
MEMORANDUM

SUBJECT: CBO February 2013 Baseline Projections for the Pell grant program.

Attached are two tables that detail the costs of the Pell grant program. Below each table is summarized:

Table 1. Includes the February 2013 baseline for the Pell grant program and the cumulative Pell grant funding shortfall/surplus.

Table 2. Includes the program costs for the Pell grant program assuming a maximum discretionary award level of \$4,860.

Table 1

FEDERAL PELL GRANT PROGRAM, DISCRETIONARY BASELINE, CUMULATIVE SURPLUS/SHORTFALL, FUNDING GAP

FEBRUARY 2013 BASELINE

(by fiscal year, budget authority, program costs, and outlays in millions of dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PELL GRANT PROGRAM, DISCRETIONARY PORTION ONLY, CBO FEBRUARY BASELINE^a											
<i>Regular Appropriation</i>											
Maximum award	\$4,860	---	---	---	---	---	---	---	---	---	---
Budget Authority	22,964	23,354	23,790	24,296	24,801	25,329	25,857	26,385	26,913	27,465	28,016
Outlays	14,993	23,309	30,266	24,016	24,427	24,938	25,466	25,994	26,523	27,057	27,609
<i>Mandatory funding under section 401(b)7(A)(iv) of the Higher Education Act of 1965^b</i>											
Budget Authority	7,587	588	0	0	1,574	1,382	1,409	1,430	1,145	1,145	1,145
Outlays	12,967	5,928	499	6	425	1,506	1,391	1,414	1,353	1,148	1,145

ESTIMATED DISCRETIONARY CUMULATIVE SHORTFALL/SURPLUS^c

(by fiscal year, in millions of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013
Regular Discretionary Appropriation	13,045	13,661	14,215	17,288	17,495	22,956	22,824	22,964
American Recovery and Reinvestment Act of 2009	0	0	0	15,640	0	0	0	0
Healthcare and Education Reconciliation Act of 2010	0	0	0	0	0	13,500	0	0
DOD and Full-Year Cont. Appropriations. Act of 2011	0	0	0	0	0	0	3,183	0
Budget Control Act of 2011	0	0	0	0	0	0	10,000	7,000
Consolidated Appropriations Act, 2012	0	0	0	0	0	0	612	587
Total Available Budget Authority	13,045	13,661	14,215	32,928	17,495	36,456	36,619	30,551
Estimated Program Costs	<u>12,823</u>	<u>14,700</u>	<u>16,060</u>	<u>26,853</u>	<u>30,563</u>	<u>28,769</u>	<u>27,999</u>	<u>27,829</u>
Cumulative Surplus/Shortfall (-) ^c	222	-817	-2,662	3,413	-9,655	-1,968	6,652	9,374

ESTIMATED DIFFERENCE BETWEEN BUDGET AUTHORITY NEEDED TO SUPPORT A MAXIMUM AWARD OF \$4,860 AND AVAILABLE FUNDING

(by fiscal year, in millions of dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Estimated Program Cost for \$4,860	28,188	28,648	28,989	29,248	29,547	29,919	30,415	30,900	31,216	31,625
Cumulative Surplus for 2006-2013 ^c	9,374	0	0	0	0	0	0	0	0	0
Mandatory Budget Authority Available ^d	<u>588</u>	<u>0</u>	<u>0</u>	<u>1,574</u>	<u>1,382</u>	<u>1,409</u>	<u>1,430</u>	<u>1,145</u>	<u>1,145</u>	<u>1,145</u>
Total additional budget authority needed ^e	18,226	28,648	28,989	27,674	28,165	28,510	28,985	29,755	30,071	30,480

a. The CBO February 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 2013. Outlays for future years are based on those levels of budget authority. Those outlays do not reflect the impact of the cap on discretionary appropriations as set forth in the Budget Control Act of 2011.

b. Budget authority provided in the Healthcare and Education Reconciliation Act of 2010, the Department of Defense and Full-Year Continuing Resolution Appropriations Act of 2011, the Budget Control Act of 2011, and Consolidated Appropriations Act, 2012 are classified as mandatory. However, the funding is being used to augment the funding provided in annual appropriations to support the discretionary portion of the Pell grant program.

c. Cumulative surplus budget authority as calculated under the Pell scoring rule, as in section 406 of the 2006 Budget Resolution (H. Con. Res. 95)

d. Mandatory budget authority available to supplement funding for the discretionary portion of the Pell Grant Program. Provided in section 401(b)7(A)(iv) of the Higher Education Act of 1965.

e. Estimated budget authority needed to support a maximum award level of \$4,860 under the Pell scoring rule, as in section 406 of the 2006 Budget Resolution (H. Con. Res. 95)

Table 2

FEDERAL PELL GRANT PROGRAM, PROGRAM COSTS ASSUMING A MAXIMUM DISCRETIONARY AWARD OF \$4,860

FEBRUARY 2013 BASELINE

	(by fiscal year, program costs and outlays in millions of dollars)												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2018	2013-2023
Discretionary Pell Grant Program													
Assumed Discretionary Maximum Award Level^a	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860		
Total Federal Spending Discretionary Pell Grants													
Program Costs	27,829	28,188	28,648	28,989	29,248	29,547	29,919	30,415	30,900	31,216	31,625	172,450	326,524
Outlays	27,961	27,927	28,308	28,735	29,056	29,327	29,645	30,049	30,541	30,981	31,323	171,315	323,853
Mandatory Pell Grant Program													
Projected Additional Mandatory Award^b	\$785	\$870	\$985	\$1,110	\$1,240	\$1,240	\$1,240	\$1,240	\$1,240	\$1,240	\$1,240		
Total Federal Spending for Mandatory Pell Grant Addon													
Program Costs	5,317	6,047	6,930	7,956	9,004	9,084	9,190	9,315	9,452	9,542	9,658	44,338	91,495
Outlays	4,814	5,507	6,278	7,198	8,229	9,015	9,112	9,223	9,351	9,475	9,572	41,040	87,773
Total Pell Grant Program													
Total Maximum Award	\$5,645	\$5,730	\$5,845	\$5,970	\$6,100	\$6,100	\$6,100	\$6,100	\$6,100	\$6,100	\$6,100		
Total Federal Spending for Pell Grants													
Program Costs	33,146	34,235	35,578	36,945	38,253	38,631	39,109	39,730	40,352	40,758	41,282	216,787	418,020
Outlays	32,774	33,435	34,586	35,933	37,284	38,342	38,757	39,272	39,892	40,456	40,895	212,355	411,626

a. The maximum award level for the discretionary portion of the Pell Grant Program is set each year in the annual appropriations act. In the most recently enacted appropriations act, it was set at \$4,860.

b. The additional mandatory award level assumes a maximum discretionary award level of \$4,860 in fiscal years 2014 to 2023. If an annual appropriations act set the discretionary award level at a different amount, the mandatory award level would also change. The amount of the mandatory addon for 2013 is based on the total published by the Department of Education in the Federal Register on January 30, 2013.