

### **Pell Grant Program—CBO’s January 2020 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 January 2020 Baseline**

Millions of Dollars, by Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Historical Pell Grant Funding and Program Costs</b>										
Regular Discretionary Appropriation <sup>a</sup>	22,956	22,824	22,778	22,778	22,475	22,475	21,165	22,475	21,875	21,975
Amount and Source of Additional Funding <sup>b</sup>										
Healthcare and Education Reconciliation Act of 2010	13,500	0	0	0	0	0	0	0	0	0
DoD and Full-Year Continuing Appropriations Act of 2011	0	3,183	0	0	0	0	1,060	1,125	1,125	1,140
Budget Control Act of 2011	0	10,000	7,000	0	0	0	0	0	0	0
Consolidated Appropriations Act, 2012	0	612	587	588	0	0	514	257	284	290
Consolidated Appropriations Act, 2017	0	0	0	0	0	0	-254	0	0	0
Consolidated Appropriations Act, 2018	0	0	0	0	0	0	0	-48	0	0
Labor, HHS, Education Appropriations Act, 2019	0	0	0	0	0	0	0	0	-39	0
FUTURE Act, 2019	0	0	0	0	0	0	0	0	0	25
Further Consolidated Appropriations Act, 2020	0	0	0	0	0	0	0	0	0	-50
<b>Total Budget Authority for Discretionary Program</b>	<b>36,456</b>	<b>36,619</b>	<b>30,365</b>	<b>23,366</b>	<b>22,475</b>	<b>22,475</b>	<b>22,485</b>	<b>23,809</b>	<b>23,245</b>	<b>23,380</b>
Previous Year Shortfall (-) or Surplus	-9,569	-1,781	7,701	11,696	9,755	8,877	9,566	8,962	9,732	9,777
<b>Total Available Budget Authority</b>	<b>26,887</b>	<b>34,838</b>	<b>38,066</b>	<b>35,062</b>	<b>32,230</b>	<b>31,352</b>	<b>32,051</b>	<b>32,771</b>	<b>32,977</b>	<b>33,157</b>
Estimated Program Costs	<u>28,668</u>	<u>27,137</u>	<u>26,370</u>	<u>25,307</u>	<u>23,353</u>	<u>21,786</u>	<u>23,089</u>	<u>23,039</u>	<u>23,200</u>	<u>23,735</u>
Cumulative Surplus or Shortfall (-) <sup>c</sup>	-1,781	7,701	11,696	9,755	8,877	9,566	8,962	9,732	9,777	9,422
Estimated Surplus Going Into Fiscal Year 2021	9,422									

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

a. Includes rescissions. For fiscal year 2020, the Congress appropriated \$22.5 billion and rescinded \$500 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 January 2020 Baseline**

Millions of Dollars, by Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Budget Authority Needed to Support a Maximum Award of \$5,285 and Available Funding</b>										
Estimated Program Cost for \$5,285 Maximum Award	23,870	24,340	24,917	25,725	26,573	27,312	27,935	28,459	28,822	29,190
*Estimated Cumulative Surplus, 2006 to 2020 <sup>a</sup>	9,422									
Mandatory-for-Discretionary Budget Authority <sup>b</sup>	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
<b>Total Additional Budget Authority Needed<sup>c</sup></b>	<b>13,278</b>	<b>23,170</b>	<b>23,747</b>	<b>24,555</b>	<b>25,403</b>	<b>26,142</b>	<b>26,765</b>	<b>27,289</b>	<b>27,652</b>	<b>28,020</b>
<b>Components of the Federal Pell Grant Program, Discretionary Baseline</b>										
Maximum Award (Dollars) <sup>d</sup>	5,285	---	---	---	---	---	---	---	---	---
Regular Appropriation <sup>d</sup>										
Budget authority	22,475	22,925	23,419	23,913	24,408	24,925	25,419	25,936	26,453	26,970
Estimated outlays	22,088	25,308	29,930	23,637	24,037	24,537	25,048	25,549	26,065	26,582
Rescission <sup>e</sup>										
Budget authority	-500	-510	-521	-532	-543	-555	-566	-577	-589	-600
Estimated outlays	-130	-498	-513	-524	-535	-546	-557	-568	-580	-603
Mandatory Funding <sup>b</sup>										
Budget authority	1,405	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Estimated outlays	1,379	1,341	1,172	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Total Funding Available for Discretionary Pell Program										
Budget authority	23,380	23,585	24,068	24,551	25,035	25,540	26,024	26,529	27,035	27,540
Estimated outlays	23,337	26,152	30,590	24,283	24,672	25,161	25,661	26,150	26,656	27,161

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 \$5,285 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 January 2020 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 2020. 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 \$5,285. CBO's January 2020 baseline does not assume a maximum award for future fiscal years.

e. In the Further Consolidated Appropriations Act, 2020, there was a rescission of \$500 million in unobligated discretionary Pell grant funding. Under the rules for constructing the baseline, that rescission is inflated in the same manner as the regular appropriation.

\* A previous version of this table incorrectly showed the surplus balance in 2020, rather than 2021. This version makes that correction.

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**Pell Grant Program, Discretionary and Mandatory Program Costs — CBO's January 2020 Baseline**

Millions of Dollars, by Fiscal Year

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2020-2025	2020-2030
<b>Discretionary Pell Grant Program</b>													
Assumed Discretionary Maximum Award (Dollars) <sup>a</sup>	5,285	5,285	5,285	5,285	5,285	5,285	5,285	5,285	5,285	5,285	5,285		
Total for Discretionary Pell Grants													
Estimated program costs	23,735	23,870	24,340	24,917	25,725	26,573	27,312	27,935	28,459	28,822	29,190	149,160	290,877
Estimated outlays	23,337	23,764	23,991	24,485	25,122	25,937	26,756	27,466	28,065	28,548	28,626	146,637	286,098
<b>Mandatory Pell Grant Program</b>													
Mandatory Add-On Award (Dollars) <sup>b</sup>	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	5,693	5,712	5,799	5,913	6,076	6,247	6,397	6,516	6,616	6,675	6,734	35,440	68,378
Estimated outlays	5,655	5,698	5,734	5,828	5,954	6,119	6,284	6,427	6,541	6,630	6,690	34,987	67,559
<b>Total Pell Grant Program</b>													
Total Maximum Award (Dollars)	6,345	6,345	6,345	6,345	6,345	6,345	6,345	6,345	6,345	6,345	6,345		
Total Spending for Pell Grants													
Estimated program costs	29,428	29,582	30,139	30,830	31,801	32,820	33,709	34,451	35,074	35,497	35,924	184,599	359,255
Estimated outlays	28,992	29,462	29,725	30,313	31,076	32,056	33,041	33,893	34,606	35,178	35,315	181,624	353,657
Total Projected Recipients (Thousands)	6,830	6,850	6,960	7,100	7,300	7,510	7,690	7,840	7,960	8,050	8,150		

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 \$5,285.

b. Under current law, the amount of the mandatory add-on for each year over the 2020-2030 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.