

December 17, 2010

Unease Grows About Future of Financing for Pell Grants

By TAMAR LEWIN

With the lame-duck Congress winding down and a \$5.7 billion gap in financing looming for next year's Pell grants — and a further \$8 billion gap for the following year — there is growing uncertainty about the future of the grants, the nation's most significant financial-aid program for college students.

After months of wrangling, Congress grappled Friday with stopgap financing to keep the government in business after the budget expires this weekend. But the temporary measures, probably extending to mid-February, will most likely continue the current budget without providing extra Pell money.

Earlier this year, Congress passed legislation that provided an extra \$36 billion over 10 years to the Pell grant program and increased the maximum grant to \$5,550, up from \$4,050 five years ago. But with a new Congress arriving in January and determined to cut spending, it is unclear whether that expansion is sustainable.

If Congress does not cover the gap in financing, millions of students could see their Pell grants reduced by more than 15 percent, with the maximum grant shrinking by about \$845.

Financial aid officers are starting to worry about a program that is supposed to provide more than \$30 billion next year to college students.

“Our students count on that money, and we don't have the resources to try to make that up,” said Alice Murphey, director of financial-aid management at the [City University of New York](#). “There's always been a lot of support in Washington for Pell, and enough people on our side. This is the first time it's ever looked like there wouldn't eventually be a solution.”

Most students and parents are unaware of the uncertainty regarding the grants, Ms. Murphey said, but if they were cut, the reaction would be intense.

“I think there would be a huge rebellion,” she said.

Bigger Pell grants have been a priority of the Obama administration, part of its commitment to expanding access to college and building a better-educated work force. But with the recession sending more students back to school, the number of unemployed and low-income students eligible for Pell grants has grown rapidly — and with it, the gap in financing.

“Next year, there will be 8.7 million Pell recipients, and the cost of the program will be about \$34 billion,” said Terry Hartle, senior vice president at the American Council on Education, who is lobbying for full financing for Pell grants. “It’s more than doubled in five years. Congress has two choices now: they can add \$5.7 billion more and keep the maximum award, or they cannot provide it and let the Pell for next year fall.”

Rich Williams, the higher-education associate for U.S. Public Interest Research Group, said extending the current budget into next year without fully financing the Pell program would be “the worst possible scenario” in avoiding major disruptions in financial aid.

“Congress promised students and families a \$5,550 maximum Pell grant next year,” Mr. Williams said, “but if it isn’t funded by the end of this year, given the political situation, it’s going to be much, much harder. Next year the discussion in D.C. will be about reducing overall funding levels.”