

Department of Education
FEDERAL PELL GRANTS
Fiscal Year 2010 Budget Request

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FEDERAL PELL GRANTS

Contingent upon the enactment of legislation amending section 401 of the Higher Education Act of 1965 (including subsection (b) (8) of that section), that will make the Federal Pell Grant Program an entitlement for eligible students, will set the maximum Federal Pell Grant for award year 2010-2011 to \$5,550 and thereafter, and, for subsequent award years, will increase the maximum award amount annually by the Consumer Price Index plus one percent, \$28,654,059,000, to remain available until expended.¹

In the case of unanticipated increases in program costs, there are appropriated such sums as may be necessary to enable the Secretary of Education to fund fully Federal Pell Grants for award year 2010-2011 for students who meet the requirements of such section:²
Provided, That the maximum Pell Grant for which a student shall be eligible during award year 2010-2011 shall be \$5,550.³ (*Department of Education Appropriations Act, 2009.*)

NOTE

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

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Analysis of Language Provisions and Changes

Language Provision	Explanation
<p>¹ <u>Contingent upon the enactment of legislation amending section 401 of the Higher Education Act of 1965 (including subsection (b) (8) of that section), that will make the Federal Pell Grant Program an entitlement for eligible students, will set the maximum Federal Pell Grant for award year 2010-2011 to \$5,550 and thereafter, and, for subsequent award years, will increase the maximum award amount annually by the Consumer Price Index plus one percent, \$28,654,059,000, to remain available until expended.</u></p>	<p>Contingent upon the enactment of legislation making the Federal Pell Grant Program an appropriated entitlement for eligible students, setting the maximum Federal Pell Grant for award year 2010-2011 to \$5,550, and thereafter, and, for subsequent award years, increasing the maximum award amount annually by the Consumer Price Index plus one percent, this language provides \$28,654,059,000 in mandatory appropriations to support Pell Grant awards for the 2010-2011 award year.</p>
<p>² <u>In the case of unanticipated increases in program costs, there are appropriated such sums as may be necessary to enable the Secretary of Education to fund fully Federal Pell Grants for award year 2010-2011 for students who meet the requirements of such section:</u></p>	<p>This language provides additional resources to fully fund Pell Grant awards to students for the 2010-2011 award year in the event the cost of those awards exceeds \$28,654,059,000.</p>
<p>³ <u>Provided, That the maximum Pell Grant for which a student shall be eligible during award year 2010-2011 shall be \$5,550.</u></p>	<p>This language sets the maximum Pell Grant for award year 2010-2011 at \$5,550.</p>

FEDERAL PELL GRANTS
Amounts Available for Obligation
(\$000s)

	2008	2009	2010
Discretionary appropriations:	0	0	0
Comparative transfers from <u>Student Financial Assistance</u>			
From regular appropriation	\$14,215,000	\$17,288,000	0
From Recovery Act	<u>0</u>	<u>15,640,000</u>	<u>0</u>
Subtotal, comparable adjusted discretionary appropriation	14,215,000	32,928,000	0
Mandatory appropriations:	0	0	\$28,654,059
Comparative transfers from <u>Student Financial Assistance</u>			
From regular appropriation	2,041,000	2,090,000	0
From Recovery Act	0	643,000	831,000
Proposed Rescission	<u>0</u>	<u>0</u>	<u>-831,000</u>
Subtotal, comparable adjusted mandatory appropriation	2,041,000	2,733,000	28,654,059
Subtotal, comparable adjusted discretionary and mandatory appropriation	16,256,000	35,661,000	28,654,059
Unobligated balance, start of year	0	0	0
Recovery of prior-year obligations	0	0	0
Unobligated balance, expiring	0	0	0
Unobligated balance, end of year	0	0	-4,298,109

FEDERAL PELL GRANTS

Amounts Available for Obligation - continued (\$000s)

	2008	2009	2010
Comparative transfers:			
Unobligated balance, start of year from <u>Student Financial Assistance</u>	\$2,187,976	\$481,481	\$2,711,198
Recovery Act unobligated balance, start of year from <u>Student Financial Assistance</u>	0	0	8,616,402
Reclassification of Recovery Act unobligated balance: from discretionary to mandatory	0 0	-7,522,941 7,522,941	0 0
Rescission of reclassified Recovery Act unobligated discretionary balance to mandatory	0	0	-7,522,941
Recovery of prior-year obligations from <u>Student Financial Assistance</u>	37,600	0	0
Unobligated balance, end of year from <u>Student Financial Assistance</u>	-481,481	-2,711,198	0
Recovery Act unobligated balance, end of year from <u>Student Financial Assistance</u>	<u>0</u>	<u>-8,616,402</u>	<u>0</u>
Total, direct obligations	18,000,095	24,814,881	28,160,550

FEDERAL PELL GRANTS
Obligations by Object Classification
(\$000s)

	2008	2009	2010
Grants, subsidies and contributions...	\$18,000,095	\$24,814,881	\$28,160,550

FEDERAL PELL GRANTS

Summary of Changes
(\$000s)

2009	\$19,378,000
2009 Recovery Act (discretionary, non-add)	(15,640,000)
2009 Recovery Act (mandatory, non-add)	(643,000)
2010	<u>28,654,059</u>
Net change	+9,276,059

	<u>2009 base</u>	<u>Change from base</u>
Increases:		
<u>Program:</u>		
Increase to fund estimated Pell Grant program costs for the 2010-2011 award year at a maximum award of \$5,550.	\$19,378,000	<u>+\$9,276,059</u>
Net change		+9,276,059

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Authorizing Legislation (\$000s)

Activity	2009 Authorized	2009 Estimate	2010 Authorized	2010 Request
Federal Pell grants (<i>HEA-IV-A-1</i>)	Indefinite	\$17,288,000	Indefinite	\$28,654,059
Additional Funds (<i>HEA-IV-A-1</i>) ¹	\$2,090,000	2,090,000		
Institutional payments (<i>HEA-IV-G-489</i>) ²	Indefinite		Indefinite	
Recovery Act (non-add) ³				
Discretionary funding		(15,640,000)		
Mandatory funding	_____	<u>(643,000)</u>	_____	_____
 Total definite authorization	 2,090,000			
 Total appropriation		 19,378,000		 28,654,059

Note: HEA refers to the Higher Education Act of 1965, as amended.

¹ The College Cost Reduction and Access Act of 2007 authorized \$3.030 billion in mandatory funding for Pell Grants in 2010; the Budget subsumes these funds within the overall request of \$28.7 billion.

² Payments to institutions based on a \$5 per Pell Grant recipient calculation reimburse institutions for a share of the cost of administering the Pell Grant program. Funds for these payments are reserved from the Pell Grant appropriation.

³ The Recovery Act included \$831 million in mandatory funding for FY 2010. The Budget subsumes these funds, as well as \$7.5 billion in discretionary Recovery Act balances carried over from 2009, within the overall request of \$28.7 billion.

DEPARTMENT OF EDUCATION FISCAL YEAR 2010 PRESIDENT'S REQUEST

(in thousands of dollars)					Change from	
Office, Account, Program and Activity	Category Code	2008 Appropriation	2009 Appropriation	2010 President's Budget	2009 Appropriation Amount	Percent
FEDERAL STUDENT AID (FSA)						
Federal Pell Grants						
1. Federal Pell grants (HEA IV-A-1):						
(a) Mandatory Federal Pell Grants account	M	0	0	28,654,059	28,654,059	---
(b) Mandatory Pell grants add-on funds in Student Financial Assistance account	M	2,030,000	2,090,000	3,030,000	940,000	45.0%
(c) Rescission of mandatory add-on funds in Student Financial Assistance account	M	0	0	(3,030,000)	(3,030,000)	---
(d) Discretionary Pell grants	D	14,215,000	17,288,000	0	(17,288,000)	-100.0%
(e) Mandatory funding related to eliminating tuition sensitivity in AY 2007-2008	M	11,000	0	0	0	---
Total		16,256,000	19,378,000	28,654,059	9,276,059	47.9%
Discretionary	D	14,215,000	17,288,000	0	(17,288,000)	-100.0%
Mandatory	M	2,041,000	2,090,000	28,654,059	26,564,059	1271.0%
Outlays		15,232,601	17,043,754	20,687,975	3,644,221	21.4%
Discretionary	D	14,669,979	14,875,754	11,794,185	(3,081,569)	-20.7%
Mandatory	M	562,622	2,168,000	8,893,790	6,725,790	310.2%
Federal Pell Grants, Recovery Act						
1. Federal Pell grants (HEA IV-A-1):						
(a) Discretionary Pell grants	D	0	15,640,000	0	(15,640,000)	-100.0%
(b) Mandatory Pell grants	M	0	1,474,000	0	(1,474,000)	-100.0%
(c) Advance appropriation for FY 2010 (non-add)	M	0	(831,000) ²	831,000 ²	1,662,000	-200.0%
(d) Reclassification of discretionary funds	D	0	(7,522,941)	0	7,522,941	-100.0%
(e) Reclassification to mandatory funds	M	0	7,522,941	0	(7,522,941)	-100.0%
(f) Rescission	M	0	0	(8,353,941) ¹	(8,353,941)	---
Total		0	17,114,000	(8,353,941)	(25,467,941)	-148.8%
Discretionary	D	0	8,117,059	0	(8,117,059)	-100.0%
Mandatory	M	0	8,996,941	(8,353,941)	(17,350,882)	-192.9%
Outlays		0	3,496,378	5,416,161	1,919,783	54.9%
Discretionary	D	0	3,322,768	4,728,831	1,406,063	42.3%
Mandatory	M	0	173,610	687,330	513,720	295.9%
TOTAL, Federal Pell Grants		16,245,000	36,492,000	20,300,118	(16,191,882)	-44.4%
Discretionary Pell grants	D	14,215,000	25,405,059	0	(25,405,059)	-100.0%
Mandatory Pell grants	M	2,030,000	11,086,941 ²	20,300,118 ²	9,213,177	83.1%
Federal Pell Grants Program Information (memorandum entry):						
Discretionary appropriation	D	14,215,000	25,405,059	0	(25,405,059)	-100.0%
Prior year surplus/(shortfall)	D	(807,059)	(2,571,059)	0	2,571,059	-100.0%
Mandatory appropriation	M	2,030,000	10,255,941	28,654,059	18,398,118	179.4%
Prior year surplus/(shortfall)	M	0	(203,000)	0	203,000	-100.0%
Total resources		15,437,941	32,886,941	28,654,059	(4,232,882)	-12.9%
Discretionary program costs	D	15,979,000	22,834,000	0	(22,834,000)	-100.0%
Mandatory program costs	M	2,233,000	2,530,000	28,654,059	26,124,059	1032.6%
Total, program costs		18,212,000	25,364,000	28,654,059	3,290,059	13.0%
Discretionary program current year surplus/(shortfall)	D	(2,571,059)	0	0	0	---
Mandatory program current year surplus/(shortfall)	M	(203,000)	7,522,941	0	(7,522,941)	-100.0%
Total, surplus/(shortfall)		(2,774,059)	7,522,941	0	(7,522,941)	-100.0%
Maximum award (in whole dollars)						
Base award		\$4,241	\$4,860	\$5,550	\$690	14.2%
Mandatory add-on		\$490	\$490	\$0	(\$490)	-100.0%
Total maximum award		\$4,731	\$5,350	\$5,550	\$200	3.7%
Recipients (in thousands)		6,116	7,022	7,590	568	8.1%

¹ Rescission of \$8,353,941,000 includes \$831,000 thousand in funds for the Pell Grants mandatory add-on and \$7,523 million in unobligated Recovery Act funds.

² The Recovery Act provided \$1,474,000 thousand for mandatory Pell Grants, which includes \$831,000 thousand in advance appropriation that become available in FY 2010.

With the advance of \$831,000 thousand in FY 2010 total mandatory fund would decrease in FY 2009 to \$10,255,941 thousand and increase in FY 2010 to \$21,131,118 thousand.

NOTE: The Federal Pell Grants account is adjusted for comparability. Funds were appropriated in the Student Financial Assistance account in fiscal years 2008 and 2009.

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Federal Pell grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 1)

FY 2010 Authorization (\$000s): Indefinite

Budget Authority (\$000s):

	<u>2009</u>	<u>2010</u>	<u>Change</u>
Program funds:			
Discretionary appropriation ¹	\$17,288,000	0	-\$17,288,000
Mandatory appropriation ¹	2,090,000	\$3,030,000	+940,000
Proposed rescission ¹	0	-3,030,000	-3,030,000
Proposed new mandatory	<u>0</u>	<u>28,654,059</u>	<u>+28,654,059</u>
Subtotal, current year funding	19,378,000	28,654,059	+9,276,059
Recovery Act appropriation:			
Discretionary appropriation	15,640,000	0	-15,640,000
Mandatory funds appropriation	643,000	831,000	+188,000
Proposed rescission	0	-831,000	-831,000
Reclassification of unneeded balances: (non-add)			
From discretionary	-7,522,941	0	+7,522,941
To mandatory	7,522,941	0	-7,522,941
Proposed rescission of unneeded balances	<u>0</u>	<u>-7,522,941</u>	<u>-7,522,941</u>
Subtotal, Recovery Act appropriation	16,283,000	-7,522,941	-23,805,941
Net Pell Grant Funding, all sources:			
Discretionary	25,405,059	0	-25,405,059
Mandatory	<u>10,255,941</u>	<u>21,131,059</u>	<u>+10,875,118</u>
Total, Pell Grant funds	35,661,000	21,131,059	-14,529,941
Pell Grant program costs	25,364,000	28,654,000	+3,290,059

¹ Amounts appropriated for Pell Grants from the Student Financial Assistance account, shown here for comparability.

PROGRAM DESCRIPTION

The Federal Pell Grant program helps ensure access to postsecondary education for low- and middle-income undergraduate students by providing grants that, in combination with other sources of student aid, help meet postsecondary education costs. The program also promotes lifelong learning by encouraging low-income adults now in the workplace to return to school to upgrade their skills.

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The Department provides funds to participating institutions to pay all students at the institution who are eligible for a Pell Grant—a student's eligibility is not dependent on the availability of funds awarded to the institution as in the Campus-Based Programs: Supplemental Education Opportunity Grants, Work-Study, and Perkins Loans.

A Pell Grant is generally considered to be the foundation of a student's financial aid package, to which other forms of aid are added. The amount of a student's Pell Grant is dependent on the student's "expected family contribution" (EFC); cost of education, whether the student attends school full-time or part-time, and whether their program is a full academic year in length or less. Pell Grant disbursements are made to students at least once every term during the award year or at the beginning and mid-point for programs without terms.

The Pell Grant program is funded for 2 years. Funds become available for obligation on October 1 of the fiscal year in which they are appropriated and remain available through September 30 of the following fiscal year. Funds from the 2009 fiscal year appropriation will be used for grants in the 2009-2010 award year, which runs from July 1, 2009, through June 30, 2010. If Pell Grant costs for a given academic year exceed the corresponding appropriation, the Department is allowed to use future appropriations to cover the full cost.

Mandatory funding: The College Cost Reduction and Access Act (CCRAA) authorized mandatory funding to support increases to the maximum award set in each year's appropriations act. Under the CCRAA, the maximum award was increased by \$490 for award years 2008-2009 and 2009-2010, rising to an increase of \$1,090 for award year 2012-2013. Increased awards are only provided to students who are eligible to receive a Pell Grant under the maximum award set in the annual appropriations act. These increases are supported by CCRAA funding authorizations of \$2.030 billion in FY 2008, \$2.090 billion in FY 2009, \$3.030 billion in FY 2010, \$3.090 billion in FY 2011, and \$5.050 billion in FY 2012. The amount of the annual increases to the maximum award will be ratably increased or reduced depending on the relationship of the funding provided to estimated program costs for a given award year.

Recovery Act: The American Recovery and Reinvestment Act included \$17.3 billion to support the Pell Grant program. Of this amount, \$15.6 billion was discretionary funds to retire prior-year funding shortfalls and support a maximum award of \$4,860 for the 2009-2010 award year; \$1.5 billion was mandatory funding—\$643 million in FY 2009 and \$831 million in FY 2010—to fully fund the estimated cost of increases to the maximum award authorized by the CCRAA for 2009-2010 and 2010-2011.

Pell Grant program scoring rule: The congressional budget resolution for fiscal year 2006 included a new rule under which appropriations bills for the Pell Grant program are scored by the Congressional Budget Office for the estimated cost of the program for that year, regardless of the amount actually appropriated. In years where the appropriation exceeds the program cost as estimated at the beginning of the subsequent fiscal year,

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any surplus is available to reduce the appropriation needed to support that subsequent year's program costs. Conversely, in years where the appropriation is lower than the updated estimated program cost, the difference is automatically scored against the subsequent year's appropriation.

Need analysis formula: The need analysis formula for the Title IV need-based student aid programs, stipulated in the Higher Education Act, determines financial eligibility for Pell Grants and is applied uniformly to all applicants. This formula determines a student's EFC. The fundamental elements in the formula are the student's, and in the case of dependent students their parents', income and assets (excluding the value of the family's home or farm); the family's household size; and the number of family members (excluding the student's parents) attending postsecondary institutions. The EFC is the sum of (1) a percentage of net income (remaining income after subtracting allowances for taxes and basic living expenses), and (2) a percentage of net assets (assets remaining after subtracting an asset protection allowance). Different assessment rates and allowances are used for dependent students, independent students, and independent students with dependents. (Generally, independent students are older and do not depend on parents or guardians to pay for college.) The CCRAA made a number of changes to the need analysis rules that have the effect of broadening program eligibility and increasing program cost.

Institutional participation: Approximately 5,000 postsecondary institutions currently participate in the Pell Grant program. Institutions that lose their eligibility to participate in the loan programs due to high default rates are also precluded from participation in the Pell Grant program.

Student participation: Students may use their grants at any participating postsecondary institution. Pell Grants are disbursed to students through the institution. The Pell Grant program is the largest source of grant aid to students under the Higher Education Act, with approximately 30 percent of all undergraduates receiving a Pell award.

Recipients must be undergraduates and cannot have received a bachelor's degree (with the exception of certain teacher certificate programs) and must be enrolled with the purpose of obtaining a degree or certificate at an eligible institution. Students must also have a high school diploma (or its equivalent) or a demonstrated ability to benefit from the training offered by the institution (as shown by a passing score on a test approved by the Department). Less than full-time students are eligible for pro rata awards based on their enrollment status.

A student in default on a loan made under any Title IV HEA loan program, or who owes an overpayment on any other previously received Federal student aid, may not receive additional funds under the program unless he or she repays the debt in full, or makes satisfactory repayment arrangements with the holder of the debt.

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The annual award amount may vary from the statutory minimum payment up to the maximum authorized by statute for the academic year. Previously, the statutory minimum was \$400, with students qualifying for between \$200 and \$400 receiving a “bump” to \$400. For the 2008-2009 award year, the minimum payment is effectively \$400 plus the mandatory add-on. The Higher Education Opportunity Act of 2008 enacted a minimum payment of 10 percent of the appropriated maximum award. Appropriations acts routinely set annual maximum award levels. The HEOA specifies an authorized maximum award for the 2009-2010 award year of \$6,000. The authorized maximum award increases to \$8,000 by the 2014-15 award year. The FY 2009 appropriation act set the maximum award supported by discretionary funds for the 2009-2010 award year at \$4,860; the CCRAA added an additional \$490 supported by mandatory funds, for an aggregate maximum award of \$5,350.

Award rules: The aggregate Pell Grant award is the least of:

- The maximum award (as set in annual appropriations acts) minus the EFC, plus the additional amount provided by mandatory funds, or
- The student’s cost of attendance minus the EFC.

Cost of attendance: For purposes of determining the Pell Grant award, the postsecondary institution establishes the cost of attendance, using the following cost items:

- Tuition and fees;
- An allowance for books, supplies, transportation, dependent care, and miscellaneous expenses, including a reasonable allowance for the documented rental or purchase of a personal computer;
- Living allowances of:
 - the actual amount charged by the institution for room and board for students living at school,
 - an amount determined by the institution for students without dependents living at home with parents, and
 - for all other students, an amount based on the expenses reasonably incurred for room and board.

The cost of attendance for less-than-half-time students includes: tuition and fees; an allowance for books, supplies and transportation; and dependent care.

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Financial aid administrator discretion: The HEOA stipulates financial aid administrators may, on the basis of adequate documentation and on a case-by-case basis, adjust a student's Pell Grant award by changing the cost of attendance or the value of data elements used to calculate the EFC to reflect "special circumstances," such as the following:

- Tuition expenses at an elementary or secondary school;
- Medical or dental expenses not covered by insurance;
- Unusually high child care costs;
- Recent unemployment of an independent student or a family member;
- Changes in a student's housing status resulting in homelessness;
- The number of parents enrolled at least half-time in a degree or certificate or other program leading to a recognized educational credential at an institution participating in the Title IV programs; or
- Other changes in a family's income, assets, or a student's status.

Institutional payments: The HEOA provides for payment to institutions of \$5 per Pell Grant recipient to reimburse institutions for a share of the cost of administering the Pell Grant program. Funds for these payments are paid from the Pell Grant appropriation. In 2008-09, these payments will total \$30.6 million.

Funding levels for the past 5 fiscal years were

	(\$000s)
2005	\$12,364,997
2006	17,345,230 ¹
2007	13,660,771
2008	16,256,000 ²
2009	19,378,000 ³
Recovery Act.....	16,283,000 ⁴

¹Includes \$4,300 million in mandatory funds to retire prior-year funding shortfalls.

²Includes \$2,030 million in mandatory funds to increase maximum award by \$490.

³Includes \$2,090 million in mandatory funds to increase maximum award by \$490.

⁴Includes \$15,640 million in discretionary funds and \$643 million in mandatory funds.

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FY 2010 BUDGET REQUEST

The FY 2010 budget requests \$28.7 billion in mandatory funds for Pell Grants to establish a Pell Grant maximum of \$5,550 for the 2010-11 academic year. The Budget proposes to index the maximum grant beginning in 2011 to grow faster than inflation in future years, at a rate equal to the consumer price index plus 1 percentage point. (The minimum award would remain the same as under current law.) The Budget also proposes to make funding for the Pell Grant program mandatory, rather than discretionary, to eliminate uncertainty and end the practice of “backfilling” billions of dollars in Pell shortfalls. These changes would increase Pell Grant funding by \$46.7 billion over the next 5 years.

To administer this proposal, the Budget would create a new mandatory appropriation account for Pell Grants in 2010, moving funding for this program out of the Student Financial Assistance account. For comparability purposes, funding for 2008 and 2009 is also shown in this account. The Budget presentation “rebaselines” \$7.5 billion in surplus discretionary 2009 Recovery Act funding as mandatory and proposes to replace this authority, together with \$831 million in mandatory ARRA funding provided for 2010 and \$3 billion in mandatory 2010 funding provided by the CCRAA, with a consolidated mandatory funding request of \$28.7 billion. This unified request supports all Pell Grant program costs for the 2010-2011 award year, representing a \$3.3 billion increase over comparable program costs for 2009-2010.

The FY 2010 budget request for this program is best understood in the context of the Administration’s proposals for the student aid programs as a whole. Accordingly, program-specific funding information and policy proposals are discussed in the **Student Aid Overview** beginning on page O-1.

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The following tables show program information consistent with actual, predicted, or requested funding levels.

Federal Pell Grants

<u>Award Year</u>	<u>Valid Applicants</u>	<u>Applicant Growth</u>	
		<u>Number</u>	<u>% Change</u>
1997-98	8,216,685	151,796	1.88%
1998-99	8,309,645	92,960	1.13%
1999-00	8,527,162	217,517	2.62%
2000-01	8,745,584	218,422	2.56%
2001-02	9,505,099	759,515	8.68%
2002-03	10,354,525	849,426	8.94%
2003-04	11,093,506	738,981	7.14%
2004-05	11,539,497	445,991	4.02%
2005-06	11,611,388	71,891	0.62%
2006-07	11,811,911	200,523	1.73%
2007-08	12,256,422	444,511	3.76%
2008-09	13,629,529	1,373,107	11.20%
2009-10	15,176,393	1,546,864	11.35%
2010-11	16,341,520	1,165,127	7.68%

Sources: Through 2007-08, Award Year 2006-07 Pell Grant EOY Report and Final ELL-10 Reports.

Notes: Award Years 2008-09 through 2010-11 are estimates. A valid applicant is an undergraduate student who submits an application with sufficient data to calculate an EFC and determine Pell grant eligibility.

Maximum Award: The Department proposes to increase the maximum award to \$5,550 for award year 2010-11 through mandatory funding. In subsequent years, the maximum award would be indexed to the Consumer Price Index plus 1 percent. Under this proposal, maximum award levels would be \$5,690 for award year 2011-2012, \$5,850 for 2012-2013, \$6,030 for 2013-2014, and \$6,220 for 2014-2015.

For every \$100 increase in the maximum award in award year 2009-10, estimated program costs would increase by approximately \$560 million.

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Maximum Pell Grant Awards			
FY	Maximum Award	Budget Authority (\$000s)	Program Costs (\$000s)
2001	\$3,750	\$8,756,000	\$9,985,000
2002	4,000	11,314,000	11,654,000
2003	4,050	11,364,646	12,713,000
2004	4,050	12,006,738	13,152,000
2005	4,050	12,364,997	12,696,000
2006	4,050	17,345,230	12,828,000
2007	4,310	13,660,711	14,685,000 ¹
2008	4,731	16,245,000 ²	18,212,000 ¹
2009	5,350	35,661,000 ³	25,364,000 ¹
2010	5,550	28,654,000 ⁴	28,654,000 ¹

¹ Estimate.

² Budget Authority for FY 2008 includes \$14,215 million in discretionary funds and \$2,030 million in mandatory funds provided by the College Cost Reduction and Access Act (CCRAA) for use as an add-on to the maximum award.

³ Budget Authority for FY 2009 includes \$15,640 million in ARRA funds, and \$2,733 million in mandatory funds for use as an add-on to the maximum Pell Grant award.

⁴ Mandatory budget authority requested for FY 2010; subsumes an estimated \$7,523 million surplus ARRA funds from AY 2009-10, \$831 million in mandatory funding provided by the ARRA, and \$3 billion in mandatory funding provided under the CCRAA.

Number of Recipients: Under current estimates, the 2010 level would support Pell Grant awards to 7.6 million recipients.

Aid Available: Under current estimates, the Department's FY 2010 proposal would provide \$28.6 billion in Pell Grants to students.

FEDERAL PELL GRANTS

Federal Pell grants

PROGRAM OUTPUT MEASURES (\$000s)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Recipients	6,116,000	7,022,000	7,590,000
Aid available to students ¹	\$18,181,222	\$25,328,889	\$28,616,051
Maximum grant (in whole \$)	\$4,731	\$5,350	\$5,550
Minimum grant (in whole \$) ²	\$400	\$486	\$555
Average grant (in whole \$)	\$2,954	\$3,607	\$3,770

¹ Overall aid available reflects the estimated cost of the program minus administrative costs of \$5 per recipient.

² The statutory minimum award—in combination with the bump award—remains at \$400 through AY 2008-09, however, the effective minimum award is higher due to the add-on award mandated in the CCRAA; for AY 2008-09, the effective minimum could be as high as \$890, depending on a student's enrollment status. Beginning in AY 2009-10 the statutory minimum is 10% of the appropriated maximum award; the effective minimum award—including the CCRAA add-on—would be \$976 for a full-time recipient.

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data, and an assessment of the progress made toward achieving program results. Achievement of results is based on the cumulative effect of the resources provided in previous years and those requested in FY 2010 and future years, and the resources and efforts invested by those served by this program.

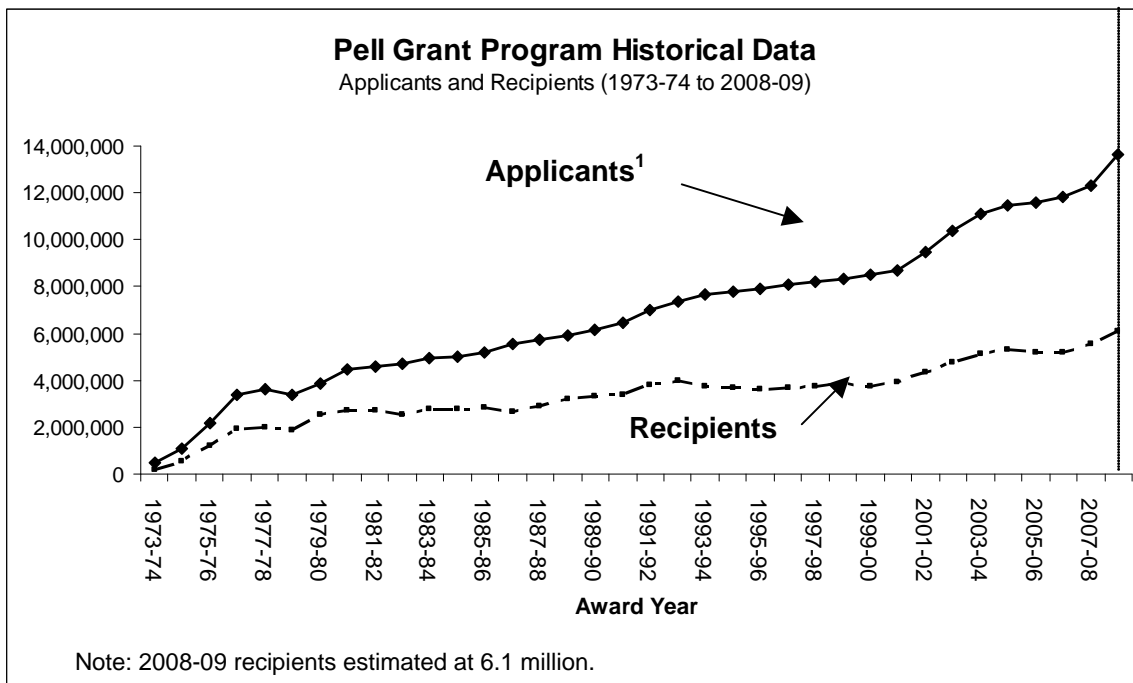
Because the programs in the Federal Pell Grant account rely on the same performance data, the performance measures, strategies, and program improvement activities that apply to all of the programs are discussed in the **Student Aid Overview** and are not repeated here.

FEDERAL PELL GRANTS

Federal Pell grants

Applicant and Recipient Growth: The graphs below and on the following page show applicant, recipient, and aid available trends since the inception of the Pell Grant program. Applicants are estimated at 13.6 million for award year 2008-09; recipients at 6.1 million.

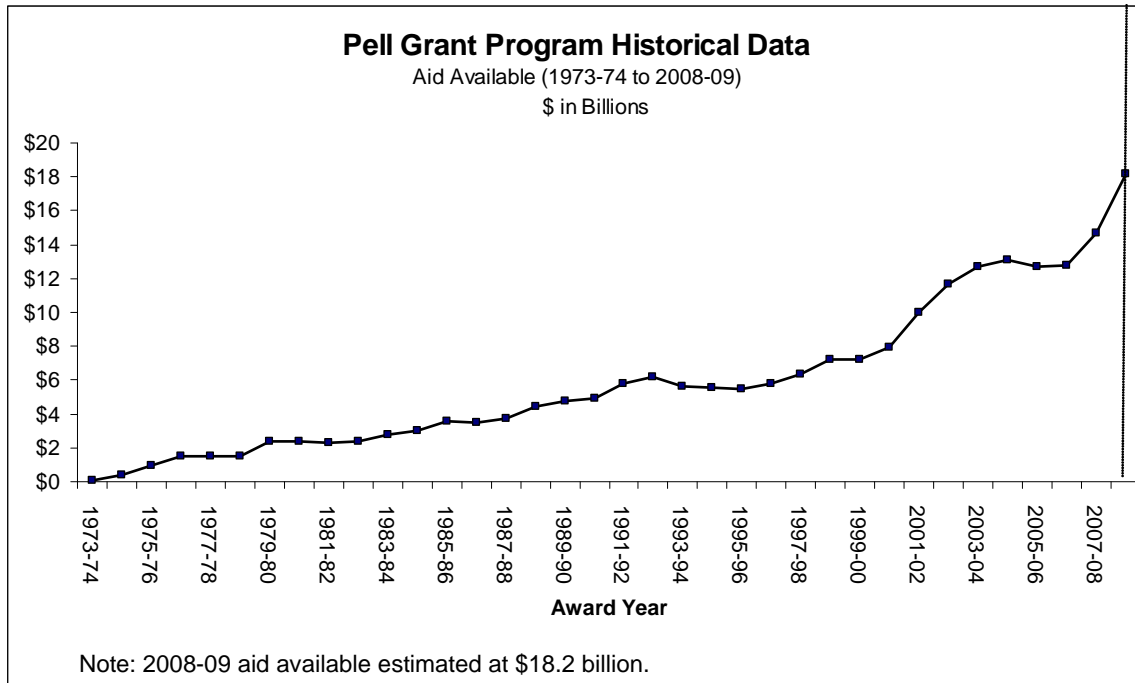
Many factors affect *applicant growth*, including demographic trends and changes in economic conditions, such as labor market demands. Factors affecting *recipient growth* include family incomes, need analysis, college costs, the level of the maximum Pell Grant award, and changes in applicant levels.



¹ Applicants reflect those applying for all Federal student financial assistance, including those receiving only non-need based student loans.

FEDERAL PELL GRANTS

Federal Pell grants



Distribution of Pell Grants by Student Status and Income Level:

The tables below illustrate the distribution of Pell Grant funds to dependent and independent students at various income levels. In 2007-2008, approximately 75 percent of all Pell Grant recipients (including independent students) had incomes less than or equal to \$30,000 and only 25 percent had incomes over \$30,000.

Distribution of Pell Grants in 2007-08			
Income Level	Recipients	Available Aid	Average Award
Dependent:			
0 - \$6,000	239,909	\$815,494,892	\$3,399
\$6,001 - \$9,000	118,345	\$405,554,939	3,427
\$9,001 - \$20,000	537,211	1,844,629,377	3,434
\$20,001 - \$30,000	570,104	1,751,641,547	3,072
\$30,001 +	872,117	1,688,143,574	1,936
Subtotal -			
Dependent	2,337,686	6,505,464,329	2,783
Independent	3,203,749	8,152,012,445	2,545
TOTAL	5,541,435	\$14,657,476,774	\$2,645

FEDERAL PELL GRANTS

Federal Pell grants

Independent students make up more than half of the students receiving assistance under the Pell Grant program. These recipients tend to be in the lowest income groups as shown below.

Distribution of Pell Grants in 2007-08			
Income Level	Recipients	Available Aid	Average Award
Independent:			
0 - \$1,000	287,116	\$880,990,026	\$3,068
\$1,001 - \$3,000	207,263	632,334,372	3,051
\$3,001 - \$6,000	348,311	1,047,924,710	3,009
\$6,001 - \$9,000	356,760	1,023,255,909	2,868
\$9,001 - \$15,000	616,061	1,439,299,100	2,336
\$15,001 - \$20,000	335,303	844,394,085	2,518
\$20,001 - \$30,000	529,264	1,383,724,262	2,614
\$30,001 +	523,671	900,089,981	1,719
TOTAL	3,203,749	\$8,152,012,445	\$2,545

Distribution of Pell Grants by Type of Institution:

The table below shows the distribution of Pell Grants to students attending different types of institutions. In 2007-2008, approximately 30 percent of the total aid available for Pell Grants went to students attending Public 4-Year schools, while approximately 33 percent of all Pell Grant recipients attended Public 2-Year schools.

Distribution of Pell Grants by Type of Institution 2007-08			
Institution Type	Recipients	Available Aid	Average Award
Public 4-Year	1,678,593	\$4,447,268,666	\$2,649
Public 2-Year	1,845,914	4,747,124,611	2,572
Private	789,075	2,240,112,689	2,839
Proprietary	1,227,853	3,222,970,808	2,625
TOTAL	5,541,435	\$14,657,476,774	\$2,645