



Pell Grant Program

The Federal Pell Grant Program provides low-income students with access to funding for postsecondary education at public, private, nonprofit, and for-profit four-year colleges and universities, 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 and each grant has two components. The discretionary portion of the award is primarily funded by the annual appropriation act, which also sets the amount of the maximum discretionary award; additional funding for that discretionary award is provided by mandatory budget authority, which is specified in the Higher Education Act. The second component of the award is funded by a permanent indefinite appropriation for a “mandatory add-on,” which is automatically added, on the basis of a formula, to the discretionary portion of each award. The Pell surplus represents the difference between all available funding for the discretionary portion of the award and program costs.

Table 1 shows historical funding and program costs for the 2015-2025 period. Table 2 shows projections of the cumulative Pell surplus, under flat and inflated funding, over the 2026-2035 period.



Table 1. Federal Pell Grant Program, Historical Funding and Program Costs

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BUDGET INFORMATION											
Budget authority in millions of dollars, by fiscal year											
Regular Discretionary Appropriation^a	22,475	22,475	21,165	22,475	21,875	21,975	21,975	21,425	22,115	22,475	22,475
Amount and Source of Funding Increase or Reduction (-)^b											
Appropriations Act of 2011	0	0	1,060	1,125	1,125	1,140	1,145	1,145	1,145	1,145	1,145
Consolidated Appropriations Act, 2012	0	0	514	257	284	290	0	0	0	0	0
Consolidated Appropriations Act, 2017	0	0	-254	0	0	0	0	0	0	0	0
Consolidated Appropriations Act, 2018	0	0	0	-48	0	0	0	0	0	0	0
Labor, HHS, Education Appropriations Act, 2019	0	0	0	0	-39	0	0	0	0	0	0
FUTURE Act, 2019	0	0	0	0	0	25	25	25	25	25	25
Further Consolidated Appropriations Act, 2020	0	0	0	0	0	-50	0	0	0	0	0
Consolidated Appropriations Act, 2021	0	0	0	0	0	0	-28	0	0	0	0
Consolidated Appropriations Act, 2022	0	0	0	0	0	0	0	-85	0	0	0
Consolidated Appropriations Act, 2023	0	0	0	0	0	0	0	0	-75	0	0
Consolidated Appropriations Act, 2024	0	0	0	0	0	0	0	0	0	0	2,000
Department of Education Administrative Transfer ^c	0	0	0	0	0	0	0	-7	-61	-206	0
Total Budget Authority for Discretionary Program	22,475	22,475	22,485	23,809	23,245	23,380	23,117	22,503	23,149	23,439	25,645
Previous Year Cumulative Surplus^d	9,482	8,110	8,816	8,533	9,654	10,128	12,191	14,392	14,616	11,615	3,577
Total Available Budget Authority	31,957	30,585	31,301	32,342	32,899	33,508	35,308	36,895	37,765	35,054	29,222
Estimated Program Costs	23,847	21,769	22,768	22,688	22,771	21,317	20,916	22,279	26,150	31,477	31,956
Cumulative Surplus or Shortfall (-)^d	8,110	8,816	8,533	9,654	10,128	12,191	14,392	14,616	11,615	3,577	-2,734
Estimated Shortfall Entering Fiscal Year 2026	-2,734										

HHS = Health and Human Services; FUTURE = Fostering Undergraduate Talent by Unlocking Resources for Education.

- a. Includes rescissions. For example, in fiscal year 2023 the Congress appropriated \$22.5 billion and rescinded \$360 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. Funds transferred by the Department of Education from the Pell surplus to cover administrative costs.
- d. The cumulative surplus or shortfall represents the difference between the total funds provided to support the discretionary portion of Pell grants and the program's costs. The cumulative surplus or shortfall in budget authority is calculated under the Pell scoring rule as specified in section 406 of the 2006 budget resolution (H. Con. Res. 95).



Table 2.
Federal Pell Grant Program, Cumulative Shortfall or Surplus and Available Funding

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BUDGET INFORMATION										
Millions of dollars, by fiscal year										
Estimated Difference Between Available Funding and Budget Authority Needed to Support a Maximum Award of \$6,335										
Estimated Program Cost for \$6,335 Maximum Award	32,235	32,576	32,806	33,031	33,246	33,459	33,630	33,831	34,023	34,190
Subtract Estimated Cumulative Shortfall, 2006 through 2025 ^a	-2,734									
Subtract Mandatory Authority Available ^b	2,170	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236
Total Additional Budget Authority Needed ^c	<u>32,799</u>	<u>31,340</u>	<u>31,570</u>	<u>31,795</u>	<u>32,010</u>	<u>32,223</u>	<u>32,394</u>	<u>32,595</u>	<u>32,787</u>	<u>32,954</u>
Cumulative Shortfall With 2025 Budget Authority^d										
Projected Discretionary Budget Authority	22,475	22,475	22,475	22,475	22,475	22,475	22,475	22,475	22,475	22,475
Add Available Mandatory Budget Authority ^b	2,170	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236
Subtract Estimated Program Costs	32,235	32,576	32,806	33,031	33,246	33,459	33,630	33,831	34,023	34,190
Net Shortfall for the Fiscal Year	<u>-7,590</u>	<u>-8,865</u>	<u>-9,095</u>	<u>-9,320</u>	<u>-9,535</u>	<u>-9,748</u>	<u>-9,919</u>	<u>-10,120</u>	<u>-10,312</u>	<u>-10,479</u>
Shortfall at the Beginning of the Year	-2,734	-10,324	-19,189	-28,284	-37,604	-47,139	-56,887	-66,806	-76,926	-87,238
Shortfall at the End of the Year	-10,324	-19,189	-28,284	-37,604	-47,139	-56,887	-66,806	-76,926	-87,238	-97,717
Cumulative Shortfall With 2025 Budget Authority Inflated^d										
Projected Discretionary Budget Authority	22,947	23,419	23,868	24,340	24,835	25,329	25,824	26,341	26,880	27,397
Add Available Mandatory Budget Authority ^b	2,170	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236
Subtract Estimated Program Costs	32,235	32,576	32,806	33,031	33,246	33,459	33,630	33,831	34,023	34,190
Net Shortfall for the Fiscal Year	<u>-7,118</u>	<u>-7,921</u>	<u>-7,702</u>	<u>-7,455</u>	<u>-7,175</u>	<u>-6,894</u>	<u>-6,570</u>	<u>-6,254</u>	<u>-5,907</u>	<u>-5,557</u>
Shortfall at the Beginning of the Year	-2,734	-9,852	-17,773	-25,474	-32,929	-40,104	-46,998	-53,568	-59,822	-65,729
Shortfall at the End of the Year	-9,852	-17,773	-25,474	-32,929	-40,104	-46,998	-53,568	-59,822	-65,729	-71,286

- a. Some of the budget authority provided for the Pell grant program 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 the Consolidated Appropriations Act, 2012, is classified as mandatory. However, the budget authority is used to augment the funding provided in annual appropriations for the discretionary Pell grant program.
- 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 \$6,335 under the Pell scoring rule as specified in section 406 of the 2006 Budget Resolution (H. Con. Res. 95).
- d. Budget authority for 2025 is provided in the American Relief Act, 2025, which provides continuing appropriations through March 14, 2025.