

### **Pell Grant Program—CBO’s April 2018 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.

**Table 1. Pell Grant Program, Discretionary: Cumulative Shortfall/Surplus - CBO's April 2018 Baseline**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Regular Discretionary Appropriation<sup>a</sup></b>	<b>13,045</b>	<b>13,661</b>	<b>14,215</b>	<b>17,288</b>	<b>17,495</b>	<b>22,956</b>	<b>22,824</b>	<b>22,778</b>	<b>22,778</b>	<b>22,475</b>	<b>22,475</b>	<b>21,165</b>	<b>22,475</b>
<b>Additional Funding<sup>b</sup></b>													
American Recovery and Reinvestment Act of 2009 (ARRA)	0	0	0	15,640	0	0	0	0	0	0	0	0	0
Healthcare and Education Reconciliation Act of 2010	0	0	0	0	0	13,500	0	0	0	0	0	0	0
DOD and Full-Year Cont. Appropriations. Act of 2011	0	0	0	0	0	0	3,183	0	0	0	0	1,060	1,125
Budget Control Act of 2011	0	0	0	0	0	0	10,000	7,000	0	0	0	0	0
Consolidated Appropriations Act, 2012	0	0	0	0	0	0	612	587	588	0	0	514	257
Consolidated Appropriations Act, 2017	0	0	0	0	0	0	0	0	0	0	0	-254	0
Consolidated Appropriations Act, 2018	0	0	0	0	0	0	0	0	0	0	0	0	-48
<b>Total Budget Authority</b>	<b>13,045</b>	<b>13,661</b>	<b>14,215</b>	<b>32,928</b>	<b>17,495</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>
Previous year Shortfall/Surplus		220	-818	-2,657	3,427	-9,569	-1,909	7,198	11,082	9,128	8,242	8,929	8,037
<b>Total Available Budget Authority</b>	<b>13,045</b>	<b>13,881</b>	<b>13,397</b>	<b>30,271</b>	<b>20,922</b>	<b>26,887</b>	<b>34,710</b>	<b>37,563</b>	<b>34,448</b>	<b>31,603</b>	<b>30,717</b>	<b>31,414</b>	<b>31,846</b>
Estimated Program Costs <sup>a</sup>	<u>12,825</u>	<u>14,699</u>	<u>16,054</u>	<u>26,844</u>	<u>30,491</u>	<u>28,796</u>	<u>27,512</u>	<u>26,481</u>	<u>25,320</u>	<u>23,361</u>	<u>21,788</u>	<u>23,377</u>	<u>24,436</u>
Cumulative Surplus (+)/Shortfall (-) <sup>c</sup>	220	-818	-2,657	3,427	-9,569	-1,909	7,198	11,082	9,128	8,242	8,929	8,037	7,410

*Estimated Surplus going into Fiscal Year 2019**7,410*

a. Regular Discretionary Appropriation includes any rescissions. The 2018 appropriation level and estimated program costs incorporate the effects of the Consolidated Appropriations Act of 2018 (P.L. 115-141), as signed by the President on March 23, 2018.

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).

**Table 2. Pell Grant Program, Discretionary: Program Costs and Baseline - CBO's April 2018 Baseline**

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

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>BUDGET AUTHORITY NEEDED TO SUPPORT A MAXIMUM AWARD OF \$5,035 AND AVAILABLE FUNDING</b>										
Estimated Program Cost for \$5,035 Maximum Award	24,587	24,984	25,490	26,116	26,501	27,091	27,812	28,460	29,265	30,081
Cumulative Surplus for 2006-2017 <sup>a</sup>	7,410	0	0	0	0	0	0	0	0	0
Mandatory Budget Authority Available <sup>b</sup>	1,409	1,430	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
Total Additional Budget Authority Needed <sup>c</sup>	15,768	23,554	24,345	24,971	25,356	25,946	26,667	27,315	28,120	28,936

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>COMPONENTS OF PELL GRANT PROGRAM, DISCRETIONARY BASELINE</b>											
<i>Regular Appropriation<sup>d</sup></i>											
Maximum award <sup>d</sup>	\$5,035	---	---	---	---	---	---	---	---	---	---
Budget Authority	22,475	22,925	23,396	23,913	24,430	24,947	25,509	26,049	26,588	27,150	27,712
Estimated Outlays	22,336	25,044	28,614	23,605	24,048	24,565	25,094	25,649	26,189	26,734	27,296
<i>Mandatory funding<sup>b</sup></i>											
Budget Authority	1,334	1,409	1,430	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
Estimated Outlays	1,311	1,354	1,414	1,353	1,148	1,145	1,145	1,145	1,145	1,145	1,145
<i>Total funding available for Discretionary Pell Program</i>											
Budget Authority	23,809	24,334	24,826	25,058	25,575	26,092	26,654	27,194	27,733	28,295	28,857
Estimated Outlays	23,647	26,398	30,028	24,958	25,196	25,710	26,239	26,794	27,334	27,879	28,441

Note: Table incorporates the effects of the Consolidated Appropriations Act of 2018 (P.L. 115-141), as signed by the President on March 23, 2018.

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). See page 1 for calculation.

b. 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.

c. Estimated budget authority needed to support a maximum award level of \$5,035 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 level set in the annual appropriations act. CBO's April 2018 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 2018. Outlays for future years are based on those levels of budget authority. In the most recently enacted appropriations act, the maximum award was set at \$5,035.

**Table 3. Pell Grant Program, Discretionary and Mandatory Program Costs - CBO April 2018 Baseline**

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

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2018-2023	2018-2028
<b>Discretionary Pell Grant Program</b>													
<b>Assumed Discretionary Maximum Award Level<sup>a</sup></b>	\$5,035	\$5,035	\$5,035	\$5,035	\$5,035	\$5,035	\$5,035	\$5,035	\$5,035	\$5,035	\$5,035		
<b>Total Spending for Discretionary Pell Grants</b>													
Estimated Program Costs	24,436	24,587	24,984	25,490	26,116	26,501	27,091	27,812	28,460	29,265	30,081	152,114	294,824
Estimated Outlays	23,649	24,466	24,693	25,117	25,654	26,214	26,656	27,280	27,980	28,671	29,477	149,793	289,857
<b>Mandatory Pell Grant Program</b>													
<b>Mandatory Add-on Award<sup>b</sup></b>	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060	\$1,060		
<b>Total Spending for Mandatory Pell Grant Addon</b>													
Estimated Program Costs	6,148	6,190	6,315	6,434	6,559	6,623	6,733	6,875	7,005	7,162	7,317	38,270	73,361
Estimated Outlays	6,026	6,158	6,223	6,346	6,467	6,575	6,652	6,770	6,908	7,046	7,202	37,795	72,374
<b>Total Pell Grant Program</b>													
<b>Total Maximum Award</b>	\$6,095	\$6,095	\$6,095	\$6,095	\$6,095	\$6,095	\$6,095	\$6,095	\$6,095	\$6,095	\$6,095		
<b>Total Spending for Pell Grants</b>													
Estimated Program Costs	30,584	30,777	31,300	31,924	32,676	33,124	33,824	34,687	35,465	36,427	37,399	190,384	368,185
Estimated Outlays	29,675	30,624	30,916	31,463	32,121	32,789	33,308	34,050	34,889	35,717	36,680	187,588	362,231
<b>Total Projected Recipients (in thousands)</b>	7,480	7,490	7,620	7,770	7,960	8,070	8,200	8,380	8,560	8,770	9,000		

Note: Table incorporates the effects of the Consolidated Appropriations Act of 2018 (P.L. 115-141), as signed by the President on March 23, 2018.

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, the award level was set at \$5,035.

b. Under current law, the amount of the mandatory add-on for each year over the 2018 - 2028 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.