY1973-1974.

Total Maximum Award

The total maximum award amount is the maximum Pell Grant amount that a student may receive in an academic year. The total maximum award is the sum of the discretionary base maximum award and the mandatory add-on award. For AY2024-2025, the total maximum award is \$7,395. **Table 1** presents the total maximum award for the last five years, and **Table B-1** provides a history of total maximum award amounts since AY1973-1974.

Minimum Award

The minimum Pell Grant award is the smallest annual award amount for which a student must qualify to receive a Pell Grant award. In other words, a student must qualify for at least this minimum amount to be eligible for the program. The minimum award is 10% of the total maximum award, rounded to the nearest \$. For AY2024-2025, the minimum Pell Grant award is \$740, or 10% of \$7,395, rounded to the nearest \$.¹⁹

¹⁹ Letter from Richard Cordray, Chief Operating Officer, Federal Student Aid, *2024-2025 Federal Pell Grant Maximum and Minimum Award Amounts (Updated April 5, 2024)*, DCL GEN-24-01, January 31, 2024, <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2024-01-31/2024-2025-federal-pell-grant-maximum-and-minimum-award-amounts-updated-april-5-2024>.

Adjusted Gross Income and Student Aid Index

The HEA utilizes two primary student financial indicators for determining whether an otherwise eligible student qualifies for a Pell Grant—adjusted gross income (AGI) and student aid index (SAI). Both indicators reflect the student’s and the student’s family’s financial resources. A student may qualify based on AGI or SAI.

AGI is calculated on federal individual income tax returns from the family’s total (gross) income minus certain adjustments.²¹ AGI from the tax return(s) is reported on the FAFSA unless the family is not required to file a tax return. Otherwise eligible students with an AGI below specified thresholds qualify for a Pell Grant. The AGI thresholds depend on federal poverty guidelines, the student’s dependency status, and the student’s parent status.²² The poverty guidelines are reported for different numbers of persons in the family and for the 48 states and the District of Columbia, Hawaii, and Alaska. In addition, otherwise eligible students whose family is not required to file a tax return(s) qualify for a Pell Grant.

The SAI is a dollar amount calculated in accordance with an HEA-defined methodology to reflect a family’s approximate financial resources available to contribute toward the student’s postsecondary education for the academic year. The SAI is determined by utilizing family and financial (income and asset) information reported on the FAFSA. The SAI calculation methodology differs for dependent students, independent students with no dependents other than a spouse, and independent students with one or more dependents other than a spouse. The lowest SAI is -\$1,500 (negative \$1,500), and there is no maximum SAI.²³ Generally, an otherwise eligible student with an SAI less than or equal to 90% of the maximum Pell Grant qualifies for a Pell Grant.

Dependency Status

An independent student, generally speaking, is an individual who is age 24 or over or meets another criterion specified in the HEA.

A dependent student is a student who is not an independent student.

Parent Status

An independent student has *single parent* status if the student is a parent and was a head of household, a surviving spouse, or eligible for the Earned Income Tax Credit.²⁰

An independent student has *not a parent* status if the student does not or would not claim a child for federal income tax purposes.

A parent of a dependent student has *single parent* status if the parent was a head of household, a surviving spouse, or eligible for the Earned Income Tax Credit.

Scheduled Award Rules

The scheduled award is the maximum Pell Grant aid a full-time, full-academic-year student can receive. In accordance with the HEA, the scheduled award is determined by a process (**Figure 1**) that takes into consideration the student’s dependency status, parent status, AGI, SAI, COA, and special rules (see “Special Rules”).

²⁰ Head of household is defined in Section 2(b) of the Internal Revenue Code (IRC). Surviving spouse is defined in Section 2(a) of the IRC. The Earned Income Tax Credit is established under Section 32 of the IRC.

²¹ For more information about AGI, see CRS Report RL30110, *Federal Individual Income Tax Terms: An Explanation*.

²² The poverty guidelines are published annually in the *Federal Register* by the U.S. Department of Health and Human Services.

²³ If an independent student (and spouse) is not required to file a tax return(s) or if the parent(s) of a dependent student is not required to file a tax return(s), the student’s SAI is -\$1,500.

Special Rules

Three types of otherwise eligible students qualify for a scheduled award equal to the total maximum Pell Grant:

- An independent student (and spouse) who is not required to file a tax return(s) and a dependent student whose parent(s) is not required to file a tax return(s);
- A child who is under age 33 and whose parent or guardian died in the line of duty while serving on active duty as a member of the U.S. Armed Forces on or after September 11, 2001; and
- A child who is under age 33 and whose parent or guardian died in the line of duty while actively serving as and performing the duties of a public safety officer.²⁴

A child who qualifies under the special rule based on the death of his or her parent or guardian does not have to be financially needy.

Process Steps

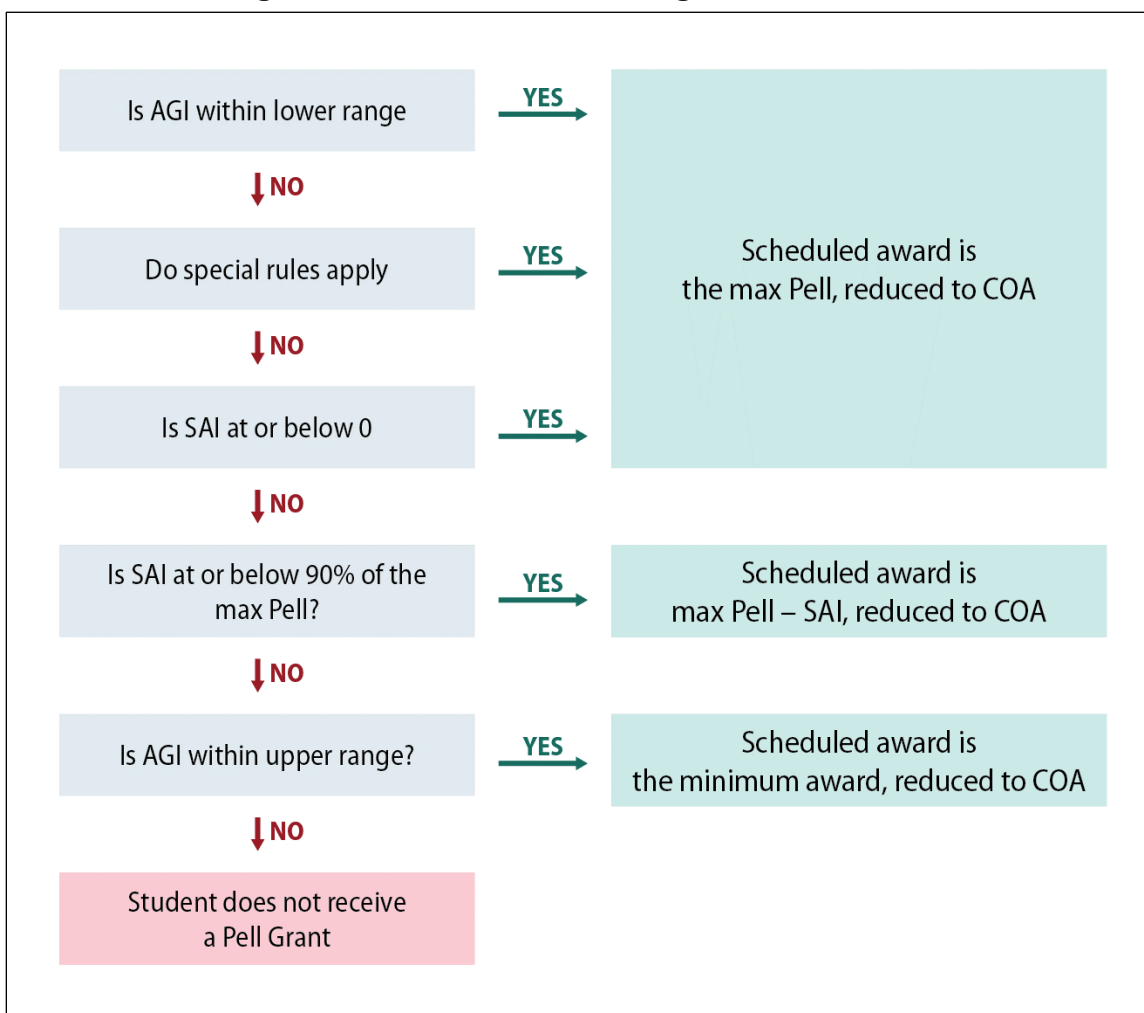
The first step is to determine if the student qualifies for the total maximum Pell Grant based one of the following: AGI, the special rules, or SAI. An eligible student whose AGI is within a *lower range* (**Figure 2**) qualifies for the total maximum Pell Grant regardless of the student's SAI. The lower AGI range spans from \$0 to a percentage of poverty that depends on the student's dependency and parent status. For example, dependent or independent students with a single parent status qualify for the total maximum Pell Grant if AGI is at least \$0 but not greater than 225% of poverty. A student who qualifies for one of the special rules and a student whose SAI is \$0 or less is eligible for the total maximum Pell Grant.

For students who do not qualify for the total maximum Pell Grant as described above, a scheduled award is calculated by subtracting SAI from the total maximum Pell Grant award and rounding the result to the nearest \$5. If the calculated scheduled award is less than the minimum award, the student does not qualify for a scheduled award using SAI.

For students who do not qualify for the total maximum Pell Grant as described above or a scheduled award using SAI, the student may qualify for the minimum award using AGI. An eligible student whose AGI is within an *upper range* (**Figure 2**) qualifies for the minimum Pell Grant.

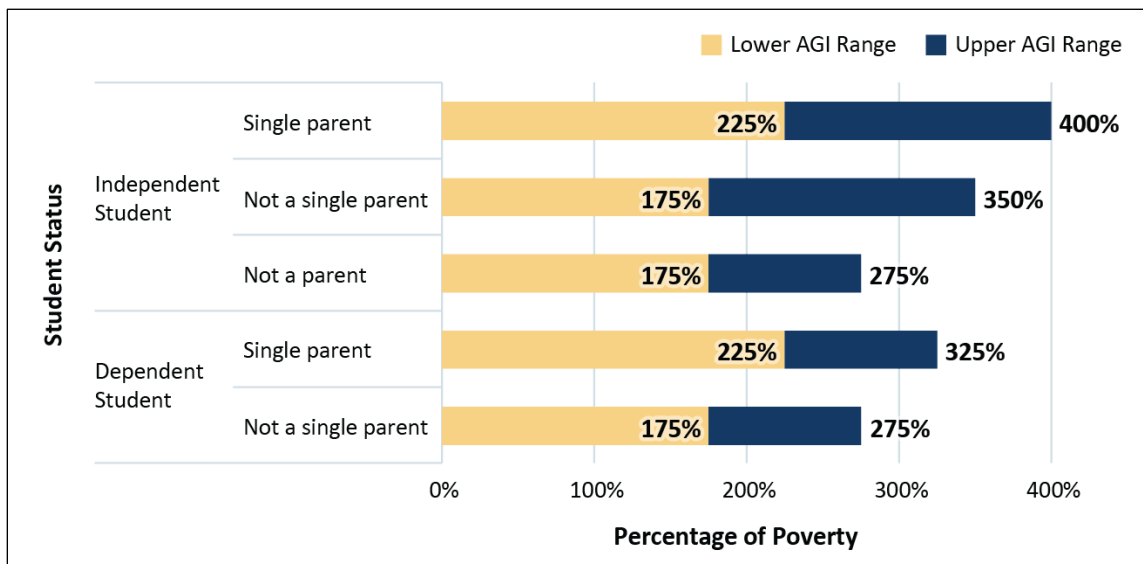
Finally, the scheduled award is reduced to ensure it does not exceed the student's COA.

²⁴ Public safety officers generally include law enforcement officers, firefighters, members of a rescue squad or ambulance crew, Federal Emergency Management Agency (FEMA) employees, emergency management or civil defense agency employees, chaplains, and others defined in Section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968.

Figure 1. Process for Determining Scheduled Award

Source: U.S. Department of Education's Federal Student Aid, *FAFSA Pell Eligibility and SAI Guide 2024-2025*, Version 4, March 2024.

Notes: AGI means adjusted gross income; COA means cost of attendance; max Pell means the total maximum Pell Grant award; SAI means student aid index.

Figure 2. Lower and Upper AGI Ranges for Determining Scheduled Award

Source: HEA Section 401.

Notes: The Lower AGI Range is the range of adjusted gross incomes that qualify an eligible student for a scheduled award equal to the total maximum Pell Grant award. The Upper AGI Range is the range of adjusted gross incomes that qualify an eligible student for a scheduled award equal to the minimum Pell Grant award. The high end of each scale is inclusive. The poverty guidelines are updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of Section 673(2) of the Community Services Block Grant Act (42 U.S.C. §9902(2)). They are differentiated according to the student's family size and applicable to the second tax year preceding the academic year. There are three separate poverty guidelines: for the 48 contiguous states and the District of Columbia, for Alaska, and for Hawaii.

Annual Award Rule

The annual award is the maximum Pell Grant aid a full-academic-year student can receive at the student's enrollment intensity and COA.²⁵ Enrollment intensity is the percentage of full-time enrollment at which a student is enrolled, rounded to the nearest whole percent. For example, a student enrolled in 10 credit hours when full-time enrollment is 12 credit hours has an enrollment intensity of 83%. The annual award is the scheduled award multiplied by the enrollment intensity, reduced to COA if the student is enrolled less than half-time.

Pell Grant Award Disbursements

Pell Grant aid awards are disbursed in each payment period for which a student is eligible. Pell Grants must be paid out in installments over the academic year. In general, the annual award amount is proportionally divided among each payment period in the academic year.²⁶ Each academic year must have at least two payment periods. For example, at an IHE on a traditional semester calendar in AY2024-2025, a full-time, full-academic-year student with a zero AGI could receive \$3,697.50 in the fall semester and \$3,697.50 in the spring semester. See **Figure 3** for an example of Pell Grant award disbursements.

²⁵ The annual award for a student in a clock-hour or nonterm credit-hour program is always the scheduled award even if the student is attending less than full time.

²⁶ The proportional division takes into consideration the number of weeks of each payment period and the number of full-time credit or clock hours in each payment period in comparison to the academic year definition.

Figure 3. Example of Pell Grant Award Disbursement

INDEPENDENT STUDENT A			
Not a parent	AGI: 200% of poverty	SAI: \$3,000	COA: \$16,000
DOES NOT QUALIFY FOR A scheduled award equal to the total maximum Pell Grant based on AGI because AGI is not within the lower range		QUALIFIES FOR A scheduled award based on SAI and equal to \$4,395, or a total maximum Pell grant minus the SAI (\$7,395 - \$3,000 = \$4,395)	
IF STUDENT A ENROLLS $\frac{3}{4}$ TIME THROUGHOUT THE ACADEMIC YEAR			
• Her annual award is \$3,296.25 (\$4,395 x 0.75) • Award disbursement for each trimester or payment period is 1/3 of the annual award (\$3,296.25 / 3 = \$1,098.75)		• Student A receives \$1,098.75 each semester (Fall, Winter, and Spring) • The total Pell Grant award is \$3,296.25 (\$1,098.75 + \$1,098.75 + \$1,098.75)	
IF STUDENT A ENROLLS $\frac{3}{4}$ TIME IN THE FALL AND WINTER, BUT DOES NOT ENROLL IN THE SPRING			
• She receives \$1,098.75 in the Fall semester and \$1,098.75 in the Winter semester		• Her total Pell Grant award is \$2,195.50 (\$1,098.75 + 1,098.75)	
IF STUDENT A ENROLLS $\frac{3}{4}$ TIME IN THE FALL, $\frac{1}{2}$ TIME IN THE WINTER, AND $\frac{3}{4}$ IN THE SPRING			
• Winter disbursement is based on a $\frac{1}{2}$-time annual award of \$2,197 (\$4,395 / 2) • The Winter semester disbursement is $\frac{1}{3}$ of the $\frac{1}{2}$-time annual award or \$732.50 (\$2,197 / 3)		• Student A receives \$1,098.75 in the Fall semester, \$732.50 in the Winter semester, and \$1,098.75 in the Spring semester • The total Pell Grant award is \$2,930.00 (\$1098.75 + \$732.50 + 1,098.75)	

Source: Example created by CRS based on provisions in the HEA and information in the Department of Education, Federal Student Aid, *Federal Student Aid Handbook 2024-2025*.

Notes: The student or IHE may have to return a portion of the actual awards if the student reduces her enrollment intensity during a trimester or withdraws before the end of a trimester. Alternatively, the student may receive a larger actual award if the student increases her enrollment intensity.

Year-Round (Summer) Pell Grants

Qualified students may receive up to $1\frac{1}{2}$ scheduled Pell Grants, or up to 150% of the scheduled award, in each award year.²⁷ To qualify for the additional funds, a Pell Grant-eligible student must

²⁷ Eligible students enrolled from July 1, 2009, to June 30, 2011, were eligible to receive so-called *year-round* Pell (continued...)

be enrolled in a payment period after receiving most or all of the student's scheduled award in previous payment periods of the award year. For example, at an IHE on a traditional semester calendar in award year 2024-2025, a full-time, full-academic-year student with a zero AGI could receive \$3,697.50 in the fall semester, \$3,697.50 in the spring semester, and \$3,697.50 in the summer semester. **Figure 4** provides an additional example.

Grants, or up to two scheduled awards in a single award year. Year-round Pell was authorized by the Higher Education Opportunity Act (P.L. 110-315) and repealed by the FY2011 Continuing Appropriations Act (P.L. 112-10).

Figure 4. Example of Pell Grant Award Disbursement with Year-Round (Summer) Pell Grant

DEPENDENT STUDENT B

Single parent status

AGI: 300% of poverty

SAI: \$7,000

COA: \$16,000

DOES NOT QUALIFY FOR

A scheduled award equal to the total maximum Pell Grant based on AGI because AGI is not within the lower range, or a scheduled award based on SAI because the calculated award, total maximum Pell Grant minus the SAI (\$7,395 – 7,000 = \$395), is less than the minimum award.

QUALIFIES FOR

Scheduled award equal to the minimum award of \$740 because the AGI is within the upper range.

STUDENT B ENROLLS ¾ TIME IN THE FALL SEMESTER AND FULL-TIME IN THE SPRING AND SUMMER SEMESTERS

FALL SEMESTER

• For the Fall semester, the student’s annual award is the scheduled award reduced in accordance with his enrollment intensity or \$555 (\$740 x 0.75)

• The Fall semester disbursement is half of the annual award or \$277.50 (\$555 / 2)

SPRING SEMESTER

• For the Spring semester the student’s annual award is the scheduled award since the student is enrolled full-time

• The Spring semester disbursement is half of the annual award or \$370 (\$740 / 2)

Therefore for the academic year (Fall and Spring semesters), Student B has received \$647.50 (\$277.50 + \$370), which is 87.5% of his scheduled award (\$647.50 / \$740)

SUMMER SEMESTER

• For the Summer semester, Student B’s annual award is the scheduled award since the student is enrolled full-time

• The Summer semester disbursement is half of the annual award or \$370 (\$740 / 2)

Therefore for the award year (Fall, Spring, and Summer semesters), the student would receive \$1,017.50 (\$277.50 + \$370 + \$370), which is 137.5% of his scheduled award (\$1,017.50 / \$740)

Source: Example created by CRS based on provisions in the HEA and information in the Department of Education, Federal Student Aid, *Federal Student Aid Handbook 2024-2025*.

Notes: The student or IHE may have to return a portion of the actual awards if the student reduces his enrollment intensity during a semester or withdraws before the end of a semester. Alternatively, the student may receive a larger actual award if the student increases his enrollment intensity.

Maximum Pell Grant Lifetime Eligibility

The HEA establishes a maximum cumulative lifetime eligibility cap on Pell Grant aid.²⁸ Over her lifetime, a student may receive the value of no more than 12 full-time semesters (or the equivalent) of Pell Grant awards or six scheduled awards.²⁹ Pell Grant lifetime eligibility used (LEU) at a closed school from which the student did not graduate does not count toward the lifetime cap—the eligibility used is restored.³⁰ Beginning July 1, 2023, LEU is restored for the period of attendance for which the student received a Title IV loan discharge associated with closed schools, false certifications, identity theft, or successful borrower defense claims.³¹

Institutional Role

To be eligible for the HEA Title IV programs, including the Pell Grant program, an IHE must meet several statutory and regulatory eligibility criteria. For a description of institutional eligibility requirements, see CRS Report R43159, *Eligibility for Participation in Title IV Student Financial Aid Programs*.³² The IHE may be a public or private nonprofit IHE, a private for-profit (sometimes referred to as proprietary) postsecondary institution, or a postsecondary vocational institution.

An eligible institution's role in administering the Pell Grant program primarily involves reviewing and verifying information submitted by students on the FAFSA, calculating awards, disbursing awards, adjusting awards to ensure students do not receive more assistance than they are eligible for, record keeping, and reporting to ED.

An eligible institution calculates a student's Pell Grant disbursement using the award rules. Generally, institutions credit a student's account with the Pell Grant disbursement payment to meet unpaid tuition, fees, and institutionally provided room and board; any remaining Pell Grant funds are paid directly to the student to cover other expenses.

ED makes funds available to schools so that they can disburse Pell Grant awards. In addition, the Pell Grant program pays participating institutions an administrative cost allowance of \$5 per enrolled recipient.

²⁸ The HEOA amendments introduced a lifetime eligibility limit of 18 full-time semesters (or the equivalent) for students who received their first Pell Grant on or after July 1, 2008. The Consolidated Appropriations Act, 2012 (P.L. 112-74) reduced the cumulative lifetime eligibility for Pell Grant aid from 18 semesters to 12 semesters starting in AY2012-2013, but the limit applies to all students regardless of when the aid was received.

²⁹ For example, students who consistently enroll half-time in standard terms throughout their progression to a certificate or degree could receive Pell Grant aid for 24 semesters, or 12 years. Students who consistently enroll full-time in standard terms throughout their certificate or degree progression could receive Pell Grant aid for 12 semesters, or six years. This change does not affect the measurement of full-time enrollment for the purposes of federal student aid, which is currently at least 12 semester hours (or the equivalent for non-standard terms).

³⁰ HEA §437(c)(3). For restoration, the school's main location must have closed after 1994; the student must not have completed her program; and the student must have been enrolled at the closed school within two years of the school's closure.

³¹ U.S. Department of Education, Office of Postsecondary Education, *FAFSA® Simplification Act Changes for Implementation in 2023-24*, GEN-22-15, November 4, 2022.

³² See also HEA Titles I and IV.

Description of Pell Grant Recipients and Participation

This section provides descriptive statistics of Pell Grant recipients (numbers and characteristics) and the institutions that they attend. The data may inform discussion regarding the extent to which the program achieves the policy goal of improving access to higher education for individuals with limited financial resources.

Number of Recipients

The Pell Grant program reaches a significant portion of undergraduates each year. In AY2019-2020, the latest year for which study data are available, 40% of all undergraduates were estimated to have received Pell Grants.³³ **Table 2** shows the number of Pell Grant recipients over the most recent five years for which data are available, from AY2018-2019 to AY2022-2023, as well as the annual change and annual percentage change during this time. The number of Pell Grant recipients has declined from over 6.8 million in AY2018-2019 to over 6.0 million in AY2022-2023. **Table C-1** displays Pell Grant recipients since AY1973-1974. It is important to note that myriad factors,³⁴ including the labor market, can affect the number of Pell Grant recipients in any given award year.

Table 2. Federal Pell Grant Recipients, AY2018-2019 to AY2022-2023

Award Year	Pell Grant Recipients	Change from Prior Year	% Change
2018-2019	6,865,000	(248,000)	(3.5%)
2019-2020	6,746,000	(118,000)	(1.7%)
2020-2021	6,221,000	(525,000)	(7.8%)
2021-2022	6,080,000	(141,000)	(2.3%)
2022-2023	6,031,000	(48,000)	(0.8%)

Source: U.S. Department of Education, *AY2021-2022 Pell Grant End-of-Year Report*; and President's budget FY2025.

Notes: Recipient figures rounded to the nearest thousand. Numbers in parentheses are negative numbers. For a history of Pell Grant award amounts since AY1973-1974, see **Table C-1**.

Income of Recipients

Since Pell Grant awards are heavily dependent on income and family characteristics, there is no absolute income threshold that determines who is eligible or ineligible for a Pell Grant award. Nevertheless, Pell Grant recipients are primarily low-income. In AY2021-2022, an estimated 92%

³³ M. Cameron, R. Johnson, T.A. Lacy, J. Wu, P. Siegel, J. Holley, and J. Wine, *2019–20 National Postsecondary Student Aid Study (NPSAS:20): First Look at Student Financial Aid Estimates for 2019–20*, NCES 2023-466, U.S. Department of Education, National Center for Education Statistics, 2023, Table A-5, retrieved August 30, 2024, from <https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2023466>.

³⁴ Such factors include, but are not limited to, (1) amendments to the HEA that affect the federal need analysis calculation and Pell Grant award rules; (2) changes in the maximum grant level specified in annual appropriations bills; (3) trends in enrollment at postsecondary institutions; (4) demographic factors; and (5) macroeconomic and microeconomic variables (e.g., the labor market).

of Pell Grant recipients had a total family income at or below \$60,000.³⁵ Independent Pell Grant recipients' income is generally lower than their dependent counterparts' family income. As a point of reference, median household income for all U.S. households with or without students was \$76,330 in 2021 and \$ 74,580 in 2022.³⁶

Distribution of Pell Grant Recipients and Funds by Institutional Type

Pell Grant recipients and nonrecipients are not equally distributed across institutions by sector. **Table 3** shows the AY2019-2020 enrollment distribution by institutional sector of undergraduates who do not receive a Pell Grant and undergraduates who do receive Pell Grants. Each group is disaggregated for dependent and independent students. For both independent and dependent students, the share of Pell Grant recipients attending private-for-profit institutions was higher than the share of undergraduate students who do not receive Pell Grants attending such institutions. One possible explanation for this disparity is that for-profit institutions may target marketing to low-income students.³⁷ Most undergraduates, whether receiving Pell Grants or not, attend public four-year or public two-year institutions. For example, over half of independent Pell Grant recipients attend either public four-year (27.8%) or public two-year (30.2%) institutions.

Table 3. Estimated Distribution of Pell Grant Recipients and Undergraduates not Receiving Pell Grants by Sector of Enrolling Institution, AY2019-2020

Type and Control of Institution	Dependent Undergraduates		Independent Undergraduates	
	% Pell Grant Recipients	% Not Receiving Pell Grant	% Pell Grant Recipients	% Not Receiving Pell Grant
Public four-year	44.2	44.4	27.8	28.1
Private nonprofit four-year	16.5	19.7	10.7	11.1
Public two-year	23.7	23.1	30.2	42.7
Private for-profit ^a	3.9	1.3	16.2	7.4
Other or more than one institution ^b	11.6	11.4	15.1	10.7
Total	100.0	100.0	100.0	100.0

Source: CRS estimates from 2019-2020 NPSAS.

Notes: Due to rounding, sum of column entries may not equal column totals.

- a. Private for-profit institutions are sometimes referred to as *proprietary* institutions.
- b. The other or more than one institution category is for students who attended an institution that is not a public four-year, private nonprofit four-year, public two-year, or private for-profit institution and for students who attended more than one eligible institution during the year.

³⁵ Table 003 of the *AY2021-2022 Pell Grant End-of-Year Report*. Total family income is defined here as the adjusted gross income (if a tax filer), any taxable income (if not a tax filer), and any nontaxable income.

³⁶ Gloria Guzman and Melissa Kollar, U.S. Census Bureau, Current Population Reports, P60-279, *Income in the United States: 2022*, U.S. Government Publishing Office, Washington, DC, September 2023.

³⁷ "How For-Profit Colleges Sell 'Risky Education' To The Most Vulnerable," NPR, March 27, 2017; Elizabeth A. Harris, "New York City Consumer Agency Investigating Four For-Profit Colleges," *The New York Times*, April 2, 2015; and Caroline Simon, "For-Profit Colleges' Teachable Moment: 'Terrible Outcomes Are Very Profitable,'" *Forbes*, March 19, 2018.

Role of the Pell Grant

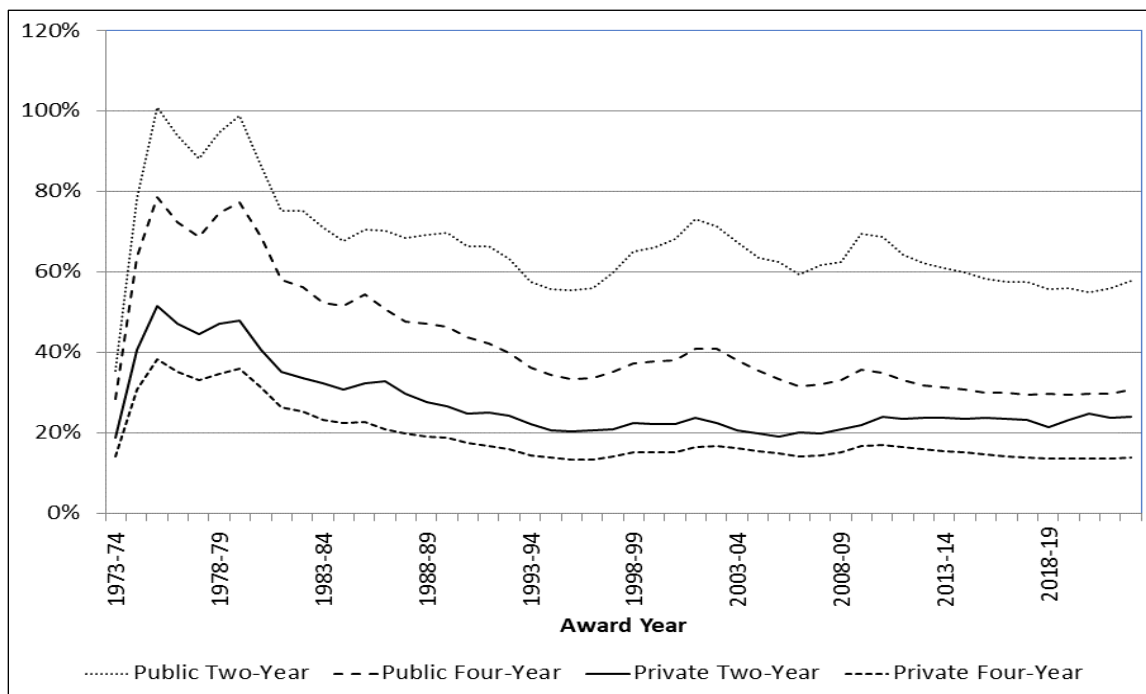
The Pell Grant is intended to function as the foundation of federal need-based aid for financially needy undergraduates. As described earlier, other financial aid received by a student is not taken into account in determining a student's Pell Grant. This section explores the role Pell Grants and other sources of aid play in helping students meet postsecondary costs.

Purchasing Power

The total maximum Pell Grant, available to some students (**Table 1**) who enroll on a full-time, full-year basis, is often used as a gauge of the Pell Grant program's level of support in each year. **Figure 5** compares the total maximum grant to average undergraduate tuition, fees, room, and board charges (base educational costs) at public two-year, public four-year, private two-year, and private four-year institutions between AY1973-1974 and AY2022-2023. It is evident that the maximum was at its peak relative to these average charges during the 1970s. Since the 1990s, the extent to which the total maximum Pell Grant covers average base educational costs has been variable; however, despite some increases, the total maximum Pell Grant has lost ground relative to average base educational and related costs at public four-year institutions. Comparing AY1992-1993 and AY2022-2023, the total maximum grant covered approximately 63% and 58% of the average base educational costs at public two-year institutions, 40% and 31% at public four-year institutions, 24% and 24% at private two-year institutions, and 16% and 14% at private four-year institutions, respectively.³⁸

³⁸ Under HEA §472, other allowances for the cost of attendance for the purpose of awarding Pell Grant aid are provided, such as costs associated with transportation and dependent care expenses. These costs are not considered in this section of the report in order to maintain a comparable trend across institutional sectors. If these costs are included, the average amount of coverage by the Pell Grant maximum would be less for all types of institutions.

Figure 5. Percentage of Tuition, Fees, Room, and Board Covered by the Total Maximum Pell Grant, by Institutional Sector: AY1973-1974 to AY2022-2023



Source: CRS calculations using data from National Center for Education Statistics (NCES), *Digest of Education Statistics*, 2023, Table 330.10.

Notes: The purchasing power of the Pell Grant through AY1992-1993 was constrained by a statutory cap on the percentage of cost of attendance (COA) that a Pell Grant could cover. From AY1973-1974 to AY1984-1985, the cap was 50%; from AY1985-1986 to AY1992-1993, the cap was 60%. After that time there has been no absolute limit on the percentage of COA that can be covered. For public institutions, in-district tuition and required fees are used.

In all sectors of higher education, published tuition, fees, and room and board have consistently risen more rapidly than average prices in the economy (as measured by the Consumer Price Index) for a number of years. An analysis of the purchasing power of the Pell Grant maximum award, therefore, could also include an examination of why published prices at institutions of higher education have risen at such a rapid rate and what is the role of federal student aid, including Pell Grants, as well as other factors in contributing to rising published prices.³⁹

Receipt of Pell Grants and Other Aid

The Pell Grant is intended to be the foundation of federal need-based aid for undergraduates from Title IV of the HEA.⁴⁰ In AY2019-2020, an estimated 15% of Pell Grant recipients relied on a Pell Grant as their only source of aid from all sources, and 36% of Pell Grant recipients received other HEA Title IV aid funds but no other sources of aid.⁴¹

³⁹ For more information on college prices and potential explanations for escalating college prices, see CRS Report R43692, *Overview of the Relationship between Federal Student Aid and Increases in College Prices*.

⁴⁰ Federal need-based student aid from the HEA is defined here as Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study earnings, and Direct Subsidized Loans.

⁴¹ CRS estimates from 2019-2020 NPSAS.

Most Pell Grant recipients (83%) participate in other student aid programs. For Pell Grant recipients, **Table 4** shows estimates of the average percentage of cost of attendance (COA) covered by their Pell Grant award, their loans from all sources, and their total aid package in AY2019-2020, by total family income. This table allows for examination of the extent to which Pell Grants and other aid helped Pell Grant recipients meet their COA.⁴² **Table 4** shows, for example, that among all Pell Grant recipients, Pell Grant aid covered, on average, 24.4% of the COA and all loan sources covered, on average, an additional 35.6% of the COA for these recipients. For Pell Grant recipients, total aid from all sources supplies less than two-thirds (61.7%) of the COA, on average.

Table 4. Pell Grant Aid, Student Loans, and Total Aid from All Sources as Average Percentages of Cost of Attendance for Undergraduate Students Who Received a Pell Grant, by Dependency and Total Family Income
(AY2019-2020)

	Pell Grant Aid ^a as a Percentage of COA	All Loans ^b as a Percentage of COA	Total Aid ^c as a Percentage of COA
All Pell Grant Recipients	24.4%	35.6%	61.7%
Total Family Income (Dependent)^d			
Less than \$20,000	29.8%	28.1%	63.6%
\$20,000 to \$29,999	28.4%	29.8%	67.5%
\$30,000 to \$49,999	21.7%	29.0%	62.6%
\$50,000 or more	12.1%	33.8%	59.9%
Total Family Income (Independent)^e			
Less than \$20,000	26.7%	40.4%	60.8%
\$20,000 to \$29,999	21.4%	44.0%	60.4%
\$30,000 to \$49,999	26.2%	39.8%	58.9%
\$50,000 or more	17.3%	42.3%	53.4%

Source: CRS estimates from 2019-2020 NPSAS.

Notes: COA = cost of attendance.

- Students who attended more than one institution are excluded.
- All loans column includes federal loans to students, state loans, institutional loans, Direct PLUS loans to parents, and other private commercial or alternative loans. Data exclude loan amounts if Pell Grant recipients did not borrow.
- Total aid includes all federal, state, institutional, and private financial aid received by the student in the form of grants, loans, work-study assistance, or other types of aid. Students who attended more than one institution are excluded.
- Includes the income of the parents of dependent students but does not include the income or earnings of the student.
- Includes income of independent student and spouse when applicable.

⁴² The cost of attendance is the sum of tuition and fees and non-tuition expenses for students who attended only one institution. The cost is adjusted to accommodate private alternative loans that may exceed total aid (federal, state, institutional, and private financial aid received by the student in the form of grants, loans, work-study assistance, or other types of aid).

Program Funding

This section of the report reviews the latest Pell Grant program funding trends and reviews Pell Grant funding sources and procedures. The program has somewhat unique funding characteristics because of the mix of discretionary and mandatory funding, the 2006 budget scoring rule, and its ability to carry over a surplus or shortfall of discretionary funding to subsequent fiscal years. This section explores these concepts and the effect that they have on amounts provided in annual appropriations acts.

The Pell Grant program since approximately FY2008 has been funded through three funding streams. A discretionary appropriation is the primary source of funds for the discretionary award amounts. There are two mandatory funding streams. The smaller mandatory funding stream augments the discretionary appropriations to fund the discretionary award level. Therefore, a portion of the discretionary award level is funded through mandatory appropriations. A larger mandatory appropriation funds the mandatory add-on award amounts. Recent and historical discretionary maximum award levels and mandatory add-on award levels are shown in **Table 1** and **Table B-1**, respectively. **Table D-1** presents the amounts from the three distinct funding streams since FY2008.

Funding provided for the Pell Grant program is exempt from sequestration, pursuant to provisions included in Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA, Title II of P.L. 99-177, as amended).

Role of Discretionary Funding

Annual appropriations bills for accounts funded by the Departments of Labor, Health and Human Services, and Education, and Related Agencies provide the largest portion of funding for the Pell Grant program, and this funding remains available for use for two fiscal years. An annual appropriation is available for obligation on October 1 of the fiscal year for which the appropriation is made and remains available for obligation through September 30 of the following fiscal year.⁴³ Thus, while FY2025 funds are provided for the purpose of supporting awards made from July 1, 2025, to June 30, 2026, these funds are available for obligation from October 1, 2024, to September 30, 2026, and may support multiple award years. This multiyear availability allows the discretionary appropriation to operate at a surplus or shortfall in any given year. In addition, this multiyear availability allows the program to operate as a *quasi-entitlement*, making grant payments to eligible students who apply for aid and enroll in eligible programs notwithstanding the appropriation level available in any one year. As mentioned earlier, annual discretionary appropriation acts also establish the base discretionary maximum grant for each applicable award year.

Role of Mandatory Funding

Specified Mandatory Appropriations to Augment Discretionary Funding

The SAFRA Act (enacted as part of the Health Care and Education Reconciliation Act of 2010; P.L. 111-152), the FY2011 Continuing Appropriations Act (P.L. 112-10), the Budget Control Act of FY2011 (P.L. 112-25), the FY2012 Consolidated Appropriations Act (P.L. 112-74), the

⁴³ The annual appropriation for the Pell Grant program is available immediately upon enactment at any point on or after October 1. In the event the annual appropriation is not enacted at the beginning of the fiscal year, a continuing resolution typically provides prorated funding for the program until an appropriation measure is enacted.

FUTURE Act (P.L. 116-91), and most recently the Extension of Continuing Appropriations and Other Matters Act, 2024 (P.L. 118-40) amended the HEA to provide specified mandatory appropriations for the Pell Grant program to augment current and future discretionary appropriations. That is, these funds, while mandatory from a budgetary perspective, can be used to pay for costs in the program for which annual discretionary appropriations are typically provided. The concept of providing advance mandatory funding to augment or supplant discretionary funding in the program is relatively new. Prior to FY2007, mandatory funding had been infrequently provided for the Pell Grant program, but usually to supplement discretionary funding to pay for accumulated funding shortfalls.⁴⁴

Permanent, Indefinite Mandatory Appropriations for the Add-On Award

The SAFRA Act also established permanent, indefinite mandatory appropriations for the program to provide for the mandatory add-on award amount in FY2010 and beyond.⁴⁵ Although the mandatory appropriations that fund add-on award amounts are available permanently for *such sums as necessary*, the amount provided for each year will be determined based on actual costs associated with the applicable add-on amount.

Summary of Recent and Projected Funding

Table 5 provides a summary of recent and projected Pell Grant program funding from FY2020 through FY2029.⁴⁶ A distinction is made between discretionary appropriations, mandatory appropriations provided to augment discretionary appropriations, and mandatory appropriations provided to fund add-on award amounts. **Table 5** also displays the mandatory appropriations that have been provided through FY2029.

From a budget scoring perspective, these recent increases in mandatory appropriations were offset largely by enacted provisions that were estimated to have resulted in savings from the federal student loan programs, which are classified as mandatory programs. Additionally, some of the mandatory appropriations provided for the program in the FY2011 Continuing Appropriations Act and FY2012 Consolidated Appropriations Act were offset by enacted provisions that resulted in mandatory savings in other aspects of the Pell Grant program.⁴⁷

Mandatory appropriations that will be necessary to fully fund the add-on award amount are available permanently, but the specific amount required in each year cannot be reported until the add-on amount is determined and all funds are disbursed to eligible students. ED does, however,

⁴⁴ For example, mandatory funding in the amount of \$4.3 billion was provided in P.L. 109-149 to pay exclusively for the accumulated funding shortfall through AY2005-2006.

⁴⁵ Prior to the SAFRA Act, the College Cost Reduction and Access Act of 2007 (CCRAA) provided annual specified mandatory appropriation levels from FY2008 to FY2017 to fund annual add-on award amounts. The SAFRA Act eliminated the specified mandatory appropriation levels for FY2010 and all subsequent years and replaced these levels with indefinite mandatory appropriations, while revising the add-on award amounts.

⁴⁶ **Table E-1** provides a more comprehensive history of the discretionary funding levels in the program since FY1973.

⁴⁷ Since the enactment of the SAFRA Act, legislative changes that affect the eligibility and award rules of the Pell Grant program are measured separately on the budget ledger between discretionary and mandatory funding. That is, a distinction is made between savings or additional costs associated with funding the discretionary base maximum award and the mandatory add-on award when changes to the program are enacted. For example, eliminating eligibility for a student to receive two scheduled Pell Grant awards in one award year resulted in savings associated with both the discretionary base maximum award and the mandatory add-on award. In general, savings associated with the mandatory award was redirected back to the program as specified mandatory appropriations for future use in specified years.

estimate the amount of mandatory appropriations required to fund add-on award amounts for the current and subsequent fiscal years.

Table 5. Pell Grant Funding (FY2020 to FY2029)

(dollars in millions)

Fiscal Year ^a	Funds Supporting Discretionary Award Amounts			Funds Supporting Mandatory Add-On Award Amounts	Total Funding
	Discretionary Appropriation ^b	Mandatory Appropriation	Subtotal	Mandatory Appropriation ^c	
2020	22,475	1,405	23,880	5,571	29,451
2021	22,475	1,142	23,617	5,384	29,001
2022	22,475	1,085	23,560	4,011	27,571
2023	22,475	1,095	23,570	5,151	28,721
2024	22,475	1,170	23,645	5,629	29,274
2025	TBD	3,170	TBD	SSAN	TBD
2026	TBD	2,170	TBD	SSAN	TBD
2027	TBD	1,236	TBD	SSAN	TBD
2028	TBD	1,236	TBD	SSAN	TBD
2029	TBD	1,236 ^d	TBD	SSAN	TBD

Source: CRS analysis of the HEA, as amended, U.S. Department of Education Budget Tables, and respective appropriations measures.

Notes: Totals may not add due to rounding. TBD = to be determined. SSAN = Such sums as necessary. In effect, this means the amount of mandatory appropriations that will be necessary to fully fund the add-on award amount specified in the HEA for a given year. In other words, mandatory funding has been available to support the add-on amount beginning in FY2010 onward permanently, but the amount required in each year is indefinite and cannot be reported until the add-on amount is determined and all funds are disbursed to eligible students.

For the specific amounts provided and rescinded since FY2008, see **Table D-1**.

- The fiscal year in this table represents the first year the funds appropriated in each column are available for use. Most funds are available for two fiscal years.
- This amount reflects the annual discretionary appropriation level and excludes any rescission of the Pell Grant program cumulative surplus.
- This is the estimated amount of mandatory appropriations required to increase the discretionary base maximum grant by \$1,060 in the fiscal year, as estimated in the President's FY2025 budget.
- Additional annual mandatory appropriations in the amount of \$1,236,000,000 are also provided for each succeeding year beyond FY2029.

Discretionary Funding Shortfalls and Surpluses

The Pell Grant program is often referred to as a *quasi-entitlement* and has in some respects been operated as an appropriated entitlement. An *appropriated entitlement* is a program that receives mandatory funding in the annual appropriations acts, but the level of spending is not controlled

through the annual appropriations process.⁴⁸ Instead, the level of mandatory spending for appropriated entitlements, like other entitlements, is based on the benefit and eligibility criteria established in law, and the amount provided in appropriations acts is based on meeting this projected level. The Pell Grant program is not an entitlement because the program is primarily funded through discretionary appropriations. In addition, in the past, statutory benefit and eligibility criteria were adjusted so that spending would not exceed appropriations. Finally, annual Pell Grant discretionary appropriations are determined on the basis of estimates of program costs and other policy considerations.

To the extent that the annual discretionary appropriation and mandatory appropriation to augment the discretionary funding may be higher or lower than actual discretionary program costs, the program may operate at a surplus or shortfall. The surplus or shortfall may accumulate over more than one year. The HEA requires that the Secretary of Education, when he has determined that the appropriated funds are insufficient to satisfy all Pell Grant entitlements,⁴⁹ notify each chamber of Congress of the funding shortfall, identifying how much more funding is needed to meet those entitlements. The Secretary can respond to a shortfall in Pell Grant funding by allocating funds from the most recently enacted appropriation to pay for obligations incurred in previous award years.⁵⁰ For example, although the FY2025 appropriation is expected to fund award year 2025-2026 program costs, the appropriation may fund award year 2024-2025 costs since obligations for these costs occur in FY2025. This permits ED to use funds from multiple fiscal years' appropriations to meet one award year's cost.

The misalignment between estimated program costs (appropriations) and actual expenditures is often related to economic and statutory changes. When the general economy weakens, postsecondary enrollment often increases and thus Pell Grant participation and cost increases.

Table 6 provides a five-year history of estimated shortfall or surplus levels, funding for the discretionary award amounts, and estimated expenditures (**Table E-1** provides data since FY1973). Although discretionary award amounts are funded by discretionary and mandatory appropriations, the surplus or shortfall is accounted for using only discretionary funding. The annual funding shortfall or surplus differs from the cumulative shortfall or surplus, which may accumulate over multiple award years.⁵¹ Congress may have provided a reduced appropriation level in a given year when a funding surplus was available for use from the previous year. Conversely, Congress may have provided additional appropriations in a given year to pay for an estimated cumulative funding shortfall from the previous years.

Table 6 shows that the cumulative surplus over the last five years has exceeded \$11.0 billion, or 55% of the annual funding made available for the discretionary award, on average. Despite the cumulative surplus, the program is estimated to have an annual shortfall in FY2023 and FY2024.

⁴⁸ For more information about appropriated entitlements, see CRS Report RS20129, *Entitlements and Appropriated Entitlements in the Federal Budget Process*.

⁴⁹ The authorizing statute speaks of *entitlements* when it describes the award determined for a student based on the award rules.

⁵⁰ This response to the shortfall is only feasible if ED determines enough funds are available from the most recently enacted appropriation to meet obligations from multiple award years. A series of legal opinions at ED and other agencies in the 1990s provides the basis for the authority to use funds in an annual appropriation for multiple award years. In general, absent specific language in an annual appropriations measure limiting funds to a specific award year or purpose, the Secretary may use such funds for any award year during the period of availability specified in an appropriations measure.

⁵¹ In general, the annual surplus or shortfall is a measure of the difference between one year's appropriation, which is typically provided for a particular award year, and the estimated expenditures for that particular award year. The cumulative surplus is a measure that, in addition to including the annual surplus or shortfall, takes into account the prior years' surplus or shortfall amount.

The two subsequent sections of the report describe the policy implications of surpluses and shortfalls and the measures that have been used to address them.

Table 6. Estimated Annual and Cumulative Discretionary Funding Shortfalls in the Pell Grant Program, FY2020-FY2024

(millions of dollars)

Fiscal Year	Award Year	Annual Funding for Discretionary Award Amounts ^a	Estimated Total Expenditures ^b	Annual Surplus or (Shortfall)	Rescission of Cumulative Surplus ^c	Cumulative Surplus or (Shortfall)
2020	2020-2021	23,880	21,318	2,562	500 ^d	12,190
2021	2021-2022	23,617	20,919	2,698	500 ^e	14,388
2022	2022-2023	23,560	22,289	1,271	1,050 ^f	14,609
2023	2023-2024	23,570	25,600	(2,030)	360 ^g	12,219
2024	2024-2025	23,645	24,452	(807)	0	11,412

Source: Congressional Budget Office, *Baseline Projections: Pell Grant Program*, June 2024; and appropriations acts.

Notes: Numbers in parentheses are negative numbers. For a history of surpluses and shortfalls in the Pell Grant program since AY1973-1974, see **Appendix E**.

- a. This number includes annual discretionary appropriations and mandatory appropriations to augment discretionary funding and may include additional discretionary and mandatory funding. For a list of the applicable legislation and amounts, see **Appendix E**.
- b. All estimates of expenditures are subject to change.
- c. In response to budget enforcement mechanisms for appropriations laws, recent substantive Pell Grant program changes that increased the estimated mandatory spending for the add-on award have been offset by a rescission from the Pell Grant mandatory appropriations to augment discretionary funding in the budget year of the appropriations law. The decrease in the Pell Grant mandatory appropriations to augment discretionary funding may be larger or smaller than the estimated increase in mandatory spending for the add-on award since changes to other programs may contribute to the offset.
- d. Rescission by the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).
- e. Rescission by the Consolidated Appropriations Act, 2021 (P.L. 116-260).
- f. Rescission by the Consolidated Appropriations Act, 2022 (P.L. 117-103).
- g. Rescission by the Consolidated Appropriations Act, 2023 (P.L. 117-328).

Policy Implications and Measures to Address Funding Surpluses

The policy implications of a funding surplus are very different from those of a shortfall. An increasing or high cumulative surplus may be viewed as presenting a potential opportunity. The surplus may be viewed as representing a pot of available funding. The surplus may be invested back into the Pell Grant program or it may be used to pursue other policy priorities. Generally speaking, spending across the federal government and for specific programs is controlled by legislation adopted by Congress with input from the Administration and other stakeholders.⁵²

Pursuing Other Policy Priorities

The surplus may be used to fund or increase funding for other programs or to reduce a budget deficit. All or a portion of the surplus may be rescinded in an appropriations act. For example, the

⁵² For more information on the budget and appropriations process, see CRS Report R40472, *The Budget Resolution and Spending Legislation*.

Consolidated Appropriations Act, 2022 (P.L. 117-103) rescinded \$1.050 billion from the Pell Grant program surplus. The rescission offsets the cost of appropriations in the act.

Expanding the Pell Grant Program

Alternatively, there are several approaches for investing the surplus into the program or expanding the program.

- Appropriations levels and statutory provisions may be maintained under the assumption that Pell Grant program costs would eventually use the surplus. For example, as the U.S. population grows or a recession occurs, postsecondary enrollment and Pell Grant participation may grow.
- Award levels for Pell Grant recipients may be increased in order to increase the size of a Pell Grant. For example, the discretionary base maximum award has increased from \$4,860 in FY2009-FY2017 to \$6,335 in FY2023 and FY2024.
- Student eligibility for Pell Grants may be expanded. For example, increasing the discretionary base maximum award from \$4,860 in FY2009-FY2017 to \$5,035 in FY2018 also increased the number of students who were eligible.
- Statutory provisions that establish Pell Grant award rules may be modified to increase the amount of funds that some students may receive. For example, *year-round* Pell Grants were reauthorized beginning in AY2017-2018.
- Statutory provisions that establish student eligibility for any HEA Title IV aid programs may be amended to increase eligibility.

Enacted legislation that expands the Pell Grant program results in increased program costs. Because of the combination of discretionary appropriations for the discretionary award and mandatory appropriations for the mandatory add-on award, a program expansion is likely to increase both the discretionary and mandatory (direct) spending requirements. Such expansions may be enacted through authorizing or appropriations acts.

Program Reauthorization

The Pell Grant program may be expanded in a reauthorization of the Higher Education Act such that the mandatory spending for the program is increased. The Statutory Pay-As-You-Go Act of 2010 (PAYGO; P.L. 111-139) establishes a process that is intended to prevent new direct spending and revenue laws from increasing the deficit.⁵³ In effect, PAYGO requires that any legislation projected to increase direct spending or reduce revenues must be offset by equivalent amounts of direct spending cuts, revenue increases, or a combination of the two, over a 5-year and 10-year budget period.⁵⁴ Therefore, it is generally expected that any increase in Pell Grant direct spending for each of the applicable budget periods in a reauthorization would be offset. The offset may, but need not necessarily, occur in the same law as the increase.⁵⁵

⁵³ For more information on PAYGO, see CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*; CBO, *The Statutory Pay-As-You Go Act and the Role of the Congress*, August 18, 2020, <https://www.cbo.gov/system/files/2020-08/56506-S-PAYGO.pdf>

⁵⁴ Both the House and Senate have their own internal PAYGO rules that differ somewhat from Statutory PAYGO, but that also may have the effect of requiring that certain increases to mandatory spending or decreases to revenue be offset. For more information, see CRS Report RL31943, *Budget Enforcement Procedures: The Senate Pay-As-You-Go (PAYGO) Rule*; and CRS Report R41510, *House Rule XXI, Clause 10: The CUTGO Rule*.

⁵⁵ The Pell Grant program has not been amended by authorizing laws subject to PAYGO since enactment of PAYGO. (continued...)

Annual Appropriations Act Measures

In recent years, several Pell Grant program expansions have been enacted in annual appropriations acts. Through the budget resolution process, a 302(b) allocation is established for each of the 12 appropriations bills. These allocations, referred to as 302(b) subdivisions, establish the maximum discretionary amount that can be spent through each bill. Therefore, generally but with exceptions, individual program-level discretionary appropriations within the annual Departments of Labor, Health and Human Services, and Education, and Related Agencies appropriations bill must be balanced within its established 302(b) allocation. In other words, increased discretionary appropriations for one program may coincide with decreased discretionary appropriations for one or more other programs.

In accordance with budget enforcement mechanisms, substantive changes to or restrictions on mandatory spending in appropriations laws are scored against the 302(b) discretionary allocations that apply to the budget year in appropriations bills. Provisions that make substantive changes to mandatory spending programs are called changes in mandatory program spending (CHIMPS). In other words, CHIMPS are scored as discretionary spending that along with all of the other discretionary spending in the appropriations bill must not exceed the 302(b) allocations. (Those provisions also might be under the purview of statutory PAYGO if they made substantive changes or modifications to mandatory spending in the years beyond the budget year.)

In response to these budget enforcement mechanisms for appropriations laws, recent substantive Pell Grant program changes that increased the estimated mandatory spending for the add-on award have been offset by a decrease in the Pell Grant mandatory appropriations to augment discretionary funding in the budget year of the appropriations law.⁵⁶ For example, the Consolidated Appropriations Act, 2017 (P.L. 115-31) enacted year-round Pell Grants, increasing estimated direct spending for the mandatory add-on award in FY2017 and every year thereafter. As a consequence, P.L. 115-31 rescinded \$254 million of the FY2017 specified mandatory appropriations to augment discretionary funding in order to offset the estimated increase in the FY2017 mandatory spending for the add-on award. Also, for example, each of the FY2018-FY2023 appropriations acts increased the discretionary base maximum award level. Generally speaking, an increase in the discretionary base maximum award level increases program eligibility and results in an increase in direct spending for the mandatory add-on award. As a result, each of the FY2018-FY2023 appropriations acts rescinded a portion of the specified mandatory appropriations to augment discretionary funding in order to offset estimated increases in the mandatory spending for the add-on award.

Policy Implications and Measures to Address Funding Shortfalls

For the most part, funding shortfalls in the Pell Grant program have been recognized as common occurrences. Persistent or high funding shortfalls, as in FY2010, may be viewed as fiscally irresponsible. In essence when there is a shortfall, the program is in debt, and eventually the debt must be paid. The higher the debt level, the more difficult it is to resolve. As a result of the 302(b)

The SAFRA Act, which amended the program, was subject to reconciliation instructions. The FAFSA Simplification Act (Division FF-VII of the Consolidated Appropriations Act, 2021 [P.L. 116-260]) and the Extension of Continuing Appropriations and Other Matters Act, 2024 (P.L. 118-40), both of which amended the program, were excluded from PAYGO under the terms of the acts.

⁵⁶ The decrease in the Pell Grant mandatory appropriations to augment discretionary funding may be larger or smaller than the estimated increase in mandatory spending for the add-on award since changes to other programs may contribute to the offset.

allocations, resolving a Pell Grant program shortfall may lead to a difficult decision about which program(s) to reduce discretionary funding for.

Over the years, federal policymakers and Congress have taken a variety of measures to address the vexing issues associated with funding shortfalls in the Pell Grant program. The measures have included modified budget scoring, reductions in students' awards, recipient caps, reductions in program costs, and supplemental appropriations.

Reductions in Students' Awards and Recipient Caps Before 1992

From the inception of the program in 1972 until the enactment of the Higher Education Amendments of 1992 (P.L. 102-325), the Secretary of Education had statutory authority under the HEA to reduce awards to respond to a shortfall in appropriated funds.⁵⁷ Reductions were made in awards in eight years using this authority (the last in AY1990-AY1991). After this HEA authority was repealed, appropriations legislation for FY1994-FY2001 continued to provide the Secretary with reduction authority, but that authority was not used.⁵⁸ FY2002 and subsequent appropriations legislation have not included such language.

CBO Scoring Rule

Congress took steps in FY2006 to limit the possibility of large accumulated funding shortfalls in the future. H.Con.Res. 95 (109th Congress) established a permanent rule that applies to the scoring⁵⁹ of the Pell Grant program by the Congressional Budget Office (CBO). The rule provides that if the appropriation of new discretionary budget authority⁶⁰ enacted for the program is insufficient to cover the full estimated costs in the upcoming year—including any funding surplus or shortfall from prior years—the budget authority counted against the bill for the program will be equal to the adjusted full cost (i.e., total need). The full estimated costs must be based on the maximum discretionary award amount and any changes to the eligibility criteria. For most discretionary programs, CBO equates the budget authority to the level provided in each appropriation bill.

As a result of the scoring rule, Congress cannot fund new programs or increase the funding of existing programs subject to discretionary appropriations while providing less funding than required for the Pell Grant program. The scoring rule, however, cannot fully account for the challenges of estimating the cost of the program. Discretionary program costs are estimated in

⁵⁷ Some form of authority to reduce awards was available to the Secretary between the inception of the program in 1972 and the 1992 amendments. Immediately prior to its repeal in 1992, the HEA provision permitted reduction in awards only within certain limits. No award could be reduced for students whose expected family contribution (EFC) was \$200 or less (i.e., the awards for the neediest students would be protected). A schedule of reductions for other awards had to use a *single linear reduction formula* that applied uniformly. No award could be made to a student whose initial award was reduced to less than \$100 under the reduction formula. The original language creating the Basic Educational Opportunity Grants (BEOG), the predecessor to Pell Grants, in the Education Amendments of 1972 allowed for payments on a pro rata reduced basis and specified a minimum grant of \$50 whenever the program was less than fully funded.

⁵⁸ The appropriations legislation during this time period required the Secretary to reduce awards using fixed or variable percentages, or using a fixed dollar reduction, if, prior to issuing the payment schedules, he or she determined that appropriated funds could not fully fund the appropriated maximum grant. A schedule of reduced grants would then be published.

⁵⁹ CBO *keeps score* for Congress by monitoring the results of congressional action on individual authorization, appropriation, and revenue bills against budget authority and outlay targets that are specified in the concurrent resolutions.

⁶⁰ Budget authority is defined as the broad responsibility conferred by Congress that empowers government agencies to spend federal funds.

advance of the award year they are intended to support, and based on the chosen discretionary base maximum award level and estimated program participation. The scoring rule does constrain the accumulation of the funding shortfall, such as by requiring Congress annually to reconcile previous years' appropriation levels with updated estimates of previous years' program obligations.

Reductions in Program Costs

Given the CBO scoring rule, there are several levers that have been used to reduce or prevent an increase in Pell Grant program costs and thus reduce or eliminate a shortfall.

- The discretionary maximum award level has been reduced or not increased.
- Statutory provisions that establish Pell Grant award rules have been modified to reduce the amount of funds that some students may receive. For example, *year-round* Pell Grants were eliminated beginning in AY2011-2012.
- Statutory provisions that establish Pell Grant eligibility have been modified to reduce the number of recipients. For example, the qualifying minimum award amount was increased beginning in AY2012-2013.
- Statutory provisions that establish the calculation of EFC have been modified to reduce the numbers of students eligible for Pell Grants and other HEA Title IV need-based financial aid. For example, the income threshold for an automatic zero EFC was increased beginning in AY2012-2013 in order to reduce the number of students receiving an automatic zero EFC.
- Statutory provisions that establish student eligibility for any HEA Title IV aid programs have been amended to reduce eligibility. For example, the ability of new students without a high school diploma (or equivalent) to qualify for HEA Title IV aid was temporarily eliminated from July 1, 2012, through June 30, 2014.

Supplementary Appropriations

In addition to reducing program costs or in lieu of reducing program costs to reduce or eliminate a funding shortfall, legislation has provided supplementary appropriations to address the CBO scoring rule.

- Supplementary mandatory appropriations have been provided for general use in the program, often by generating savings in the Direct Loan program that is funded by mandatory budget authority.
- Supplementary discretionary appropriations have been provided during periods of expansionary fiscal policy such as through the American Recovery and Reinvestment Act (ARRA; P.L. 111-5).

In addition to supplementary appropriations, the regular discretionary appropriations amount may be increased.

Estimated Program Costs for Recent and Future Years

Grant payments are made to eligible students who apply for aid and enroll in eligible programs notwithstanding the prescribed appropriation levels in any one year in such a way that some liken the program to a *quasi-entitlement*. Costs for the Pell Grant program are award year-specific and are primarily affected by the number of eligible students who apply for aid and enroll in eligible programs, the total maximum award amount, and award rules. The number of eligible students may be affected by economic conditions and legislative changes to the federal need analysis methodology and award rules. As discussed earlier, the total maximum award amount is determined by both the annual appropriations act and the HEA. Other factors that contribute to changes in program costs include the cost of higher education.

The Congressional Budget Office reports and estimates program costs at least annually. **Table 7** provides a summary of current and future estimated Pell Grant program costs from AY2020-2021 through AY2029-2030, as of June 2024. Costs associated with the discretionary base maximum award and costs associated with the mandatory add-on award are specified. **Table 7** shows total program costs were fairly consistent during the AY2020-2021 to AY2022-2023 period and are expected to increase annually from AY2024-2025 through AY2029-2030. The consistency during the AY2020-2021 to AY2022-2023 period may be related to decreasing undergraduate enrollment from fall 2010 through fall 2021 and annual increases in the total maximum award.⁶¹ Total undergraduate enrollment is expected to increase after fall 2021 through fall 2031.⁶² The CBO baseline does not account for any potential change in the total maximum Pell Grant award after the AY2024-2025.

Table 7. Estimated Pell Grant Program Costs, AY2020-2021 to AY2029-2030
(dollars in billions)

Award Year (AY)	Cost Associated with Discretionary Award Levels	Cost Associated with Mandatory Award Levels	Total Program Cost
2020-2021	21.3	5.5	26.8
2021-2022	20.9	5.3	26.2
2022-2023	22.3	4.7	27.0
2023-2024	25.6	5.1	30.7
2024-2025	24.5	4.8	29.2
2025-2026	26.0	5.1	31.1
2026-2027	26.7	5.2	31.9
2027-2028	27.1	5.3	32.3
2028-2029	27.3	5.3	32.6
2029-2030	27.4	5.3	32.8

⁶¹ National Center for Education Statistics, “Undergraduate Enrollment,” U.S. Department of Education, Institute of Education Sciences, 2023, retrieved October 2, 2024, from <https://nces.ed.gov/programs/coe/indicator/cha>.

⁶² Ibid.

Source: Congressional Budget Office (CBO), *Baseline of the Federal Pell Grant Program* dated March 2020, July 2021, May 2022, May 2023, and June 2024.

Notes: Estimates of program costs are not adjusted for inflation and are subject to change. Costs for AY2025-2026 and subsequent years assume the discretionary base maximum award and mandatory add-on award remain at the FY2024 levels.

Appendix A. Award Rules in AY2023-2024

Effective in AY2024-2025, the FAFSA Simplification Act, as amended (FSA; Title VII of Division FF of P.L. 116-260, Consolidated Appropriations Act, 2021) made several changes to the Pell Grant program award rules. This appendix describes the award rules as in effect in AY2023-2024. Some concepts are the same in AY2023-2024 and AY2024-2025: award year, academic year, payment period, COA,⁶³ discretionary base maximum award, mandatory add-on award, and total maximum award, and maximum Pell Grant lifetime eligibility.

In general, these award rules were designed to ensure that the students with the least financial resources, as determined by their EFC, received the highest Pell Grant awards. As student financial resources increased, EFC increased, and Pell Grant awards decreased until they phased out completely. Additionally, Pell Grant awards were prorated for students who attend on a less-than-full-time, full-year basis. The grant was determined without consideration of any other financial assistance a student was eligible to receive or was receiving.

Expected Family Contribution (EFC)

The EFC, much like SAI, was a dollar amount calculated in accordance with an HEA-defined methodology that was used to establish how much the student's family was expected to contribute to the student's educational costs. The EFC was used in conjunction with COA to determine whether a student was eligible for Title IV need-based aid. Generally, a student with an EFC greater than 90% of the maximum Pell Grant was not eligible for a Pell Grant, and a student with an EFC higher than their COA did not qualify for any federal need-based aid. The EFC calculation methodology differed for dependent students, independent students with no dependents other than a spouse, and independent students with one or more dependents other than a spouse. The lowest EFC was \$0, and there was no maximum EFC. The EFC was determined utilizing family and financial (income and asset) information submitted by the aid applicant on the FAFSA.

Automatic (Auto) Zero EFC

Students who applied for federal student aid and met certain qualifications automatically received a zero EFC (\$0).⁶⁴ The qualifications were based on the family reporting income being below a specified threshold and other criteria.

To qualify for an automatic zero, the parents of the dependent student or the independent student (and spouse, as appropriate) had to have an AGI at or below a specific threshold and meet one of three additional criteria. The AGI threshold was \$29,000 for AY2023-2024.⁶⁵ The additional criteria were receipt of means-tested benefits from other federal programs, eligibility to file or having filed certain federal income tax returns, or having been a dislocated worker. Independent students without dependents other than a spouse were not eligible for an automatic zero based on their financial situation.

⁶³ The FAFSA Simplification Act provided additional details on how IHEs calculate components of COA for students in various circumstances, but the basic components and purpose of COA with respect to Pell Grant award rules has not changed.

⁶⁴ One of the benefits of qualifying for an automatic zero EFC was that it might reduce the number of questions the student was required to answer when completing the FAFSA.

⁶⁵ U.S. Department of Education, *2023-2024 Federal Student Aid Handbook*, Application and Verification Guide.

Zero EFC

An otherwise Pell Grant-eligible student whose parent or guardian died under specified circumstances received a zero EFC provided the student was under 24 years old or was enrolled at an IHE at the time of the parent's or guardian's death. The specified circumstances occurred when the parent or guardian was

- a member of the U.S. Armed Forces and died as a result of performing military service in Iraq or Afghanistan after September 11, 2001,⁶⁶ or
- actively serving as a public safety officer and died in the line of duty while performing as a public safety officer.⁶⁷

The zero EFC was used to award all HEA Title IV aid. A Pell Grant so awarded to the child of a public safety officer was referred to as the *Fallen Heroes Scholarship*.

In cases where a student did not qualify for an automatic zero or zero EFC, the student might still qualify for a *calculated zero* EFC on the basis of the full EFC formula and information provided on the FAFSA.

Students who received a zero EFC based on the parent's or guardian's death and received a Pell Grant in AY2023-2024 remain eligible in future years to receive Pell Grant funds based on a zero EFC until they reach age 33 if they are otherwise eligible to receive a Pell Grant.

Scheduled Award Rule

The scheduled award was the maximum Pell Grant aid a full-time, full-academic-year student could receive in a given academic year. In accordance with the HEA, the scheduled award was the *least* of (1) the total maximum Pell Grant minus the student's EFC, or (2) COA minus EFC.⁶⁸ Most students were awarded Pell Grant aid based on the first condition of this rule (i.e., Pell Grant Award = Total Maximum Pell Grant – EFC), since the total maximum Pell Grant award available to a student in an award year is typically less than the student's COA at the attending institution. For example, a student with a zero EFC would be eligible for a scheduled Pell Grant award that is equivalent to the total maximum award, as long as the amount did not exceed the student's COA.

Annual Award Rule

The annual award was the maximum Pell Grant aid a full-academic-year student could receive in a given academic year at the student's enrollment rate.⁶⁹ The HEA required ED to annually

⁶⁶ For students who were not eligible for Pell Grants due to their EFC and who had a parent or guardian die as a result of military service in Iraq or Afghanistan after September 11, 2001, non-need-based grants called Iraq and Afghanistan Service Grants (IASG) were available. The amount of the IASG was the same as the Pell Grant the student would have been eligible for if he or she had a zero EFC. IASG payments were adjusted like Pell Grants for students who were enrolled less than full time, but unlike Pell Grants, these non-need-based grants did not count as estimated financial assistance. In addition, IASG was subject to sequestration. Students who received IASG funds in AY2023-2024 remain eligible to receive Pell Grant funds based on the prior IASG eligibility criteria until they reach age 33 if they are otherwise eligible to receive a Pell Grant.

⁶⁷ A public safety officer was as defined in 42 U.S.C. §3796b or an eligible fire police officer.

⁶⁸ The HEA prohibited the Pell Grant from exceeding the difference between the COA and the EFC. This precluded the awarding of a Pell Grant in excess of what a student might need to cover the COA after taking the EFC into account.

⁶⁹ The annual award for a student in a clock-hour or nonterm credit-hour program was always the scheduled award even if the student was attending less than full time.

publish a schedule of annual award amounts that were proportionally reduced scheduled awards for students who were not enrolled full-time for the full academic year.⁷⁰ In practice, ED published four disbursement schedules: full-time; less than full-time, but at least $\frac{3}{4}$ -time; less than $\frac{3}{4}$ -time, but at least $\frac{1}{2}$ -time; and less than $\frac{1}{2}$ -time. Each schedule provided a table of annual award amounts by COA increments and EFC increments.

Minimum Award

The minimum Pell Grant award was the smallest annual award amount for which a student had to qualify to receive a Pell Grant award. In other words, a student had to qualify for at least this minimum amount to be eligible for the program. The minimum award was 10% of the total maximum award. For AY2023-2024, the minimum Pell Grant award was \$750, or approximately 10% of \$7,395.⁷¹

Alternatively, the minimum Pell Grant award could have been conceptualized as a maximum EFC. To qualify for a Pell Grant award, a student's EFC had to be no more than 90% of the total maximum award. In AY2023-2024, a student with an EFC above \$6,656, or 90% of \$7,395 rounded to the nearest whole number, was not eligible for a Pell Grant.

Pell Grant Award Disbursements

As under current regulations, Pell Grant aid awards were disbursed in each payment period for which a student was eligible. In general, the annual award amount was proportionally divided among each payment period in the academic year.⁷² Each academic year had to have at least two payment periods.

Year-Round (Summer) Pell Grants

As under current law, qualified students could receive year-round (summer) Pell Grants. To qualify, a Pell Grant-eligible student had to be enrolled at least $\frac{1}{2}$ -time in a payment period after receiving most or all of the student's scheduled award in previous payment periods of the award year.

⁷⁰ For the 2023-2024 Federal Pell Grant Payment and Disbursement Schedules, see <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2023-01-26/2023-2024-federal-pell-grant-payment-and-disbursement-schedules>.

⁷¹ The actual minimum award was not exactly 10% of the total maximum award because ED used midpoints for both the EFC and COA in the scheduled award rule. ED's Federal Pell Grant Payment and Disbursement Schedules grouped COA and EFC in approximately \$100 increments and calculated the award levels for each increment based on the increment midpoints.

⁷² The proportional division took into consideration the number of weeks of each payment period and the number of full-time credit or clock hours in each payment period in comparison to the academic year definition.

Appendix B. Historical Pell Grant Award Amounts

Table B-1. Pell Grant Award Amounts, AY 1973-1974 and Subsequent Years

Award Year (AY)	Authorized Maximum Award^a	Discretionary Base Maximum Award	Mandatory Add-On Award	Total Maximum Award	Effective Minimum Award^b
1973-1974	\$1,400	\$452	N/A	\$452	\$50
1974-1975	1,400	1,050	N/A	1,050	50
1975-1976	1,400	1,400	N/A	1,400	200
1976-1977	1,400	1,400	N/A	1,400	200
1977-1978	1,800	1,400	N/A	1,400	200
1978-1979	1,800	1,600	N/A	1,600	50
1979-1980	1,800	1,800	N/A	1,800	200
1980-1981	1,800	1,750	N/A	1,750	150
1981-1982	1,900	1,670	N/A	1,670	120
1982-1983	2,100	1,800	N/A	1,800	50
1983-1984	2,300	1,800	N/A	1,800	200
1984-1985	2,500	1,900	N/A	1,900	200
1985-1986	2,600	2,100	N/A	2,100	200
1986-1987	2,600	2,100	N/A	2,100	100
1987-1988	2,300	2,100	N/A	2,100	200
1988-1989	2,500	2,200	N/A	2,200	200
1989-1990	2,700	2,300	N/A	2,300	200
1990-1991	2,900	2,300	N/A	2,300	100
1991-1992	3,100	2,400	N/A	2,400	200
1992-1993	3,100	2,400	N/A	2,400	200
1993-1994	3,700	2,300	N/A	2,300	400
1994-1995	3,900	2,300	N/A	2,300	400
1995-1996	4,100	2,340	N/A	2,340	400
1996-1997	4,300	2,470	N/A	2,470	400
1997-1998	4,500	2,700	N/A	2,700	400
1998-1999	4,500	3,000	N/A	3,000	400
1999-2000	4,500	3,125	N/A	3,125	400
2000-2001	4,800	3,300	N/A	3,300	400
2001-2002	5,100	3,750	N/A	3,750	400
2002-2003	5,400	4,000	N/A	4,000	400
2003-2004	5,800	4,050	N/A	4,050	400
2004-2005	5,800	4,050	N/A	4,050	400

Award Year (AY)	Authorized Maximum Award ^a	Discretionary Base Maximum Award	Mandatory Add-On Award	Total Maximum Award	Effective Minimum Award ^b
2005-2006	5,800 ^c	4,050	N/A	4,050	400
2006-2007	5,800 ^c	4,050	N/A	4,050	400
2007-2008	5,800 ^c	4,310	N/A	4,310	400
2008-2009	5,800 ^c	4,241	\$490	4,731	523 ^d
2009-2010	6,000	4,860	490	5,350	609 ^d
2010-2011	None Specified	4,860	690	5,550	555
2011-2012	None Specified	4,860	690	5,550	555
2012-2013	None Specified	4,860	690	5,550	577 ^e
2013-2014	None Specified	4,860	758	5,645	582 ^e
2014-2015	None Specified	4,860	870	5,730	587 ^e
2015-2016	None Specified	4,860	915	5,775	581 ^e
2016-2017	None Specified	4,860	955	5,815	591 ^e
2017-2018	None Specified	4,860	1,060	5,920	593 ^e
2018-2019	None Specified	5,035	1,060 ^f	6,095	650 ^e
2019-2020	None Specified	5,135	1,060 ^f	6,195	650 ^e
2020-2021	None Specified	5,285	1,060 ^f	6,345	639 ^e
2021-2022	None Specified	5,435	1,060 ^f	6,495	650 ^e
2022-2023	None Specified	5,835	1,060 ^f	6,895	692 ^e
2023-2024	None Specified	6,335	1,060 ^f	7,395	750 ^e
2024-2025	None Specified	6,335	1,060 ^f	7,395	740 ^g

Source: HEA; appropriations acts, FY2010-FY2024; U.S. Department of Education, Department of Education Budget Tables, Congressional Action FY2013-FY2021; U.S. Department of Education, Federal Pell Grant Payment and Disbursement Schedules, 2009-2010 to 2022-2023; and U.S. Department of Education, Federal Student Aid, (GEN-24-01) 2024-2025 Federal Pell Grant Maximum and Minimum Award Amounts (Updated April 5, 2024), January 31, 2024.

Notes: TBD = to be determined. N/A = not applicable.

- The authorized maximum award was the annual maximum Pell Grant specified for each award year in the HEA. The authorization was intended to provide guidance regarding the appropriate amount of funds to carry out the policy objectives of a program. The SAFRA Act eliminated the authorized maximum award levels from the HEA.
- The effective minimum award is the minimum amount of Pell Grant aid available to a student in any given year as determined by law, regulations, and guidance.
- Prior to the reauthorization of the HEA by the HEOA in 2008, Congress passed measures to extend the HEA allowing for the continuation of the Pell Grant program. The last authorized maximum award specified in law prior to the HEOA was \$5,800 for AY2003-2004; therefore, the authorized maximum award is listed as \$5,800 from AY2004-2005 through AY2008-2009 in this table.
- This amount is the minimum amount of aid awarded to a student attending on a less-than-half-time basis.
- Although the statutory minimum was 10% of the total maximum, the actual minimum award differed because ED used midpoints for both the EFC and COA. ED's Federal Pell Grant Payment and Disbursement Schedules grouped COA and EFC in approximately \$100 increments and calculated the award levels for each increment based on the increment midpoints. For example, in AY2023-2024, the full-time, full-

academic-year minimum scheduled award applied to students with an EFC of \$0 and COA increment of \$700-\$799 (\$750 midpoint) such that the minimum award was COA – EFC or \$750 (\$750 - \$0).

- f. Under current statutory provisions, the mandatory add-on award will remain at \$1,060 permanently.
- g. Beginning in AY2024-2025, the statutory minimum is 10% of the total maximum, rounded to the nearest \$5.

Appendix C. Federal Pell Grant Recipients, AY1973-1974 and Subsequent Years

Table C-1. Federal Pell Grant Recipients, AY1973-1974 and Subsequent Years

Award Year (AY)	Pell Grant Recipients	Annual Change	% Change
1973-1974	176,000	N/A	N/A
1974-1975	567,000	391,000	222.2%
1975-1976	1,217,000	650,000	114.6%
1976-1977	1,944,000	727,000	59.7%
1977-1978	2,011,000	67,000	3.4%
1978-1979	1,893,000	(118,000)	(5.9%)
1979-1980	2,538,000	645,000	34.1%
1980-1981	2,708,000	170,000	6.7%
1981-1982	2,709,000	1,000	0.0%
1982-1983	2,523,000	(186,000)	(6.9%)
1983-1984	2,759,000	236,000	9.4%
1984-1985	2,747,000	(12,000)	(0.4%)
1985-1986	2,813,000	66,000	2.4%
1986-1987	2,660,000	(153,000)	(5.4%)
1987-1988	2,882,000	222,000	8.3%
1988-1989	3,198,000	316,000	11.0%
1989-1990	3,322,000	124,000	3.9%
1990-1991	3,405,000	83,000	2.5%
1991-1992	3,786,000	381,000	11.2%
1992-1993	4,002,000	216,000	5.7%
1993-1994	3,756,000	(246,000)	(6.1%)
1994-1995	3,675,000	(81,000)	(2.2%)
1995-1996	3,612,000	(63,000)	(1.7%)
1996-1997	3,666,000	54,000	1.5%
1997-1998	3,733,000	67,000	1.8%
1998-1999	3,855,000	122,000	3.27%
1999-2000	3,764,000	(91,000)	(2.36%)
2000-2001	3,899,000	135,000	3.59%
2001-2002	4,341,000	442,000	11.34%
2002-2003	4,779,000	438,000	10.09%
2003-2004	5,140,000	361,000	7.55%

Award Year (AY)	Pell Grant Recipients	Annual Change	% Change
2004-2005	5,308,000	169,000	3.28%
2005-2006	5,168,000	(140,000)	-2.65%
2006-2007	5,165,000	(3,000)	-0.06%
2007-2008	5,543,000	378,000	7.32%
2008-2009	6,157,000	614,000	11.07%
2009-2010	8,094,000	1,937,000	31.47%
2010-2011	9,308,000	1,214,000	15.00%
2011-2012	9,444,000	136,000	1.46%
2012-2013	8,959,000	(486,000)	(5.14%)
2013-2014	8,663,000	(296,000)	(3.30%)
2014-2015	8,316,000	(347,000)	(4.01%)
2015-2016	7,660,000	(655,000)	(7.88%)
2016-2017	7,195,000	(465,000)	(6.07%)
2017-2018	7,112,000	(83,000)	(1.15%)
2018-2019	6,865,000	(248,000)	(3.48%)
2019-2020	6,746,000	(118,000)	(1.73%)
2020-2021	6,221,000	(525,000)	(7.78%)
2021-2022	6,080,000	(141,000)	(2.27%)
2022-2023	6,031,000	(48,000)	(0.80%)

Sources: U.S. Department of Education, *AY2021-2022 Pell Grant End-of-Year Report*; and President's budget FY2025.

Notes: Recipient figures rounded to the nearest thousand. Numbers in parentheses are negative numbers.

Appendix D. Program Funding: FY2008-FY2024

Table D-1. Pell Grant Annual Funding: FY2008-FY2024

(dollars in millions)

Fiscal Year ^a	Discretionary Appropriations			Mandatory Appropriations Provided to Augment Discretionary Appropriations			Mandatory Appropriations Provided to Fund Add-On Award Amounts ^b	Total Pell Grant Funding Excluding Surplus (Discretionary and Mandatory)
	Annual Appropriations Acts	Supplemental	Total	Additions ^c	Rescissions ^d	Total		
FY2008	14,215	—	14,215	—	—	—	2,041 ^e	16,256
FY2009	17,288	15,640	32,928	—	—	—	2,733	35,661
FY2010	17,495	—	17,495	—	—	—	5,300	22,795
FY2011	22,956	—	22,956	13,500	—	13,500	5,560	42,016
FY2012	22,824	—	22,824	13,795	—	13,795	4,950	41,569
FY2013	22,778	—	22,778	7,587	—	7,587	4,854	35,219
FY2014	22,778	—	22,778	588	—	588	4,835	28,202
FY2015	22,475	—	22,475	—	—	—	5,153	27,628
FY2016	22,475	—	22,475	—	—	—	4,840	27,315
FY2017	22,475	—	22,475	1,574	(254)	1,320	5,680	29,475
FY2018	22,475	—	22,475	1,382	(48)	1,334	5,997	29,807
FY2019	22,475	—	22,475	1,409	(39)	1,370	5,388	29,233
FY2020	22,475	—	22,475	1,455	(50)	1,405	5,571	29,452
FY2021	22,475	—	22,475	1,170	(28)	1,142	5,168	28,785
FY2022	22,475	—	22,475	1,170	(85)	1,085	5,096	28,656
FY2023	22,475	—	22,475	1,170	(75)	1,095	5,151	28,721

	<u>Discretionary Appropriations</u>			<u>Mandatory Appropriations Provided to Augment Discretionary Appropriations</u>				
FY2024	22,475	—	22,475	1,170 ^f	—	1,170	5,629 ^g	29,274

Source: CRS analysis of the HEA; respective legislation; and President’s budget, Congressional Justifications, FY2015-FY2025.

Notes: “—” means that no appropriations were provided for the year(s) specified. Numbers in parentheses are negative numbers.

- a. The fiscal year in this table represents the first year the funds appropriated in each column are available for use. Most funds are available for two fiscal years.
- b. The CCRAA, ARRA, and FY2009 Technical Amendments to the HEA variously provided definite appropriations for FY2008 through FY2017 for the mandatory add-on award. The SAFRA Act rescinded the definite appropriations provided for FY2010 through FY2017 and provided indefinite and permanent mandatory appropriations. The positive amounts shown are the actual amounts required for the mandatory add-on award. Beginning in FY2010, this is the amount of mandatory appropriations required to fund the mandatory add-on award in such year, as published in the most recent President’s budget reporting such year.
- c. The SAFRA Act, FY2011 Continuing Appropriations Act, Budget Control Act of 2011, FY2012 Consolidated Appropriations Act, and FUTURE Act have variously provided mandatory appropriations to augment the discretionary appropriations.
- d. In response to budget enforcement mechanisms for appropriations laws, recent substantive Pell Grant program changes that increased the estimated mandatory spending for the add-on award have been offset by a rescission from the Pell Grant mandatory appropriations to augment discretionary funding in the budget year of the appropriations law. The decrease in the Pell Grant mandatory appropriations to augment discretionary funding may be larger or smaller than the estimated increase in mandatory spending for the add-on award since changes to other programs may contribute to the offset.
- e. Includes \$11 million for the elimination of the tuition sensitivity rule in AY2007-2008.
- f. Additional annual mandatory appropriations in the amount of \$1.236 billion are provided for each succeeding year from the FY2011 Continuing Appropriations Act (P.L. 112-10) and the FUTURE Act (P.L. 116-91).
- g. Additional indefinite mandatory appropriations from the SAFRA Act are provided for each succeeding year in the amount necessary to fund the mandatory add-on award.

Appendix E. Annual and Cumulative Discretionary Funding Shortfalls and Surpluses in the Pell Grant Program, FY1973 and Subsequent Years

Table E-1. Annual and Cumulative Discretionary Funding Shortfalls and Surpluses in the Pell Grant Program, FY1973 and Subsequent Years

(dollars in millions)

Fiscal Year	Award Year	Funds Available for the Discretionary Award Level	Estimated Total Expenditures ^a	Annual Surplus or (Shortfall) ^b	Cumulative Surplus or (Shortfall)
1973	1973-1974	\$122	\$48	\$74	N/A
1974	1974-1975	475	358	117	N/A
1975	1975-1976	840	926	(86)	N/A
1976	1976-1977	1,326	1,475	(149)	N/A
1977	1977-1978	1,904	1,524	380	N/A
1978	1978-1979	2,160	1,541	619	N/A
1979	1979-1980	2,431	2,357	74	N/A
1980	1980-1981	2,157	2,387	(230)	N/A
1981	1981-1982	2,604	2,300	304	N/A
1982	1982-1983	2,419	2,421	(2)	N/A
1983	1983-1984	2,419	2,797	(378)	N/A
1984	1984-1985	2,800	3,053	(253)	N/A
1985	1985-1986	3,862	3,597	265	N/A
1986	1986-1987	3,580	3,460	120	N/A
1987	1987-1988	4,187	3,754	433	N/A
1988	1988-1989	4,260	4,476	(216)	N/A
1989	1989-1990	4,484	4,770	(75)	(\$75)
1990	1990-1991	4,804	4,904	(231)	(306)
1991	1991-1992	5,376	5,772	(396)	(702)
1992	1992-1993	5,503	6,156	18	(684)
1993	1993-1994	6,462	5,621	460	(224)
1994	1994-1995	6,637	5,504	808	584
1995	1995-1996	6,147	5,466	716	1,300
1996	1996-1997	4,914	5,784	(870)	429
1997	1997-1998	5,919	6,315	(396)	33
1998	1998-1999	7,345	7,236	109	142
1999	1999-2000	7,704	7,233	471	613

Fiscal Year	Award Year	Funds Available for the Discretionary Award Level	Estimated Total Expenditures ^a	Annual Surplus or (Shortfall) ^b	Cumulative Surplus or (Shortfall)
2000	2000-2001	7,640	7,996	(356)	256
2001	2001-2002	8,756	9,985	(1,229)	(908)
2002	2002-2003	10,314	11,653	(1,339)	(1,247) ^c
2003	2003-2004	11,365	12,713	(1,348)	(2,595)
2004	2004-2005	12,007	13,152	(1,145)	(3,740)
2005	2005-2006	12,365	12,695	(330)	(4,070)
2006	2006-2007	13,045	12,825	220	220 ^d
2007	2007-2008	13,661	14,699	(1,038)	(818)
2008	2008-2009	14,215 ^e	16,054	(1,839)	(2,657)
2009	2009-2010	32,928 ^e	26,844	6,084	3,427
2010	2010-2011	17,495 ^e	30,491	(12,996)	(9,569)
2011	2011-2012	36,456 ^e	28,796	7,660	(1,909)
2012	2012-2013	36,619 ^e	27,137	9,482	7,701
2013	2013-2014	30,365 ^e	26,370	3,995	11,696
2014	2014-2015	23,366 ^e	25,580	(2,214)	9,482
2015	2015-2016	22,475 ^e	23,350	(875)	8,607
2016	2016-2017	22,475 ^e	21,784	691	9,298
2017	2017-2018	23,795 ^e	22,770	1,025	9,013 ^f
2018	2018-2019	23,809 ^e	22,688	1,121	9,654
2019	2019-2020	23,845 ^e	22,771	1,074	10,128 ^g
2020	2020-2021	23,880 ^e	21,318	2,562	12,190 ^h
2021	2021-2022	23,617 ^e	20,919	2,698	14,388 ⁱ
2022	2022-2023	23,560 ^e	22,289	1,271	14,609 ^j
2023	2023-2024	23,570 ^e	25,600	(2,030)	12,219 ^k
2024	2024-2025	23,645 ^e	24,452	(807)	11,412

Sources: U.S. Department of Education (ED), *AY2010-11 Federal Pell Grant Program End-of-Year Report*; unpublished data provided by ED; data provided by CBO in May 2013, April 2014, March 2015, March 2016, June 2017, April 2018, May 2019, March 2020, July 2021, May 2022, May 2023, and June 2024; and respective appropriations measures.

Notes: N/A = not available. Numbers in parentheses are negative numbers. Data on the cumulative shortfall or surplus prior to AY1989-1990 could not be verified and therefore are not provided. Prior to 1980, the program was called the Basic Educational Opportunity Grant (BEOG) Program.

- a. The estimated total expenditure totals for AY1973-1974 through AY1988-1989 are taken from the U.S. Department of Education, *AY2009-10 Federal Pell Grant Program End-of-Year Report* and do not include administrative cost allowance payments to institutions. The expenditure totals for AY1989-1990 to AY2005-2006 are taken from unpublished data provided by ED and reflect administrative cost allowance payments to institutions. Estimates of all data after AY2005-2006 are provided by CBO and also include administrative cost allowance payments to institutions. All estimates of expenditures are subject to change.

In years in which mandatory appropriations were available to fund the discretionary award levels, expenditures include discretionary and mandatory appropriations.

- b. The annual shortfall or surplus amount reflects account transfers and other adjustments and may not equal the difference between the annual appropriation and estimated total expenditures in each year.
- c. The 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States (P.L. 107-206) provided \$1.000 billion in supplemental discretionary funding to pay for the FY2001 Pell Grant cumulative shortfall.
- d. The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149) appropriated \$4.300 billion in mandatory funding for a one-time elimination of the estimated funding shortfall through AY2005-2006 in accordance with Section 303 of H.Con.Res. 95, the FY2006 budget resolution. The mandatory funds that exceeded the actual cumulative funding shortfall were returned to the U.S. Department of the Treasury.
- e. This number includes annual discretionary appropriations and may include additional mandatory and discretionary funding. For a list of the applicable legislation and amounts, see **Appendix D**.
- f. The Consolidated Appropriations Act, 2017 (P.L. 115-31) rescinded \$1.310 billion of the cumulative surplus.
- g. The Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) rescinded \$600 million of the cumulative surplus.
- h. The Further Consolidated Appropriations Act, 2020 (P.L. 116-94) rescinded \$500 million from the cumulative surplus.
- i. The Consolidated Appropriations Act, 2021 (P.L. 116-260) rescinded \$500 million from the cumulative surplus.
- j. The Consolidated Appropriations Act, 2022 (P.L. 117-103) rescinded \$1.050 billion from the cumulative surplus.
- k. The Consolidated Appropriations Act, 2023 (P.L. 117-328) rescinded \$360 million from the cumulative surplus.

Appendix F. Acronyms Used in This Report

Acronym	Definition
AGI	Adjusted Gross Income
ARRA	American Recovery and Reinvestment Act (P.L. 111-5)
AY	Award Year
CBO	Congressional Budget Office
CCRAA	College Cost Reduction and Access Act of 2007 (P.L. 110-84)
COA	Cost of Attendance
Direct Loan	William D. Ford Direct Loan program
ED	U.S. Department of Education
EFC	Expected Family Contribution
FAFSA	Free Application for Federal Student Aid
FY	Fiscal Year
HEA	Higher Education Act of 1965 (P.L. 89-329), as amended
HEOA	Higher Education Opportunity Act of 2008 (P.L. 110-315)
IHE	Institution of Higher Education
ISIR	Institutional Student Information Record
NPSAS	U.S. Department of Education, National Postsecondary Student Aid Study
Private for-profit	Sometimes referred to as proprietary
SAFRA Act	Title II-A of the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152)
SAI	Student Aid Index

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