



INVEST IN AND MODERNIZE PELL GRANTS



RECOMMENDATION

UNCF urges Congress to increase the maximum Pell Grant in FY 2018 and permanently index the award for inflation to help offset rising college costs. This would result in an estimated **maximum award of \$6,072** in FY 2018. Pell Grants have been automatically adjusted for inflation since 2013, but this indexation is set to expire at the end of the 2017-18 award year.

NATIONAL SIGNIFICANCE

Pell Grants are the cornerstone of our national commitment to make higher education accessible and affordable for those students who lack the financial means to attend college but stand to gain the most from a college education.

In the 2016-2017 academic year, nearly 8 million low-to-moderate-income students received Pell Grants. The Pell Grant program serves 36 percent of all students, 62 percent of Black students and 70 percent of students attending historically black colleges and universities (HBCUs). This aid often makes the difference between financially disadvantaged students enrolling in college or abandoning higher education all together.

Yet, today, the maximum Pell Grant pays the lowest share (less than 30 percent at a four-year public university) of college costs in the 40-year history of the program.

BACKGROUND

The President's proposed FY 2018 budget freezes the maximum Pell Grant at \$5,920 over the next 10 years. The lack of inflation adjustments to the Pell Grant would drive its already low purchasing power to new lows.

In addition, the proposed budget cuts \$3.9 billion from Pell Grant reserve funds, on top of the \$1.3 billion cut enacted in FY 2017. In total, \$5.2 billion would be taken from Pell reserves, if adopted by Congress, that are vitally needed to boost financial assistance to low-income students. Needed improvements include such reforms as: raising the maximum award to cover a greater share of college costs, new incentives for on-time completion, extending the 12-semester limit on eligibility and "second chance" Pell awards to help incarcerated persons obtain the skills needed to successfully re-enter their communities.

Student aid cuts are counterproductive. Research suggests that need-based aid, such as Pell Grants, has a positive impact on access, persistence and completion, and can close the college opportunity gap between low-income students and those with financial means.

Pell Grnt Maximum Award Funding History	
FY 2012	\$5,550
FY 2013	\$5,645
FY 2014	\$5,730
FY 2015	\$5,775
FY 2016	\$5,815
FY 2017	\$5,920
HBCU Coalition FY 2018 Request	\$6,072*

*Estimated based on 2.0 percent inflation rate in FY 2018 as projected by the Congressional Budget Office.