

Pell Grant Program—CBO’s May 2019 Baseline

The Federal Pell Grant Program provides low-income students with access to funding for postsecondary education at four-year colleges and universities, for-profit schools, two-year colleges, and institutions that specialize in occupational training. Grants are awarded on the basis of financial need and academic course load. The program has three sources of funding: discretionary budget authority, which provides the largest portion and supports a maximum award set in the annual appropriation act; mandatory budget authority, which is specified in the Higher Education Act; and a “mandatory add-on,” which is automatically added, on the basis of a formula, to the discretionary portion of each award.

Pell Grant Program, Discretionary - CBO's May 2019 Baseline

Millions of Dollars, by Fiscal Year

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Historical Pell Grant Funding and Program Costs											
Regular Discretionary Appropriation ^a	17,288	17,495	22,956	22,824	22,778	22,778	22,475	22,475	21,165	22,475	21,875
Amount and Source of Additional Funding ^b											
American Recovery and Reinvestment Act of 2009 (ARRA)	15,640	0	0	0	0	0	0	0	0	0	0
Healthcare and Education Reconciliation Act of 2010	0	0	13,500	0	0	0	0	0	0	0	0
DoD and Full-Year Continuing Appropriations Act of 2011	0	0	0	3,183	0	0	0	0	1,060	1,125	1,125
Budget Control Act of 2011	0	0	0	10,000	7,000	0	0	0	0	0	0
Consolidated Appropriations Act, 2012	0	0	0	612	587	588	0	0	514	257	284
Consolidated Appropriations Act, 2017	0	0	0	0	0	0	0	0	-254	0	0
Consolidated Appropriations Act, 2018	0	0	0	0	0	0	0	0	0	-48	0
Labor HHS Education Appropriations Act, 2019	0	0	0	0	0	0	0	0	0	0	-39
Total Budget Authority for Discretionary Program	32,928	17,495	36,456	36,619	30,365	23,366	22,475	22,475	22,485	23,809	23,245
Previous Year Shortfall (-) or Surplus	-2,657	3,427	-9,569	-1,781	7,331	11,226	9,281	8,400	9,086	8,478	8,537
Total Available Budget Authority	30,271	20,922	26,887	34,838	37,696	34,592	31,756	30,875	31,571	32,287	31,782
Estimated Program Costs ^a	26,844	30,491	28,668	27,507	26,470	25,311	23,356	21,789	23,093	23,750	23,806
Cumulative Shortfall (-) or Surplus ^c	3,427	-9,569	-1,781	7,331	11,226	9,281	8,400	9,086	8,478	8,537	7,976
Estimated Surplus Going Into Fiscal Year 2020											7,976

Components may not sum to totals because of rounding. DoD = Department of Defense; HHS = Health and Human Services.

a. Includes rescissions. For fiscal year 2019, the Congress appropriated \$22.5 billion and rescinded \$600 million.

b. Most of the additional budget authority provided to support the discretionary program is classified as mandatory. Beginning in 2011, the total amount of additional funding can be found in section 401(b)(7)(A)(iv) of the Higher Education Act of 1965. That budget authority is used to augment the funding provided in annual appropriations for the discretionary Pell grant program.

c. The cumulative shortfall or surplus in budget authority is calculated under the Pell scoring rule, as specified in section 406 of the 2006 budget resolution (H. Con. Res. 95).

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Pell Grant Program, Discretionary - CBO's May 2019 Baseline

Millions of Dollars, by Fiscal Year

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Budget Authority Needed to Support a Maximum Award of \$5,135 and Available Funding										
Estimated Program Cost for \$5,135 Maximum Award	24,077	24,645	25,478	26,243	26,824	27,447	28,225	29,046	29,965	30,732
Estimated Cumulative Surplus, 2006 to 2019 ^a	7,976	0	0	0	0	0	0	0	0	0
Mandatory-for-Discretionary Budget Authority ^b	1,430	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
Total Additional Budget Authority Needed^c	14,671	23,500	24,333	25,098	25,679	26,302	27,080	27,901	28,820	29,587

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Components of the Federal Pell Grant Program, Discretionary Baseline											
Maximum Award (Dollars) ^d	5,135	---	---	---	---	---	---	---	---	---	---
Regular Appropriation ^d											
Budget authority	22,475	22,925	23,396	23,868	24,363	24,880	25,397	25,914	26,431	26,992	27,532
Estimated outlays	22,570	25,088	28,871	23,594	23,992	24,492	25,009	25,526	26,043	26,572	27,127
Rescission ^e											
Budget authority	-600	-612	-625	-637	-650	-664	-678	-692	-706	-721	-735
Estimated outlays	-156	-597	-615	-628	-641	-654	-668	-681	-695	-709	-724
Mandatory Funding ^b											
Budget authority	1,370	1,430	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
Estimated outlays	1,378	1,386	1,352	1,148	1,145	1,145	1,145	1,145	1,145	1,145	1,145
Total Funding Available for Discretionary Pell Program											
Budget authority	23,245	23,743	23,917	24,376	24,858	25,361	25,864	26,367	26,870	27,416	27,942
Estimated outlays	23,792	25,877	29,608	24,114	24,497	24,984	25,486	25,990	26,493	27,007	27,548

Components may not sum to totals because of rounding.

- a. The cumulative shortfall or surplus in budget authority is calculated under the Pell scoring rule, as specified in section 406 of the 2006 budget resolution (H. Con. Res. 95).
- b. Mandatory budget authority available to supplement funding for the discretionary portion of the Pell grant program, as provided in section 401(b)(7)(A)(iv) of the Higher Education Act of 1965.
- c. Estimated budget authority needed to support a maximum award of \$5,135 under the Pell scoring rule, as specified in section 406 of the 2006 budget resolution (H. Con. Res. 95)
- d. The Pell grant program is primarily a discretionary program, with an annual appropriation supporting a maximum award set in the annual appropriation act. CBO's May 2019 baseline does not represent a projection of expected costs for the Pell grant program. As with all other discretionary programs, the budget authority is calculated by inflating the budget authority appropriated for fiscal year 2019. Outlays for future years are based on those amounts of budget authority. In the most recently enacted appropriations act, the maximum award was set at \$5,135. CBO's May 2019 baseline does not assume a maximum award for future fiscal years.
- e. In the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019, there was a rescission of \$600 million of unobligated discretionary Pell grant funding. Under the rules for constructing the baseline, that rescission is inflated in the same manner as the regular appropriation.

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Pell Grant Program, Discretionary and Mandatory Program Costs - CBO's May 2019 Baseline

Millions of Dollars, by Fiscal Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2024	2018-2029
Discretionary Pell Grant Program													
Assumed Discretionary Maximum Award (Dollars) ^a	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135		
Total for Discretionary Pell Grants													
Estimated program costs	23,806	24,077	24,645	25,478	26,243	26,824	27,447	28,225	29,046	29,965	30,732	151,073	296,488
Estimated outlays	23,758	23,876	24,222	24,856	25,669	26,386	26,980	27,643	28,431	29,277	30,155	148,767	291,252
Mandatory Pell Grant Program													
Mandatory Add-On Award (Dollars) ^b	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060		
Total for Mandatory Pell Grant Add-On													
Estimated program costs	5,906	5,960	6,085	6,251	6,399	6,504	6,627	6,785	6,951	7,133	7,284	37,106	71,887
Estimated outlays	5,607	5,916	5,992	6,127	6,288	6,425	6,535	6,667	6,827	6,997	7,170	36,355	70,551
Total Pell Grant Program													
Total Maximum Award (Dollars)	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195		
Total Spending for Pell Grants													
Estimated program costs	29,712	30,038	30,730	31,729	32,642	33,328	34,073	35,011	35,998	37,098	38,017	188,179	368,375
Estimated outlays	29,365	29,792	30,214	30,983	31,957	32,811	33,515	34,309	35,258	36,274	37,325	185,122	361,803
Total Projected Recipients (Thousands)	7,080	7,150	7,300	7,500	7,690	7,820	7,960	8,150	8,350	8,570	8,760		

Components may not sum to totals because of rounding.

a. The maximum award for the discretionary portion of the Pell grant program is set each year in the annual appropriation act. In the most recently enacted appropriation act, the maximum award was set at \$5,135.

b. Under current law, the amount of the mandatory add-on for each year over the 2019-2029 period is the same as the amount in award year 2017-2018, which was published by the Department of Education in a Dear Colleague Letter on October 18, 2016.