

Pell Grant Program—CBO’s January 2019 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 2019 Baseline

Millions of Dollars, by Fiscal Year

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Historical Pell Grant Funding and Program Costs											
Regular Discretionary Appropriation ^a	17,288	17,495	22,956	22,824	22,778	22,778	22,475	22,475	21,165	22,475	21,875
Amount and Source of Additional Funding ^b											
American Recovery and Reinvestment Act of 2009 (ARRA)	15,640	0	0	0	0	0	0	0	0	0	0
Healthcare and Education Reconciliation Act of 2010	0	0	13,500	0	0	0	0	0	0	0	0
DOD and Full-Year Continuing Appropriations Act of 2011	0	0	0	3,183	0	0	0	0	1,060	1,125	1,125
Budget Control Act of 2011	0	0	0	10,000	7,000	0	0	0	0	0	0
Consolidated Appropriations Act, 2012	0	0	0	612	587	588	0	0	514	257	284
Consolidated Appropriations Act, 2017	0	0	0	0	0	0	0	0	-254	0	0
Consolidated Appropriations Act, 2018	0	0	0	0	0	0	0	0	0	-48	0
Labor HHS Education Appropriations Act, 2019	0	0	0	0	0	0	0	0	0	0	-39
Total Budget Authority for Discretionary Program	32,928	17,495	36,456	36,619	30,365	23,366	22,475	22,475	22,485	23,809	23,245
Previous Year Shortfall (-) or Surplus	-2,657	3,427	-9,569	-1,781	7,331	11,226	9,281	8,400	9,086	8,478	8,188
Total Available Budget Authority	30,271	20,922	26,887	34,838	37,696	34,592	31,756	30,875	31,571	32,287	31,433
Estimated Program Costs ^a	26,844	30,491	28,668	27,507	26,470	25,311	23,356	21,789	23,093	24,099	24,835
Cumulative Shortfall (-) or Surplus	3,427	-9,569	-1,781	7,331	11,226	9,281	8,400	9,086	8,478	8,188	6,598
Estimated Surplus Going Into Fiscal Year 2020	6,598										

Notes: Components may not sum to totals because of rounding. DOD = Department of Defense. HHS = Health and Human Services.

a. Includes rescissions. For fiscal year 2019, the Congress appropriated \$22.5 billion and rescinded \$600 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 2019 Baseline

Millions of Dollars, by Fiscal Year

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Budget Authority Needed to Support a Maximum Award of \$5,135 and Available Funding										
Estimated Program Cost for \$5,135 Maximum Award	25,325	26,089	26,730	27,297	27,876	28,489	29,171	29,910	30,605	31,350
Estimated Cumulative Surplus, 2006 to 2019 ^a	6,598	0	0	0	0	0	0	0	0	0
Mandatory-for-Discretionary Budget Authority ^b	1,430	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,146
Total Additional Budget Authority Needed^c	17,297	24,944	25,585	26,152	26,731	27,344	28,026	28,765	29,460	30,204
Components of the Federal Pell Grant Program, Discretionary Baseline										
Maximum Award (Dollars) ^d	5,135	---	---	---	---	---	---	---	---	---
Regular Appropriation ^d										
Budget authority	22,475	22,925	23,396	23,868	24,363	24,880	25,397	25,914	26,431	26,992
Estimated outlays	23,093	25,485	27,875	23,580	23,992	24,492	25,009	25,526	26,043	26,572
Rescission ^e										
Budget authority	-600	-612	-626	-639	-653	-668	-682	-696	-711	-725
Estimated outlays	-156	-597	-616	-629	-643	-657	-671	-685	-700	-729
Mandatory Funding ^b										
Budget authority	1,370	1,430	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,146
Estimated outlays	1,311	1,354	1,352	1,148	1,145	1,145	1,145	1,145	1,145	1,145
Total Funding Available for Discretionary Pell Program										
Budget authority	23,245	23,743	23,915	24,374	24,855	25,357	25,860	26,363	26,865	27,412
Estimated outlays	24,248	26,242	28,611	24,099	24,494	24,980	25,483	25,986	26,488	27,003

Note: 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 \$5,135 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 appropriations act. CBO's January 2019 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 2019. 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 \$5,135. CBO's January 2019 baseline does not assume a maximum award for future fiscal years.

e. In the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019, there was a rescission of \$600 million of 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 January 2019 Baseline

Millions of Dollars, by Fiscal Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2024	2018-2029
Discretionary Pell Grant Program													
Assumed Discretionary Maximum Award (Dollars) ^a	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135		
Total Spending for Discretionary Pell Grants													
Estimated program costs	24,835	25,325	26,089	26,730	27,297	27,876	28,489	29,171	29,910	30,605	31,350	158,151	307,676
Estimated outlays	24,280	24,955	25,519	26,248	26,871	27,442	28,030	28,660	29,356	30,084	30,792	155,314	302,235
Mandatory Pell Grant Program													
Mandatory Add-On Award (Dollars) ^d	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060		
Total Spending for Mandatory Pell Grant Add-On													
Estimated program costs	5,862	5,860	6,001	6,112	6,205	6,349	6,540	6,777	7,018	7,195	7,547	36,389	71,465
Estimated outlays	5,821	5,861	5,896	6,028	6,135	6,241	6,397	6,600	6,837	7,061	7,284	35,983	70,163
Total Pell Grant Program													
Total Maximum Award (Dollars)	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195		
Total Spending for Pell Grants													
Estimated program costs	30,697	31,184	32,090	32,841	33,502	34,225	35,029	35,948	36,928	37,800	38,897	194,540	379,141
Estimated outlays	30,101	30,816	31,415	32,276	33,006	33,683	34,427	35,260	36,194	37,145	38,076	191,297	372,398
Total Projected Recipients (Thousands)	7,300	7,460	7,690	7,850	7,950	8,100	8,270	8,490	8,720	8,960	9,210		

Note: 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 \$5,135.

b. Under current law, the amount of the mandatory add-on for each year over the 2019-2029 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.