

The Washington Post

Obama Aims to Boost Funding For Pell Grants by \$40 Billion

Aid Might Not Keep Pace With Rising College Costs, Experts Say

By Nick Anderson and Daniel de Vise

Washington Post Staff Writers
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After three years of major increases in federal Pell grants for needy college students, President Obama aims to boost the aid further with \$40 billion in funding over the next decade. But even that influx might not ensure that the grants will recover and sustain the purchasing power they once held.

Experts agree on the reason: soaring college costs.

In the late 1970s, the maximum Pell award covered more than two-thirds of tuition and fees for a public four-year university. In the 1980s, it covered roughly half of such expenses. In the last school year, it covered about a third.

"There is an increasing gap that students have to cover on their own," said Sandy Baum, a senior policy analyst for the College Board, in New York. "It's obviously a problem for students. They're working more; they're borrowing more."

Through grant increases, lawmakers have sought to ease the burden for millions of students such as Linda Abdulle. She faces higher tuition in her fourth year at Trinity Washington University than when she first

enrolled. The bill is up 9 percent, to \$19,360. But Abdulle's Pell grant has risen 32 percent in that time, to \$5,350.

The larger Pell grants have helped Abdulle, 20, and her mother, a manager at a fast-food restaurant, who rely on an assortment of scholarships and loans to pay for the private Northeast Washington school. Abdulle's contribution has dwindled from about \$400 a semester to \$200. "Every little penny that you get really counts," she said.

U.S. Rep. George Miller (D-Calif.), chairman of the Education and Labor Committee, said that a student aid bill the House passed last month would strengthen the Pell program with \$40 billion in additional funding, indexing it for the first time to inflation, but that it would not erase questions about spiraling tuition and fees.

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"This is a very important round of resources to be made available to students and families," Miller said. "But clearly, for a host of reasons, the costs continue to rise faster than families and the federal government can keep up with them. . . . We've arrived at a point where we have to, in a most serious vein, ask about what's the future for financing higher education in this country."

The grants, launched in 1973 and named for Claiborne Pell, a longtime Democratic senator from Rhode Island, have become the bedrock of undergraduate aid. Coupled with state and school awards, Pell grants determine how much needy students must work or borrow to pay bills.

This school year, according to the Obama administration, about 7 million students from low- and moderate-income households will qualify for the grants through the Free Application for Federal Student Aid. The average award will be \$3,611, and the maximum, \$5,350. The total federal outlay: \$25 billion.

The maximum Pell award has jumped since 2006 after it was frozen for several years at \$4,050.

Skeptics say the grants give schools an excuse to raise tuition and fees, often at a rate well beyond inflation, at a time when state revenue shortages and endowment losses are squeezing universities.

"When you look at the overall trend, it is very clear that colleges and universities eat up all of this money, eventually," said Neal McCluskey of the Cato Institute, a public policy research foundation in the District. "It sort of gives them a constantly increasing budget."

But proponents say the program's aim is to help poor and low-income students who otherwise would be unable to attend college. "The person that we're trying to help here is the person who's on the brink," said Chris Lindstrom of U.S. PIRG, a District-based public interest advocacy group. "Folks who are one car breakdown away from not being able to go to school."

Two-thirds of Pell recipients have family incomes of \$30,000 or less, according to a College Board analysis. Two-fifths are surpassing their parents by entering college, and one-tenth are single parents, according to federal statistics.

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Sarah Pollard, 20, raised by a single mother in Silver Spring, is the first in her family to go to college. She works part time at a Nordstrom, studies full time at Montgomery College and draws the maximum Pell grant. The aid "enabled me to do everything that I'm doing today," Pollard said.

Dylan Winslow, 24, transferred to the University of Maryland this fall from Temple University. To cover \$8,000 a year in tuition and fees, he holds two part-time jobs, earning \$8.50 an hour as a lab assistant in the geography department and \$25 an hour as a bouncer at a bar in College Park. He also has a student loan and the maximum Pell grant. "Any extra dollar will help," Winslow said.

Under the House bill, the grants would rise with the consumer price index, plus 1 percentage point, starting in 2011. The estimated maximum award in 2019 would be \$6,900. To fund the increase, the bill would end subsidies to private student loan providers and establish the government as the direct lender for the entire federal student loan market as of July 1. The nonpartisan Congressional Budget Office projects that the lending overhaul would save \$80 billion over a decade. About half of that would be channeled into Pell grants.

The House passed the bill Sept. 17 on a largely party-line vote, 253 to 171. Republicans criticized what they called a government takeover of lending and said the

bill would cost more than advertised. The Democrat-led Senate is expected to take up a similar bill soon.

Sen. Tom Harkin (D-Iowa), chairman of the Committee on Health, Education, Labor and Pensions, said his proposal for Pell funding would mirror the House bill's. "This is one that goes directly to students based on need," Harkin said. "After all these years, we've got good data to show that increasing the Pell awards encourages low-income students to go to college."

Despite partisan divisions over the student aid bill, many Republicans also back the Pell program.

"It helps people, no question," said Rep. Howard P. "Buck" McKeon (R-Calif.), a senior member of the Education and Labor Committee. "There are people having a hard time who can benefit from it. It's more money in their pockets."

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But McKeon said the government should prod colleges to contain costs, perhaps through the threat of withholding funds from those that jack up tuition the most. That, he said, would "address the root problem."

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