

**Department of Education**  
**STUDENT AID OVERVIEW**  
**Fiscal Year 2023 Budget Request**  
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## STUDENT AID OVERVIEW

### FEDERAL STUDENT AID PROGRAMS

(Higher Education Act of 1965, Title IV)

(dollars in thousands)

FY 2023 Authorization: Indefinite

Budget Authority:

	2022 Estimate	2023 Request	Change
<b>Grants and Work Study:</b>			
Pell Grants			
Discretionary funding	\$22,475,352	\$24,275,352	\$1,800,000
Mandatory funding <sup>1</sup>	6,238,000	12,989,000	+6,751,000
Subtotal, Pell Grants	28,713,352	37,264,352	+8,551,000
Federal Supplemental Educational Opportunity Grants	880,000	880,000	0
Federal Work Study	1,190,000	1,190,000	0
Iraq and Afghanistan Service Grants	692	743	+51
TEACH Grants <sup>2</sup>	102,613	39,114	-63,499
Total, Grants and Work-Study	30,892,090	39,374,209	+8,482,119
<b>Net Loan Subsidy, Loans:<sup>3</sup></b>			
Federal Family Education Loans (FFEL) <sup>4</sup>	11,954,644	0	-11,954,644
Federal Direct Student Loans <sup>5</sup>	21,269,415	12,733,042	(8,536,373)

NOTE: Table reflects discretionary and mandatory funding.

<sup>1</sup>Amounts appropriated for Pell Grants for 2022 and 2023 include mandatory funding provided in the Higher Education Act, as amended, to fund both the base maximum award and add-on award.

<sup>2</sup>TEACH Grants is operated as a credit program. Amounts reflect the new loan subsidy, or the net present value of estimated future costs. The FY 2022 amount includes a net upward reestimate of \$65.8 million and a net upward modification of \$1.9 million

<sup>3</sup>Total net subsidy in any fiscal year reflects the estimated net cost of the loan program for that fiscal year. It includes both positive and negative subsidies and upward and downward impacts of reestimates and modifications of existing loans. A negative subsidy occurs when the present value of cash inflows to the Government is estimated to exceed the present value of cash outflows. Negative subsidy is reported (as negative outlays) to a negative subsidy receipt account.

<sup>4</sup>Budget authority for FFEL does not include the FFEL Liquidating account. Amount for 2022 reflects a net upward reestimate of \$9.8 billion and an upward modification of \$2.2 billion. This amount also includes reestimates related to the Ensuring Continued Access to Student Loans Act (ECASLA).

<sup>5</sup>Amount for 2022 includes a net upward reestimate of \$13.0 billion and a net upward modification of \$2.2 billion.

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### **FY 2023 BUDGET PROPOSAL**

The Federal student aid programs provide grant, loan, and work-study assistance to help students afford a postsecondary education, find employment in today's workforce, and realize the lifelong benefits of a higher education. As part of the Administration's priority to ensure all students have an accessible and affordable path to a certificate or degree, the Budget sets a maximum Pell award at \$8,670 for the 2023-24 award year as significant step in the President's commitment to double the Pell Grant. The fiscal year 2023 proposal makes available \$125 billion in new Federal student aid in fiscal year 2023, including nearly \$39 billion in Pell Grants and \$85 billion in student loans (excluding consolidation loans). The resources proposed would help more than 8.9 million students in their efforts to complete postsecondary education.

This overview discusses the Administration's proposed package of initiatives and reforms that will not only better target aid to students but will also improve student success. Current student aid programs are described in detail under the **Student Financial Assistance** account, the **TEACH Grants** account, and the **Student Loans Overview**. The costs and reforms associated with administering the student aid programs are presented in the **Student Aid Administration** account.

### **STUDENT AID REFORM PROPOSALS**

#### **Doubling Pell Grants**

Pell Grants have been the foundation of low- and moderate-income students' financial aid for decades; however, the value has diminished as college costs continue to rise. The Administration's fiscal year 2023 budget would set a maximum award of \$8,670 for award year 2023-24, an increase of \$2,175 over the 2021-2022 award year. This includes a \$900 increase in the maximum award in discretionary funding and a \$1,275 increase in mandatory spending. This historic increase is a significant step in the President's commitment to doubling the grant by 2029. Additionally, the Administration intends to work with Congress to ensure access to student financial aid for students who are Deferred Action for Childhood Arrivals recipients, commonly known as DREAMers.

#### **Postsecondary Affordability**

The President is also committed to working with Congress to enact his plan to lower costs for American families and expand the productive capacity of the American economy. This plan includes proposals to cut costs for students including through tuition-free community college and expanded support for 4-year Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and Minority-Serving Institutions (MSIs).

#### **Student Loan Policies**

The Administration looks forward to working with Congress on changes to the Higher Education Act that eases the burden of student debt, including through improvements to the Income Driven Repayment (IDR) and Public Service Loan Forgiveness (PSLF) programs.

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### STUDENT AID PROGRAMS OUTPUT MEASURES

#### Aid Available to Students (dollars in millions)

Output Measures	2021	2022	2023
Pell Grants	\$26,400	\$26,695	\$38,715
Supplemental Educational Opportunity Grants	1,252	1,252	1,252
Federal Work Study	1,208	1,208	1,208
Iraq and Afghanistan Service Grants	0.692	0.692	0.924
Subtotal, New Grant Aid	28,861	29,155	41,175
New Student Loans:			
Stafford Loans	16,245	16,025	15,868
Unsubsidized Stafford Loans	45,843	46,346	46,224
Parent PLUS Loans	10,297	10,340	10,611
Grad PLUS Loans	12,072	12,317	12,480
TEACH Grants <sup>1</sup>	78	79	172
Subtotal, New Student Loans <sup>2</sup>	84,457	85,029	85,183
Total	112,145	113,013	125,280

NOTES:

Detail may not add to total aid available due to rounding.

Shows total aid generated by Department programs, including institutional matching funds generated by the SEOG and Work-Study programs. Aid available may differ from appropriated amounts for a given fiscal year.

<sup>1</sup>For budget and financial management purposes, this program is operated as a loan program under the Federal Credit Reform Act of 1990.

<sup>2</sup>Excludes loans issued to consolidate existing loans (Consolidation Loans), which total \$20.0 billion in 2021, \$26.2 billion in 2022, and \$27.2 billion in 2023.

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<b><u>Number of Student Aid Awards</u></b>			
(in thousands)			
Output Measures <sup>1</sup>	2021	2022	2023
Pell Grants	6,104	6,133	6,657
Supplemental Educational Opportunity Grants	1,662	1,662	1,662
Federal Work-Study	621	621	621
Iraq and Afghanistan Service Grants <sup>2</sup>	N/A	N/A	N/A
Subtotal, New Grant Aid	8,387	8,416	8,940
New Student Loans:			
Stafford Loans	4,628	4,562	4,515
Unsubsidized Stafford Loans	6,646	6,616	6,551
Parent PLUS Loans	658	650	653
Grad PLUS Loans	595	595	593
TEACH Grants	34	34	35
Subtotal, New Student Loans <sup>3</sup>	12,528	12,423	12,313
Total	20,949	20,873	21,288

### **Number of Postsecondary Students Aided by Federal Student Aid Programs**

	2021	2022	2023
Unduplicated Count (in thousands)	8,754	8,718	8,910

## PROGRAM PERFORMANCE INFORMATION

### Performance measures

This section presents selected program performance information, including, for example, program goals, objectives, measures, and performance targets and data. Achievement of program results is based on the cumulative effect of the resources provided in previous years, and those requested in fiscal year 2023 and future years, as well as the resources and efforts invested by those served by this program.

Because Federal student assistance grant and loan programs rely on the same program data, performance indicators and strategies that apply to these programs are grouped here in the

<sup>1</sup> Detail may not add to total due to rounding.

<sup>2</sup> N/A denotes number of recipients will not exceed 500.

<sup>3</sup> Excludes loans issued to consolidate existing loans.

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Student Aid Overview and are not repeated in justifications for the **Student Financial Assistance** program account or in the **Student Loans Overview**.

**Goal:** To help ensure access to high-quality postsecondary education by providing financial aid in the form of grants, loans, and work-study in an efficient, financially sound, and customer-responsive manner.

**Objective:** *Ensure that low- and moderate-income students will have the same access to postsecondary education that high-income students do.*

**Measure:** College enrollment rates: Postsecondary education enrollment rates will increase each year for all students, while the enrollment gap between low- and high-income students and students of color and White students graduating high school will decrease each year.

Year	Target: Total Percentage Enrolled	Actual: Total Percentage Enrolled
<b>2018</b>	68%	69.1%
<b>2019</b>	68	66.2
<b>2020</b>	68	62.7
<b>2021</b>	68	
<b>2022</b>	68	
<b>2023</b>	68	

Year	Target: Percentage point difference between White and Black high school graduates ages 16-24 enrolling immediately in college	Actual: Percentage point difference between White and Black high school graduates ages 16-24 enrolling immediately in college
<b>2018</b>	5.25%	6.40%
<b>2019</b>	5.25	18.20
<b>2020</b>	5.00	7.50
<b>2021</b>	5.00	
<b>2022</b>	5.00	
<b>2023</b>	5.00	

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Year	Target: Percentage point difference between White and Hispanic high school graduates ages 16-24 enrolling immediately in college	Actual: Percentage point difference between White and Hispanic high school graduates ages 16-24 enrolling immediately in college
<b>2018</b>	8.00%	5.40%
<b>2019</b>	8.00	4.60
<b>2020</b>	7.00	8.80
<b>2021</b>	7.00	
<b>2022</b>	7.00	
<b>2023</b>	7.00	

**Additional information:** The overall enrollment rate in postsecondary education following high school fell below the target of 68 percent in 2020. The Department believes its commitment to the Student Financial Assistance programs and proposed reforms in the Administration’s fiscal year 2023 Budget will continue to encourage and allow more low-income students to enroll in postsecondary education programs — and provide them the means to remain in school — than would be the case in the absence of the Federal student financial assistance programs.

After an increase in 2019, the gap between White and Black high school graduates enrolling in college immediately after high school decreased to 7.50 percentage points in 2020, still above the target of 5.25 percentage points.

The metric that measures the gap between White and non-White Hispanic high school graduates who enroll immediately in college increased to 8.80 percentage points in 2020, which was slightly above its target. The Department remains committed to furthering equal educational opportunity and will continue to pursue policies to support this important goal.

Data for the measures above are taken from the Digest of Education Statistics<sup>1</sup> (Digest), published annually by the National Center for Education Statistics (NCES). Refer to the technical information provided in the Digest by NCES when interpreting year-to-year changes in the data.

**Objective:** *Ensure that more students will persist in postsecondary education and attain degrees and certificates.*

**Measure:** Graduation rate: Graduation rates for all full-time, degree-seeking students in 4-year and less than 4-year programs will improve, while the gap in graduation rates between students of color and White students will decrease, as will the gap between students receiving Pell and those not receiving need-based Title IV aid.

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<sup>1</sup> <https://nces.ed.gov/programs/digest/>

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Year	Target: Students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Students graduating with a 4-year degree within 150 percent of the normal time required
2018	66%	62.8%
2019	66	63.8
2020	66	64.4
2021	66	
2022	66	
2023	66	

Year	Target: Students graduating with a less-than-4-year degree within 150 percent of the normal time required	Actual: Students graduating with a less-than-4-year degree within 150 percent of the normal time required
2018	46%	34.8%
2019	46	35.7
2020	46	36.0
2021	46	
2022	46	
2023	46	

Year	Target: Percentage point difference between White and Black first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Black first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required
2018	15.6%	23.5%
2019	15.6	22.3
2020	15.6	22.4
2021	15.6	
2022	15.6	
2023	15.6	



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Year	Target: Percentage point difference between White and Hispanic first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Hispanic first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required
2018	8.5%	9.2%
2019	8.5	8.8
2020	8.5	8.7
2021	8.5	
2022	8.5	
2023	8.5	

Year	Target: Percentage point difference between White and Black first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Black first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required
2018	5.1%	7.4%
2019	5.1	7.1
2020	5.1	10.8
2021	5.1	
2022	5.1	
2023	5.1	

Year	Target: Percentage point difference between White and Hispanic first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Hispanic first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required
2018	0.7%	4.7%
2019	0.7	4.5
2020	0.7	4.5
2021	0.7	
2022	0.7	
2023	0.7	

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Year	Target: Percentage point difference between first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not	Actual: Percentage point difference between first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not
2018		18.5%
2019		18.5
2020		18.1
2021	TBD	
2022	TBD	
2023	TBD	

Year	Target: Percentage point difference between first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not	Actual: Percentage point difference between first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not
2018		0.8%
2019		2.0
2020		3.6
2021	TBD	
2022	TBD	
2023	TBD	

**Additional Information:** The percentage of first-time, full-time degree-seeking students graduating with a 4-year degree within 150 percent of the normal time increased from 63.8 percent in 2019 to 64.4 percent in 2020. The percentage of students completing a less-than-4-year degree increased from 35.7 percent in 2019 to 36.0 percent in 2020. The graduation rates for both 2- and 4-year degree levels observed in 2020 were below the targets established for this measure, 46 percent and 66 percent, respectively.

The completion gap between White and Black students who were enrolled in 4-year degree programs increased very slightly from 2019 to 2020 (22.3 percentage points to 22.4 percentage points). The gap observed in 2020 remains larger than the targets established in 2020 and future years. The completion gap between Pell recipients and non-Pell recipients decreased slightly from 2019 to 2020 (from 18.5 percentage points to 18.1). The overall 150 percent completion rate for students receiving Pell grants who were enrolled in 4-year degree programs was 52.4 percent in 2020.

From 2019 to 2020, the difference between the percentages of White and Black students graduating from less-than-4-year degree programs within 150 percent of the normal time increased by 3.7 percentage points to 10.8 percentage points — outside of the goal of 5.1 percentage points. In 2019, Hispanic students graduated within 150 percent of the normal time at less-than-4-year programs at a lower rate than White non-Hispanic students with a gap of 4.5

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percentage points, and the gap remained steady in 2020. From 2019 to 2020, the difference between the percentages of Pell recipients and non-Pell recipients graduating from less-than-4-year degree programs within 150 percent of the normal time increased but remains at a small difference of 3.6%. The overall 150 percent completion rate for students receiving Pell grants who were enrolled in less-than-4-year degree programs was 34.4 percent in 2020.

Data for the measures supporting this objective are collected through the Graduation Rate Survey conducted as part of the annual Integrated Postsecondary Student Aid Study (IPEDS). Some figures were revised to match IPEDS tables including completion data for Pell recipients, which has recently been made available. The Pell graduation rate is a new measure, and the Department plans to establish targets in the near future. The Department will continue to evaluate current performance measures and, where appropriate, revise these measures and goals.

### **Program Improvement Efforts**

The Department is exploring ways to gather detailed program and student outcome data for program-specific measures that will provide reliable indicators of program effectiveness.

### **Efficiency Measures**

The Department is reassessing the efficiency measures for the individual student financial aid programs. The results of this reassessment will reflect proposed program changes and be incorporated into future budget requests.