

Date of Hearing: March 19, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AJR 2 (Voepel) – As Amended March 7, 2019

**SUBJECT:** The federal Pell Grant Program awards

**SUMMARY:** This measure calls on the Congress to increase the maximum Pell Grant from \$6,095 to at least \$7,500.

**EXISTING LAW:** The Higher Education Act of 1965 established a need-based federal grant program, which with subsequent amendments to the Act, became the Pell Grant program in 1978. (Title 20 U.S. Code Section 1070, et seq.)

**FISCAL EFFECT:** This bill is keyed non-fiscal. No direct fiscal impact to the state or local governments. Based on the current maximum grant amount and total program costs, increasing the maximum grant to \$7,500 would increase federal costs by around \$6 billion annually.

**COMMENTS:**

*Background.* A Pell Grant is a subsidy the U.S. federal government provides for students who demonstrate financial need toward paying for college. Federal Pell Grants are limited to students who have not earned their first bachelor's degree or who are enrolled in certain post-baccalaureate programs, through participating institutions. A Pell Grant is generally considered the foundation of a student's financial aid package, to which other forms of aid are added. The program is administered by the United States Department of Education, which determines the student's financial need and through it, the student's Pell eligibility.

The Pell Grant is named after Democratic U.S. Senator Claiborne Pell of Rhode Island, and was originally known as the Basic Educational Opportunity Grant. These grants, which were created by the Higher Education Act of 1965, may be used by students at any one of approximately 5,400 participating postsecondary institutions.

The maximum Pell Grant is typically established by Congress through its annual appropriations process. (Multi-year maximum grant levels are also established in statute when the Higher Education Act is reauthorized, but actual appropriations typically provide funding for a much lower maximum grant.) When compared to the Pell Grant maximum of 40 years ago, the current maximum grant has kept up with general inflation, though not in a linear fashion during the intervening time. As college costs have increased more rapidly in recent years, however, the grant has less purchasing power for students than it did 20 years ago.

*Purpose.* This measure calls on Congress to increase the maximum Pell Grant to at least \$7,500. At this level, the maximum grant would cover the same percentage of the total costs of attendance at the University of California today as in 1998-99. Costs of attendance at the other public higher education segments, as well as at the state's private colleges and universities, have, of course, increased over this 20-year period at varying degrees.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

**Analysis Prepared by:** Chuck Nicol / HIGHER ED. / (916) 319-3960