Pell Grants Help Keep College Affordable for Millions of Americans
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Pell Grants Are Essential to College Access and Affordability:

• Pell Grants make college possible for millions of Americans. Nearly nine million Americans depend on Pell Grants to attend and complete college.¹ Research has shown that need-based grant aid increases college enrollment among low- and moderate-income students and reduces their likelihood of dropping out.²

• Next year’s maximum Pell Grant will cover the smallest share of college costs since the start of the program. As recently as in the 1980s, the maximum Pell Grant covered more than half the cost of attending a four-year public college. Even after the recent increases, the $5,730 maximum Pell Grant in 2014-15 is expected to cover less than one-third of the cost of college—the lowest since the start of the program.³

• Pell Grant recipients are already more than twice as likely as other students to have student loans (61% vs. 29%).⁴ Among Pell Grant recipients who graduate from four-year colleges, nearly 9 out of 10 have student loans, and their average debt is $4,750 more than their higher income peers.

• For students of color, Pell Grants are particularly important. More than 60% of African-American undergraduates and half of Hispanic undergraduates rely on Pell Grants to attend school.⁵

Pell Grants Strengthen our Economy by Expanding Opportunity and Boosting Workforce Productivity:

• America’s economy needs more students to complete college, but families are struggling to cover the cost. The economy’s demand for college-educated workers is projected to increase at double the rate of the supply.⁶

• A college degree dramatically increases employment and wages. Young adults with only a high school diploma are almost 3 times as likely to be unemployed, and earn less than three-fifths as much, as those with a bachelor’s degree.⁷

• People of all backgrounds, ages, and party affiliations oppose cuts to Pell Grants and believe college affordability should be a top priority for Congress and the economy. Surveys consistently find near universal agreement on the importance of a college education for individuals and the economy, widespread concerns about costs and debt, and broad support for making college affordability and financial aid policy priorities.⁸

Pell Grant Costs Have Already Been Cut by More than $50 Billion and Are Projected to Remain Stable:

• Recent budget agreements reduced Pell Grant costs by more than $50 billion. The FY11 budget agreement eliminated “year-round” Pell Grants, and the FY12 omnibus appropriations bill further reduced eligibility. Together, they cut program costs by approximately $5 billion (12%) per year and by more than $50 billion over 10 years.⁹

• Pell Grant costs have declined since 2010 and are projected to remain level over the next 10 years after adjusting for inflation. Although the Pell Grant program grew dramatically after 2008, due in large part to more students becoming Pell-eligible as the economy worsened and an expansion that was later repealed,¹⁰ costs peaked in 2010 and have been declining ever since. After adjusting for inflation, the Congressional Budget Office (CBO) projects almost no annual growth in costs over the next 10 years.¹¹

• The Pell Grant program is projected to have surplus funds in FY14 and FY15.¹² These surpluses are needed to help close the funding gap beginning in FY16 as appropriators need to cover a greater share of total Pell Grant costs.¹³