

## **Pell-Mell Policy**

By Colleen T. O'Brien

Since it was created in 1972, the Federal Pell Grant program has weathered its fair share of political slings and arrows. These range from past efforts to expand the program so that more middle-income students and their families benefit, to failed attempts to make the program an entitlement, to chronic underfunding. But the program has always lived to see another day, with its primary purpose still intact: to allow students to go to college who otherwise could not afford it.

For more than 30 years, the Pell Grant has served as the federal floor of support for needy students. In 1999-2000, the program provided approximately \$11 billion in grant aid to nearly 4.6 million undergraduates. Yet in 2004, proposals by the Bush administration and the Congress have again threatened the basic premise of the program. While it is not surprising in an election year that education, a perennial feel-good issue, should be prominent in the platforms of incumbents and challengers, the potential for damage to a long-standing, proven program is troubling.

In his budget request for FY05, President Bush has proposed awarding an additional \$1,000 in Pell Grants in the first two years to students who participated in the State Scholars program in high school, which focuses on rigorous pre-college curriculum. More recently, the President has proposed further changes to the Pell Grant, such as awarding an additional \$5,000 annually to recipients who study math or science, which would be paid for by limiting the number of years a student can receive a Pell Grant.

The President's proposal for the Pell Grant Scholars evokes two concepts that have frequently been raised over the history of the program: "merit aid" and the "front-loading" of grants. The inclusion of a merit component was never considered when the program was established. Critics of the Bush proposal note that the "incentive" that is offered is limited, since participants in State Scholars programs were most likely going to attend college anyway. They also note that the limited scope of these state scholars programs—it currently exists in only 14 states including Texas—means that students throughout the country would not be treated equally in the awarding of federal student aid. This differential treatment would undermine a basic tenet of the Pell program, as stated by Senator Claiborne Pell's words, "that some kind of postsecondary educational opportunity should be available to *all* who want to participate."

The other concept, front-loading—concentrating grant assistance in the first year or two of college—was not an issue during the program's inception, but has been debated regularly throughout the last three decades. At the heart of the conversation is whether the up-front aid creates a greater incentive for poorer students to go to college, versus what happens to these students when the large grant amounts are scaled back, eliminated, or replaced by other forms of aid such as loans. It is unlikely that the financial barriers that might have kept a student from participating in college would disappear during his or

her first two years, meaning that without the grant aid the student is back to square one, or even worse off if they have already incurred loan debt.

And to make matters worse, it looks as though the longstanding underfunding problems of the Pell Grant program are likely to continue. The Bush Administration requested funding to erase the shortfall for the Pell Grant program, a deficit that has built up in the past few years as eligible students are awarded more grant money than was appropriated. They did not, however, increase the maximum Pell Grant, meaning it would stay at \$4,050 for a third consecutive year despite increases in college costs. In passing their budget resolutions, the two chambers of Congress made different choices: the Senate included the funding to eliminate the shortfall and an increase in the maximum Pell Grant award, while the House included neither of these provisions.

While the prospect of a stagnant maximum award is disappointing, the Administration's defense of its own budget proposal is frightening in its lack of knowledge about the program. In testimony before the House, Education Secretary Rod Paige and budget analyst Todd Jones noted that it would be irresponsible to increase funding for the program when the shortfall existed, and furthermore, Jones stated there was not a need to increase the maximum grant as there is no demand for it, "students were not taking the full load" of Pell money. These two statements don't add up. Shortfalls in the Pell Grant funding occur when the number of Pell eligible students exceeds the Department's estimates and the Congress' appropriations for the program, meaning that there most certainly is a demand for the program.

It remains to be seen what will happen to the program in either the FY05 Appropriations process, or the reauthorization of the Higher Education Act, but the posturing that has accompanied the recent debates suggests that the Pell Grant program may not come out of this Congress unscathed. If that is how the politics play out, not only will needy students be worse off, but the nation as a whole will suffer for the missed opportunities and unmet potential of those students who can't go to college. The best course of action is to increase the overall funding for the program, not slice the pie into smaller pieces, and preserve the Pell Grant program's original intent—to make college possible for all Americans.

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