

Pell Grant Program—CBO’s Baseline as of March 6, 2020

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.

These budget projections reflect legislation, administrative actions, and regulatory changes through March 6, 2020. They are based on the economic forecast that CBO completed on January 7, 2020, and do not account for changes to the nation’s economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

Pell Grant Program, Discretionary — CBO's Baseline as of March 6, 2020

By Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Historical Pell Grant Funding and Program Costs (Millions of dollars)										
Regular Discretionary Appropriation ^a	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 ^b										
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
Total Budget Authority for Discretionary Program	36,456	36,619	30,365	23,366	22,475	22,475	22,485	23,809	23,245	23,380
Previous Year Shortfall (-) or Surplus	-9,569	-1,781	7,701	11,696	9,755	8,877	9,566	8,962	9,732	10,177
Total Available Budget Authority	26,887	34,838	38,066	35,062	32,230	31,352	32,051	32,771	32,977	33,557
Estimated Program Costs	28,668	27,137	26,370	25,307	23,353	21,786	23,089	23,039	22,800	22,754
Cumulative Shortfall (-) or Surplus ^c	-1,781	7,701	11,696	9,755	8,877	9,566	8,962	9,732	10,177	10,803

Estimated Surplus Going Into Fiscal Year 2021 10,803

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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 Baseline as of March 6, 2020
By Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Budget Authority Needed to Support a Maximum Award of \$5,285 and Available Funding (Millions of dollars)										
Estimated Program Cost for \$5,285 Maximum Award	22,791	23,341	23,937	24,705	25,529	26,209	26,908	27,342	27,453	27,573
Estimated Cumulative Surplus, 2006 to 2020 ^a	10,803									
Mandatory-for-Discretionary Budget Authority ^b	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Total Additional Budget Authority Needed^c	10,819	22,171	22,767	23,535	24,359	25,039	25,738	26,172	26,283	26,403

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Components of the Federal Pell Grant Program, Discretionary Baseline											
Maximum Award (Dollars) ^d	5,285	---	---	---	---	---	---	---	---	---	---
Regular Appropriation (Millions of dollars) ^d											
Budget authority	22,475	22,925	23,419	23,913	24,408	24,925	25,419	25,936	26,453	26,970	27,509
Estimated outlays	21,455	24,923	30,964	23,651	24,037	24,537	25,048	25,549	26,065	26,582	27,105
Rescission (Millions of dollars) ^e											
Budget authority	-500	-510	-521	-532	-543	-555	-566	-577	-589	-600	-612
Estimated outlays	-135	-498	-513	-524	-535	-546	-558	-569	-580	-591	-603
Mandatory Funding (Millions of dollars) ^b											
Budget authority	1,405	1,170	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	1,170
Total Funding Available for Discretionary Pell Program (Millions of dollars)											
Budget authority	23,380	23,585	24,068	24,551	25,035	25,540	26,024	26,529	27,035	27,540	28,067
Estimated outlays	22,699	25,766	31,623	24,297	24,672	25,161	25,660	26,150	26,655	27,161	27,672

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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 March 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 March 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.

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Pell Grant Program, Discretionary and Mandatory Program Costs — CBO's Baseline as of March 6, 2020
By Fiscal Year

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2020-2025	2020-2030
Discretionary Pell Grant Program													
Assumed Discretionary Maximum Award (Dollars) ^a	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 (Millions of dollars)													
Estimated program costs	22,754	22,791	23,341	23,937	24,705	25,529	26,209	26,908	27,342	27,453	27,573	143,058	278,543
Estimated outlays	22,791	22,764	22,934	23,491	24,131	24,911	25,697	26,384	27,014	27,367	27,483	141,022	274,967
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 (Millions of dollars)													
Estimated program costs	5,490	5,491	5,599	5,718	5,872	6,042	6,183	6,313	6,399	6,403	6,404	34,212	65,915
Estimated outlays	5,653	5,493	5,519	5,629	5,757	5,915	6,077	6,216	6,334	6,400	6,403	33,965	65,395
Total Pell Grant Program													
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 (Millions of dollars)													
Estimated program costs	28,245	28,282	28,940	29,656	30,577	31,570	32,392	33,221	33,742	33,856	33,977	177,270	344,458
Estimated outlays	28,444	28,257	28,453	29,120	29,888	30,826	31,774	32,599	33,348	33,766	33,887	174,987	340,361
Total Projected Recipients (Thousands)	6,550	6,550	6,680	6,830	7,020	7,220	7,390	7,560	7,660	7,660	7,670		

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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.