Why it’s time to double the Pell Grant

What is a Pell Grant?

Pell Grants are the primary way that the federal government helps low-income students afford college. This vital program was started to ensure that anyone who wants to earn a college degree could do so. Most Pell Grant recipients come from households with annual family incomes of $50,000 or less.

The declining value of Pell Grants

In 1980, Pell Grants covered more than 75 percent of the cost to attend a 4-year public university. Today, the maximum Pell Grant award covers just 28 percent of the cost to attend a 4-year public university.

The ask:

The University of California and other higher education leaders are calling on Congress to restore the purchasing power of Pell Grants by doubling the amount of the maximum award over the next three years, and then indexing the grants to inflation.

Data is aggregated from multiple sources, including the U.S. Department of Education, National Center for Education Statistics and the College Board.
At UC, 35 percent of all undergraduates receive Pell Grants. That’s 78,210 students — more than any other comparable research university.

UC supports increasing the maximum Pell Grant each year, beginning in federal fiscal year (FY) 2021 and reaching a maximum award of $13,000 by FY 2024.

- UC was pleased to see Congress support our goal in FY 2021 (academic year 2021-22), with the maximum annual grant reaching $6,495
- $8,663 in FY 2022 (academic year 2022-23)
- $10,831 in FY 2023 (academic year 2023-24)
- $13,000 in FY 2024 (academic year 2024-25)

Doubling the Pell Grant will ease student loan burden and boost the economy. More than 7 million students receive Pell Grants nationally each year, but few of them can fully finance a 4-year degree. The resulting rise in student loan debt prevents recent graduates from buying homes, starting businesses, earning advanced degrees or launching other endeavors.

Doubling the Pell Grant will help students meet their basic needs. Across the country, college students are struggling with access to food, housing, health care, child care and other essentials. Higher levels of direct federal aid offered through Pell Grants will help ease this national issue.

Doubling the Pell Grant will allow UC — and other colleges and universities — to stretch their institutional financial aid further. UC could extend more financial aid to students whose household income makes them ineligible for federal assistance, but who struggle because of California’s high cost of living.

UC’s Pell Grant recipients are high achievers:

- UC Pell Grant recipients graduate at rates similar to other students, with four out of five finishing college within six years.
- Within 5 years of graduating, Pell Grant recipients earn a higher median income than their families did when they first entered UC — demonstrating that the program is an engine for economic mobility.
- Among UC alumni who came from households in the bottom 20 percent of income, one in three has gone on to be in the top 20 percent of incomes.
- UC’s Pell Grant recipients give back to their communities through workplace contributions and state and federal taxes.

Pell Grants go further at UC:

- Three-quarters of UC’s in-state undergraduates receive some form of grants or scholarships, with 56 percent receiving enough financial aid to fully cover their tuition.
- 52 percent of UC undergraduates have no student debt when they graduate.