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Policy Backgrounder – Final Draft

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Overview of the Pell Grant

The Pell Grant is a federal grant that helps people with low incomes pursue higher education opportunities. It provides a sum of money that is dependent on the individual's financial need, school costs, and student status (full- or part-time). This money does not have to be paid back later like a loan would (2016).

Problems the Pell Grant is Designed to Solve

The number of unemployed individuals who could not afford higher education was becoming higher and higher. The Pell Grant was designed to help those of poor and/or minority status enter postsecondary institutions (2016).

The underlying motivation of the Pell Grant is to decrease the levels of crime and poverty. Both crime and poverty are negatively correlated with education; this means that, as education level increases, criminal activity and poverty decreases (Hjalmarsson).

Problems that Necessitate the Pell Grant

The cost of higher education has increased dramatically since the creation of the Pell Grant; from 1978 to 2012, college tuition rose at a rate four times faster than the country's overall inflation (Protosaltis).

Higher education has been statistically proven to be a major factor in individuals who were able to escape the cycle of poverty and move to higher income levels (UNESCO).

Description of the Pell Grant

Prospective students of higher education institutions can apply for the Pell Grant by proving they are in financial need through a tool called the FAFSA. If they identify that they are in a household of a certain level of financial means, they will be approved to receive the Pell Grant (2016).

Because it is an award and not a loan, the Pell Grant does not need to be repaid to the government (The Pell Grant).

History of the Pell Grant

Lyndon B. Johnson approved the Higher Education Act of 1965, which implemented the Basic Educational Opportunity Grant. This grant was later renamed to the Pell Grant after a Rhode Island senator, Claiborne Pell, in 1972. Pell was a chairman of the education subcommittee in the Senate, and he advocated federal spending on a variety of education programs, including the original grant of his namesake (The Pell Grant).

In the 2020-21 school year, the Pell Grant could provide as much as \$6,345 for an individual student (Federal Pell Grants). In the 1980s, the grant covered over half the cost of college expenses for recipients; however, from the late 2000s to today, inflation and college tuition have both risen, while the Pell Grant maintained a steady rate (Lee).

Arguments for the Pell Grant

Without a major federal financial support act like the Pell Grant, then individuals of low income status would be even less likely to consider higher education due to the daunting entrance costs. The grant also effectively targets low-income families over middle- and high-income ones; 53% of Pell recipients made less than \$20,000 per year, while only 4.8% of recipients made \$60,000 or more per year (Protopsaltis).

The Pell Grant acts as a precedent for the federal government to encourage its people to attain higher education, as well as to improve their financial status in society through degrees and certifications. There are usually no limitations to what the grant can be spent on; most states simply send the grant amount to the recipient via check (2016).

Arguments against the Pell Grant

The Pell Grant is not effective enough at its intended purpose; not everyone in need qualifies for the Grant, and not everyone is able to graduate college relying on federal Grants (Gladieux).

The Pell Grant does not supplement the need for other income sources for the very poor. This is because, as the gap between the Pell amount and the average cost of attending college grows, lower income students must accept more debt compared to higher income students (Protopsaltis).

Evaluation of the Pell Grant

The Pell Grant has failed to match the inflated rate of higher education over time; today, the grant only covers 29% of the average recipient's college expenses, while it covered 79% in 1975 (Protopsaltis).

The Pell Grant does not effectively encourage low-income students to graduate, as the delays in disbursement and policy regulations often frustrate and inadvertently punish students for accepting the grant. These punishments come in the form of complications for students who experience grant delays, as well as difficulties dealing with federal aid policing efforts (Campbell).

The Pell Grant acts as the basis of federal financial support for those who cannot otherwise afford higher education (2016). With a boost in funding from the federal government, it can maintain its place as the foundational educational grant.

Recommendation for the Pell Grant

In conclusion, I would recommend that the Pell Grant receive more federal funding in order to match the inflated cost of attending postsecondary institutions. This is the most direct and effective way to improve the grant's value as an educational support system. Another method may be to increase the number of semesters that students may receive the grant.

The federal government should also take responsibility to actively educate and encourage those below a certain income level to complete the FAFSA and apply for the Pell Grant. This might help those in need to understand the gravity of the opportunity being provided through federal funding. They have put in some effort toward this idea by creating a website and an app for applying for financial aid and completing the FAFSA; however, additional promotional strategies are needed, and these strategies should be heavily implemented on every college campus in the country.

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