

Testimony of Mamie Voight, Vice President of Policy Research,
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U.S. House of Representatives Appropriations Subcommittee on
Labor, Health and Human Services, Education and Related Agencies
Public Witness Hearing
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Chairman Cole, Ranking Member DeLauro, and members of the Subcommittee, thank you for the opportunity to testify about the importance of strengthening the federal Pell Grant – the cornerstone of financial aid for our nation’s hardworking college students. My name is Mamie Voight, and I am Vice President for Policy Research at the Institute for Higher Education Policy, or IHEP. IHEP is committed to promoting college access, affordability, and success for all students, especially low-income, working class students and students of color. We thank you for the \$175 increase to the maximum Pell Grant, enacted in the FY18 spending bill. Today, **I urge you to continue to support and protect the Pell Grant (administered by the U.S. Department of Education) by increasing the maximum award enough to *at least* keep pace with inflation, continuing to fund year-round Pell, and opposing any cuts to the program.**

Members of the Subcommittee, the Pell Grant is a lifeline for many students hoping to access and succeed in college. In the words of Senator Claiborne Pell himself, the program “brought the dream of a college education within the reach of every student who has the drive, talent, and desire.” No student should be denied access to college because of ability to pay. Higher education builds a strong workforce, increases our economic competitiveness, and transforms graduates’ lives. Research shows that students who attain a college credential earn

more, pay more in taxes, are healthier, and are more civically engaged.ⁱ Yet this promise remains unfulfilled for too many of our nation's students of limited financial means who have limited affordable options.

A strong Pell Grant program is the bedrock of our financial aid system – one that eases the economic insecurity facing many students. It serves as one tool in a student's toolbox to chip away at daunting college prices. Ultimately, investment in Pell Grants can help to close attainment gaps between low-income students and their peers.

Since its creation in 1972, the Pell program has helped make college a reality for millions of Americans. Today, more than 7.5 million low- and moderate-income students rely on Pell Grants to help pay for college, and the vast majority of those Pell recipients come from families with incomes below \$40,000.ⁱⁱ Need-based financial aid is needed now more than ever. College tuition and fees have increased at nearly five times the rate of inflation, almost four times the rate of household income, and about twice as fast as escalating healthcare costs.ⁱⁱⁱ As a result, today's maximum Pell Grant of \$6,095 covers the lowest share of college expenses than at any other time in the program's history.^{iv} And while increases to the grant previously were tied to inflation, that automatic inflation adjustment expired in fiscal year 2017, meaning the grant will continue to lose purchasing power unless Congress acts to increase the maximum award each year.

Students face immense affordability challenges. An average low-income student today must find a way to finance an amount equivalent to about 100 percent of her family's annual income to attend college for one year – and that is *after* accounting for all the grants and scholarships she earns.^v This financial burden forces many needy students to take on debt and

work long hours, impacting their ultimate educational success. Indeed, Pell recipients borrow at twice the rate of students who do not receive Pell.^{vi} The issue of affordability is one of inequity, and the Pell Grant can help fix it.

IHEP supports the Pell Grant funding levels enacted in the FY18 omnibus appropriations bill, specifically a \$175 increase in the maximum award and continued support for year-round Pell. But Members, unmet financial need is still a barrier to college access and success for our nation's low-income students.

We urge this subcommittee to strengthen and protect the well-targeted Pell Grant program. More specifically, we urge you to:

- Increase the maximum Pell Grant enough to at least keep pace with inflation in fiscal year 2019,
- Continue support for year-round Pell, which aims to accelerate completion and reduce student debt,
- Oppose any efforts to reduce or rescind existing Pell funds, and
- Emphasize to authorizers the need to permanently index the Pell Grant to inflation.

Any cuts would undermine the foundation of our financial aid system, destabilize its strength in the long term, and ultimately hurt students. Stable funding will provide students with the consistency they need to best plan their college financing.

Thank you for your attention to this pressing issue of college affordability – one that millions of Americans wrestle with on a daily basis. We ask you to craft an FY19 spending plan that strengthens and protects the Pell Grant to truly invest in our nation's future.

ⁱ Ma, J., Pender, M., & Welch, M. (2016). *Education pays 2016*. The College Board. Retrieved from <https://trends.collegeboard.org/sites/default/files/education-pays-2016-full-report.pdf>

ⁱⁱ Calculations by The Institute for College Access & Success using data from Table 71 of the U.S. Department of Education's 2015–16 Federal Pell Grant Program End-Of-Year Report, retrieved from <https://www2.ed.gov/finaid/prof/resources/data/2015-2016eoyresearchreports.zip>. More than two-thirds (69%) of Pell Grant recipients with family incomes above \$40,000 come from households of four or more persons, and almost two in five (38%) come from households of five or more.

ⁱⁱⁱ IHEP analysis based on methodology developed by Darcie Harvey for The Education Trust: Inflation data per the Consumer Price Index from the Bureau of Labor Statistics, U.S. Department of Labor; Median household income (Table H-8) data per the Current Population Survey from the Census Bureau, U.S. Department of Commerce.

^{iv} The Institute for College Access & Success. (2017, July 13). How to secure and strengthen Pell Grants to increase college access and success [fact-sheet]. Retrieved from https://ticas.org/sites/default/files/pub_files/pell_recs_one_pager.pdf

^v IHEP analysis of data from the 2012 National Postsecondary Student Aid Study (NPSAS:12). Based on average net price at four-year colleges relative to average income among full-time, full-year, dependent students.

^{vi} Calculations by The Institute for College Access & Success using NPSAS:12 data.