

Department of Education
STUDENT FINANCIAL ASSISTANCE
Fiscal Year 2025 Budget Request

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STUDENT FINANCIAL ASSISTANCE

Appropriations Language

For carrying out subparts 1, 3, and 10 of part A, and part C of title IV of the HEA, \$26,716,352,000, which shall remain available through September 30, 2026:¹

The maximum Pell Grant for which a student shall be eligible during award year 2025-2026 shall be \$6,435².

GENERAL PROVISIONS

(CANCELLATION)

SEC. 308. Of the amounts appropriated under Section 401(b)(7)(A)(iv)(XI) of the Higher Education Act of 1965 (20 U.S.C. 1070a(b)(7)(A)(iv)(XI)) for fiscal year 2025, \$15,000,000 are hereby permanently cancelled³.

NOTES

A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriation language.

STUDENT FINANCIAL ASSISTANCE

Analysis of Language Provisions and Changes

Language Provision	Explanation
<p>¹<u>For carrying out subparts 1, 3, and 10 of part A of title IV of the HEA, \$26,716,352,000 which shall remain available through September 30, 2026.</u></p>	<p>This language sets the availability of funds provided under the account through the end of fiscal year 2026.</p>
<p>²<u>The maximum Pell Grant for which a student shall be eligible during award year 2025-2026 shall be \$6,435.</u></p>	<p>This language sets the maximum Pell Grant award for award year 2025-26. Including the Budget's proposed increase to mandatory funding provided in the Higher Education Act (HEA), the Pell Grant maximum award in award year 2025-26 would be \$8,145.</p>
<p style="text-align: center;">GENERAL PROVISIONS</p> <p>³<u>Of the amounts appropriated under Section 401(b)(7)(A)(iv)(XI) of the Higher Education Act of 1965 (20 U.S.C. 1070a(b)(7)(A)(iv)(XI)) for fiscal year 2025, \$15,000,000 are hereby permanently cancelled.</u></p>	<p>The 2025 request includes a cancellation of \$15,000,000 in mandatory funds to offset the increase in mandatory costs resulting from the increase to the maximum discretionary award.</p>

STUDENT FINANCIAL ASSISTANCE

Appropriation, Adjustments and Transfers
(dollars in thousands)

Appropriation/Adjustments/Transfers	2023	2024	2025
Discretionary:			
Appropriation	\$24,615,352	\$24,615,352	\$26,716,352
Mandatory:			
Appropriation	6,246,384	6,724,530	9,898,030
Total, discretionary and mandatory appropriation	30,861,736	31,339,882	36,614,382

STUDENT FINANCIAL ASSISTANCE

Summary of Changes (dollars in thousands)

	2024	\$31,339,882
	2025	36,614,382
Net change		+5,274,500

Increases:	2024 base	Change from base
<u>Program:</u>		
Increase in indefinite mandatory funding required for the add-on to the maximum Pell Grant due to increased estimated program costs, including costs attributable to the discretionary request.	\$5,629,000	+\$3,114,000
Increase in the requested discretionary Pell Grant appropriation to fund a \$100 increase to the discretionary maximum award.	22,475,352	+2,101,000
Increase in definite mandatory funding for use in the Pell Grant program due to amount provided in the Higher Education Act for FY 2024.	1,095,000	+75,000
Subtotal, increases		+5,290,000
Decreases:	2024 base	Change from base
<u>Program:</u>		
Decrease in definite mandatory funding in the HEA to offset the mandatory costs associated with Pell Grant policy proposals.	1,095,000	-15,000
Decrease in Iraq and Afghanistan Service Grants funding due to consolidation of the program into the Pell Grant program.	530	-500
Subtotal, decreases		-15,500
Net change		+5,274,500

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Authorizing Legislation (dollars in thousands)

Activity	2024 Authorized	2024 Annualized CR	2025 Authorized	2025 Request
Federal Pell grants (HEA-IV-A-1):				
Federal Pell grants (discretionary)	0 ¹	\$22,475,352	To be determined	\$24,576,352
Federal Pell grants (mandatory)	Indefinite	6,724,000	Indefinite	9,898,000
Federal supplemental educational opportunity grants (HEA-IV-A-3)	0 ²	910,000	To be determined	910,000
Federal Work-study (HEA-IV-C)	0 ³	1,230,000	To be determined	1,230,000
Iraq and Afghanistan Service Grants (HEA-IV-A-10)	Indefinite	530	0	30
Total discretionary appropriation		24,615,352		26,716,352
Portion of the discretionary request subject to reauthorization		0		26,716,352
Total mandatory appropriation		6,724,530		9,898,030
Total appropriation		31,339,882		36,614,382

¹ The GEPA extension expired September 30, 2018; reauthorization for FY 2025 is expected through appropriations action.

² The GEPA extension expired September 30, 2015; reauthorization for FY 2025 is expected through appropriations action.

³ The GEPA extension expired September 30, 2015; reauthorization for FY 2025 is expected through appropriations action.

STUDENT FINANCIAL ASSISTANCE

Appropriations History (dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2016 ¹	\$24,198,210	\$23,828,210	\$24,129,352	\$24,198,210
2017 ²	24,198,210	22,888,210	24,198,210	24,198,210
2018 ³	22,932,626	24,198,210	24,198,210	24,033,880
2019 ⁴	22,675,352	24,445,352	24,445,352	24,445,352
2020 ⁵	22,975,352	24,937,352	24,445,352	24,520,352
2021 ⁶	22,975,352	24,565,352	24,520,352	24,545,352
2022 ⁷	27,545,352	27,187,352	26,413,460	24,580,352
2023 ⁸	26,345,352	24,693,234	24,625,352	24,615,352
2024 ⁹	26,415,352	22,475,352	24,595,352	24,615,352
2025	26,716,352			

¹ The levels for House and Senate allowances reflect action on the regular annual 2016 appropriations bill, which proceeded in the 114th Congress only through the House Committee and Senate Committee.

² The levels for the House and Senate allowances reflect Committee action on the regular annual 2017 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2017.

³ The level for the House allowance reflects floor action on the Omnibus appropriations bill; the Senate allowance reflects Committee action on the regular annual 2018 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2018 (P.L. 115-141).

⁴ The levels for the House and Senate allowance reflect Committee action on the regular annual 2019 appropriations bill; the Appropriation reflects enactment of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (P.L. 115-245).

⁵ The Senate allowance reflects the Chairman's mark; the Appropriation reflects the Further Consolidated Appropriation Act, 2020 (P.L. 116-94).

⁶ The level for the Senate Allowance reflects the Chairman's mark; the Appropriation reflects Division H of the Consolidated Appropriations Act, 2021 (P.L. 116-260).

⁷ The House allowance reflects floor action on the FY 2022 Consolidated Appropriations Act; the Senate allowance reflects the Chairman's mark; and the Appropriation reflects the Consolidated Appropriations Act, 2022 (P.L. 117-103).

⁸ The House allowance reflects the regular annual FY 2023 appropriation, which was introduced on the floor; the Senate allowance reflects the Chairman's mark; and the Appropriation reflects the Consolidated Appropriations Act, 2023 (P.L. 117-328).

⁹ The House allowance reflects Subcommittee action and the Senate allowance reflects Committee action on the regular annual 2024 appropriations bill; the Appropriation reflects the annualized continuing resolution level.

STUDENT FINANCIAL ASSISTANCE

Significant Items in FY 2024 Appropriations Reports

Pell Grant Restoration and Prison Education Program

Senate: Given that regulations for the new Prison Education Program are expected to be finalized during fiscal year 2024, the Committee directs the Department to continue the Second Chance Pell Pilot program as the Department finalizes implementation of the full Pell Grant reinstatement. The Committee encourages the Department to use the expertise and best practices from the Pilot to develop guidance and technical assistance for the new Prison Education Program. The Committee further directs the Department to work with Second Chance Pell Pilot sites as they transition to the requirements under the new Prison Education Program to ensure that incarcerated students do not experience a gap in their educational programming. In addition, the Committee strongly encourages the Department to notify institutions of higher education (particularly those that operate Second Chance Pell Pilot sites), the Bureau of Prisons, State departments of corrections, county and local jail administrators, and institutional accrediting agencies about the new Prison Education Program. Further, the Committee expects the Department will provide technical assistance and guidance to Second Chance Pell sites to ensure that they have enough time and information to prepare and apply for Prison Education Program approval.

Response: In an effort not to interrupt the postsecondary program of confined or incarcerated students receiving Pell Grants for programs under the experiment, the Department has extended the Second Chance Pell experiment to provide participating schools with sufficient time (up to three award years) to transition programs offered under the experiment to comply with the Prison Education Program (PEP) requirements. During this time, the Department will provide training, guidance and work with our Technical Assistance provider Vera, to assist schools with transitioning their programs to become eligible PEPs. Schools participating in the experiment will be required to meet specific milestones each year so they will be ready to submit their PEPs to the Department for approval prior to July 1, 2026. The Department will require annual reporting during this time, monitor compliance with progress to transition to PEP, and address challenges that schools encounter during the transition to PEP.

STUDENT FINANCIAL ASSISTANCE

Summary of Request

The Administration's fiscal year 2025 budget request will provide \$135 billion in new Federal grants, loans, and work-study assistance to help students pay for postsecondary education and compete for high-quality jobs in the expanding economy. Overall, funds requested for programs in the Student Financial Assistance account would provide \$41.8 billion in aid¹ and 9.4 million student aid awards.

The fiscal year 2025 funding proposed for the Student Financial Assistance (SFA) account is \$36.6 billion, approximately \$5.3 billion more than the fiscal year 2024 annualized CR based on the 2023 appropriation. This includes a discretionary request of \$26.7 billion: \$24.6 billion for Pell Grants, \$1.2 billion for Federal Work-study (FWS), and \$910 million for Supplementary Educational Opportunity Grants (SEOG). \$9.9 billion in mandatory funds are requested in fiscal year 2025 for the Pell Grant program.

The Administration's fiscal year 2025 budget would set a maximum award of \$8,145 for award year 2025-26, an increase of \$750 over the 2024-2025 award year. This includes a \$100 increase in the maximum award in discretionary funding and a \$650 increase to the mandatory add-on. The Administration continues to prioritize doubling the maximum award by 2029 to ensure college is accessible and affordable and provides additional mandatory funding to do so. The Administration also intends to work with Congress to ensure access to student financial aid for students who are Dreamers.

Fiscal year 2025 program-specific funding information and policy proposals, as well as program performance information that applies to all student assistance programs, are discussed in the **Student Aid Overview**.

¹Total aid available is based on new budget authority and any required matching funds, less allowable administrative costs.

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Federal Pell Grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 1)

(dollars in thousands)

FY 2025 Authorization: To be determined.¹

Budget authority:²

	2024 Annualized CR	2025 Request	Change
Program funds:			
Discretionary appropriation	\$22,475,352	\$24,576,352	+\$2,101,000
Mandatory appropriation	5,629,000	8,743,000	+3,114,000
Mandatory appropriation for discretionary program costs ³	1,095,000	1,155,000	+60,000
Subtotal, current year funding	29,199,352	34,474,352	+5,275,000
Pell Grant program costs	35,498,000	39,320,000	+3,822,000

PROGRAM DESCRIPTION

The Federal Pell Grant program helps ensure access to postsecondary education for low- and moderate-income undergraduate students by providing grants that help meet postsecondary education costs. The program also promotes lifelong learning by providing resources for low- and moderate-income adults now in the workplace to return to school to upgrade skills.

The Department funds all participating institutions' eligible Pell applicants. Unlike Campus-Based Programs (Supplemental Educational Opportunity Grants and Federal Work-study), a student's eligibility is not dependent on the availability of funds awarded to the institution.

A Pell Grant is the foundation of a student's financial aid package to which other forms of aid are added. The amount of a student's Pell Grant is based on the student's "Student Aid Index" (SAI), which includes consideration of income and household size, cost of education, whether the student attends school full- or part-time, and whether the student's program is a full academic year in length or less. Pell Grant disbursements are made to a student at least once every term during the award year or at the beginning and mid-point for programs without terms.

Budget authority in the Pell Grant program is available for 2 fiscal years; for example, funds become available for obligation on October 1 of the fiscal year in which they are appropriated

¹The GEPA extension expired September 30, 2018; reauthorization for FY 2025 is expected through appropriations action.

²Table reflects discretionary budget appropriations and mandatory budget authority in support of program costs for each fiscal year.

³The Higher Education Act (HEA) provides \$1,170,000 thousand in mandatory funding to be used for discretionary program costs in FY 2024.

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and remain available through September 30 of the following fiscal year. Funds proposed for fiscal year 2025 would be used for grants in the 2025-2026 award year, which runs from July 1, 2025, through June 30, 2026. If Pell Grant costs for a given academic year exceed the corresponding appropriation, the Department uses the next fiscal year's appropriation to cover the balance.

The Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act) of 2019 excepted the Department from restrictions of Section 6103 of the Internal Revenue Code. This exception authorizes the Internal Revenue Service (IRS) to disclose tax return information directly to the Department for the purpose of administering certain Federal aid programs. One of the primary causes of improper payments in the Pell Grant program is failure to verify financial data accurately. This new exception is expected to reduce improper payments by simplifying and improving the accuracy of FAFSA® filing by prepopulating certain fields.

Recent and projected funding: The Pell Grant program is the single largest source of grant aid for postsecondary education and helps ensure low- and moderate- income students can afford higher education and successfully attain a postsecondary credential. In 2024, over 7.0 million students are expected to receive Pell Grant awards of up to \$7,395. The program operates as an entitlement to eligible students once the maximum grant, award rules, and payment schedule are established. The Higher Education Act (HEA) does not provide for the denial of an award to any student who meets the qualifying conditions, nor does it allow the Secretary to reduce any student's award level.

Mandatory funding: The College Cost Reduction and Access Act authorized mandatory funding to support increases to the Pell maximum award set in each fiscal year's appropriations act. The Health Care and Education Reconciliation Act (HCERA) amended that provision and increased the maximum award by \$690 for award years 2010-2011 through 2012-2013, and by the Consumer Price Index (CPI) from 2013 to 2017. Beginning with the 2018-2019 award year, the add-on award is equal to the award year 2017-2018 level and is not increased by the CPI.

Pell Grant program scoring rule: The congressional budget resolution for fiscal year 2006 included a rule under which appropriations bills for the Pell Grant program are scored by the Congressional Budget Office for the estimated budget authority needed to fund the program for that year, or the requested budget authority, whichever is greater. If the appropriation exceeds the program cost as estimated at the beginning of the subsequent fiscal year, any surplus is available to reduce the appropriation needed to support that subsequent year's program costs. Conversely, if the appropriation is lower than the updated estimated program cost, the difference is automatically scored against the subsequent year's appropriation.

Given the nature of the program, it is reasonable to consider Pell Grants an individual entitlement for purposes of budget analysis and enforcement. Congress has chosen to continue treating the portion funded in annual appropriations acts as discretionary, continuing the scoring of budget authority for Pell Grants against the appropriations allocations established annually under section 302 of the Congressional Budget Act. Like previous years, this proposal presents the portion of Pell Grants provided in the annual appropriations act as discretionary funding.

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Need analysis formula and Pell Grant Eligibility: Starting with the 2024-2025 award year, the need analysis formula for the Title IV need-based student aid programs, stipulated in the HEA, determines a student's SAI. The fundamental elements in the formula are the student's (and in the case of dependent students, their parents') income and assets (excluding the value of the family's home), and the family's household size. The SAI is the sum of (1) a percentage of net income (remaining income after subtracting allowances for taxes and basic living expenses), and (2) a percentage of net assets (assets remaining after subtracting an asset protection allowance). Different assessment rates and allowances are used for dependent students, independent students, and independent students with dependents. Aside from having an SAI of less than or equal to zero, maximum Pell Grant eligibility will also be determined by students' family income in relation to the Federal Poverty Level (FPL) for their family size. Unmarried independents with dependents and unmarried parents of dependents with Adjusted Gross Income (AGI) under 225 percent of FPL will be eligible for maximum awards as well as all other students with AGI under 175 percent of FPL. Additionally, applicants who are not eligible under the maximum award eligibility formula or the SAI formula may still be eligible for a minimum award if their AGI is below the following FPLs:

- 400 percent for unmarried independents with dependents,
- 350 percent for married independents with dependents,
- 325 percent for unmarried parents of dependents, and
- 275 percent for all others.

Institutional participation: Approximately 4,800 postsecondary institutions currently participate in the Pell Grant program. Institutions that lose their eligibility to participate in the loan programs due to high default rates are also precluded from participation in the Pell Grant program.

Student participation: Students may use their grants at any participating postsecondary institution. Pell Grants are disbursed to the student through the institution. The Pell Grant program is the largest source of grant aid to students under the HEA, with approximately 40 percent of all undergraduates receiving a Pell Grant.

Recipients must be undergraduates enrolled with the purpose of obtaining a degree or certificate at an eligible institution and, with an exception for certain teacher certificate programs, cannot have previously received a bachelor's degree.

Students must also have a regular high school diploma (or its equivalent) or have been homeschooled. Students who first enrolled in an eligible program prior to July 1, 2012, who did not have a regular high school diploma and were not homeschooled, may receive a Pell Grant by meeting one of the ability-to-benefit (ATB) alternatives. These alternatives include: (1) passing an independently administered, Department-approved ability-to-benefit test; (2) completing at least 6 credit hours or 225 clock hours that are applicable toward a degree or certificate offered by the institution; or (3) completing a State process approved by the Secretary of Education.

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Students who did not have a regular high school diploma, were not homeschooled, and first enrolled in an eligible program on or after July 1, 2012, can only become eligible through one of the ATB alternatives described above if they are enrolled in an eligible career pathway program as defined in section 484(d)(2) of the HEA.

Less than full-time students are eligible for pro rata awards based on their enrollment status. As of July 1, 2012, students are eligible for Pell Grants for a maximum of 12 semesters (or an equivalent) of full-time enrollment.

A student in default on a loan made under any Title IV HEA loan program, or who owes an overpayment on any other previously received Federal student aid, may not receive additional funds under the program unless the student repays the debt in full or makes satisfactory repayment arrangements with the holder of the debt.

Beginning with the 2024-2025 award year, eligibility for non-need-based grants to students whose parent or guardian was a member of the Armed Forces and died in Iraq or Afghanistan as a result of performing military service after September 11, 2001, which were previously given through the Iraq and Afghanistan Service Grants (IASG) program, will be folded into the Pell Grant program. This allows qualifying students to receive full maximum Pell Grants that are not subject to sequestration, as IASG has been.

Annual award amount: The annual award amount may vary from the statutory minimum payment up to the maximum authorized by statute for the academic year. The Higher Education Opportunity Act of 2008 enacted a minimum Pell Grant award of 10 percent of the maximum award. That is, students who do not qualify for at least 10 percent of the maximum grant do not receive a Pell award. Appropriations acts set annual maximum award levels. For award year 2024-2025, the 2024 annualized CR supports an award of \$6,335. With the mandatory add-on award established by the HCERA, the maximum award will be \$7,395. The minimum Pell award for award year 2024-2025 is \$750.

For students not eligible for a maximum award using the FPL thresholds described above, the aggregate Pell Grant award is the lesser of:

- the maximum award (as set in annual appropriations acts), plus the additional amount provided by mandatory funds, minus the SAI; or
- the student's cost of attendance, minus the SAI.

Additionally, students who are not eligible using the maximum award thresholds or the SAI calculation may still be eligible for a minimum award using an additional set of FPL thresholds. Furthermore, students who complete more than one academic year within an award year are eligible for larger awards under the "year-round Pell" provision, which was enacted in the fiscal year 2017 Consolidated Appropriations Act. Awards under this provision are capped at 150 percent of the student's regular award.

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Cost of attendance: For purposes of determining the Pell Grant award, the postsecondary institution establishes the cost of attendance using the following cost items:

- tuition and fees;
- an allowance for books, supplies, transportation, dependent care, and miscellaneous expenses, including a reasonable allowance for the documented rental or purchase of a personal computer; and
- living allowances of the actual amount charged by the institution for room and board for students living at school; an amount determined by the institution for students without dependents living at home with parents; or, for all other students, an amount based on the expenses reasonably incurred for room and board.

The cost of attendance for less-than-half-time students includes tuition and fees; an allowance for books, supplies, and transportation; and dependent care.

Financial aid administrator discretion: The HEA stipulates financial aid administrators may, on the basis of adequate documentation and on a case-by-case basis, adjust a student's Pell Grant award by changing the cost of attendance or the value of data elements used to calculate the SAI to reflect "special circumstances," such as the following:

- tuition expenses at an elementary or secondary school;
- medical or dental expenses not covered by insurance;
- unusually high childcare costs;
- recent unemployment of an independent student or a family member;
- changes in a student's housing status resulting in homelessness;
- the number of parents enrolled at least half-time in a degree or certificate or other program leading to a recognized educational credential at an institution participating in any of the Title IV programs; or
- other changes in a family's income, assets, or a student's status.

Institutional payments: The HEA provides for payment to institutions of \$5 per Pell Grant recipient to reimburse institutions for a share of the cost of administering the Pell Grant program. Funds for these payments are paid from the Pell Grant appropriation. In award year 2024-25, these payments will total \$35 million.

STUDENT FINANCIAL ASSISTANCE

Federal Pell Grants

Because of the structure of the Pell Grant program, annual funding levels may not equal annual expenditures.

Discretionary and mandatory funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2020	\$29,451,772
2021	29,001,826
2022	27,571,272
2023	28,721,072
2024 Annualized CR	29,199,352

FY 2025 BUDGET REQUEST

The Administration's budget request for fiscal year 2025 includes \$24.6 billion in discretionary funding for the Pell Grant program, \$2.1 billion more than the fiscal year 2024 annualized CR, averting a shortfall in fiscal year 2025. This discretionary request, plus \$9.9 billion in mandatory funding, provides a total fiscal year 2025 Pell funding level of \$34.5 billion.

The Administration has requested increases to the maximum discretionary award each year since fiscal year 2021 and consistently provided additional budget authority to support these requests. In order to ensure the long-term financial sustainability of the Pell Grant program, it is imperative that Congress provide additional discretionary budget authority when increasing the discretionary maximum award.

Pell Grants have been the foundation of low- and moderate-income students' financial aid for decades; however, the purchasing power has diminished as college costs have risen. The Administration's fiscal year 2025 budget would set a maximum award of \$8,145 for award year 2025-26, an increase of \$750 more than the 2024-2025 award year. This includes a \$100 increase in the maximum award in discretionary funding and a \$650 increase to the mandatory add-on. Students attending public and non-profit institutions will be eligible to receive the increased mandatory add-on. The maximum award for students at proprietary institutions will be \$7,495.

Students at proprietary institutions will not be eligible for the increase to the mandatory add-on due to the historically worse outcomes at these institutions.

The Administration continues to prioritize doubling the maximum award by 2029 to ensure college is accessible and affordable and provides additional mandatory funding to do so. The Administration also intends to work with Congress to ensure access to student financial aid for students who are Dreamers.

The request for this program is best understood in the context of the Administration's proposals for student aid programs as a whole. Accordingly, program-specific funding information and policy proposals also are discussed in the **Student Aid Overview**.

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Federal Pell Grants

PELL GRANT PROGRAM HISTORICAL DATA

Applicant and Recipient Growth

The graphs on the following pages show the latest applicant, recipient, and aid available trends for the Pell Grant program. A valid applicant is an undergraduate student who submits a Free Application for Federal Student Aid (FAFSA®) with sufficient data to calculate an SAI and determine Pell Grant eligibility. Applicants are estimated at 15.2 million for award year 2025-2026, an increase of over 300,000 compared to award year 2024-2025. Many factors affect applicant growth, including demographic trends and changes in economic conditions, such as labor market demands. For example, the COVID-19 pandemic was a factor as many students had foregone pursuing a postsecondary education in recent years.

Pell Grant recipients are estimated at nearly 7.2 million in award year 2025-2026, an increase of 120,000 over award year 2024-2025, of which an estimated 50,000 would be newly eligible based on the increased maximum award. Factors affecting recipient growth include family incomes, need analysis, college costs, the level of the maximum Pell Grant award, and changes in the volume of applicants.

The following tables show program information consistent with actual or requested funding levels.

STUDENT FINANCIAL ASSISTANCE

Federal Pell Grants

Federal Pell Grants Applicant Trends¹

Award Year	Valid Applicants ²	Applicant Growth: Number	Applicant Growth: Percent Change
2009-10	16,482,495	2,599,207	18.72%
2010-11	17,625,778	1,143,283	6.94%
2011-12	18,458,701	832,923	4.73%
2012-13	18,294,947	-163,754	-0.89%
2013-14	17,915,446	-379,501	-2.07%
2014-15	17,312,207	-603,239	-3.37%
2015-16	16,362,617	-949,590	-5.49%
2016-17	15,462,153	-900,464	-5.50%
2017-18	15,529,912	67,759	0.44%
2018-19	15,240,392	-289,520	-1.86%
2019-20	14,991,786	-248,606	-1.63%
2020-21	14,655,664	-336,122	-2.24%
2021-22	14,295,701	-359,963	-2.46%
2022-23	13,970,946	-324,755	-2.27%
2023-24	14,565,653	594,707	4.26%
2024-25	14,885,130	319,477	2.19%
2025-26	15,227,704	342,574	2.30%

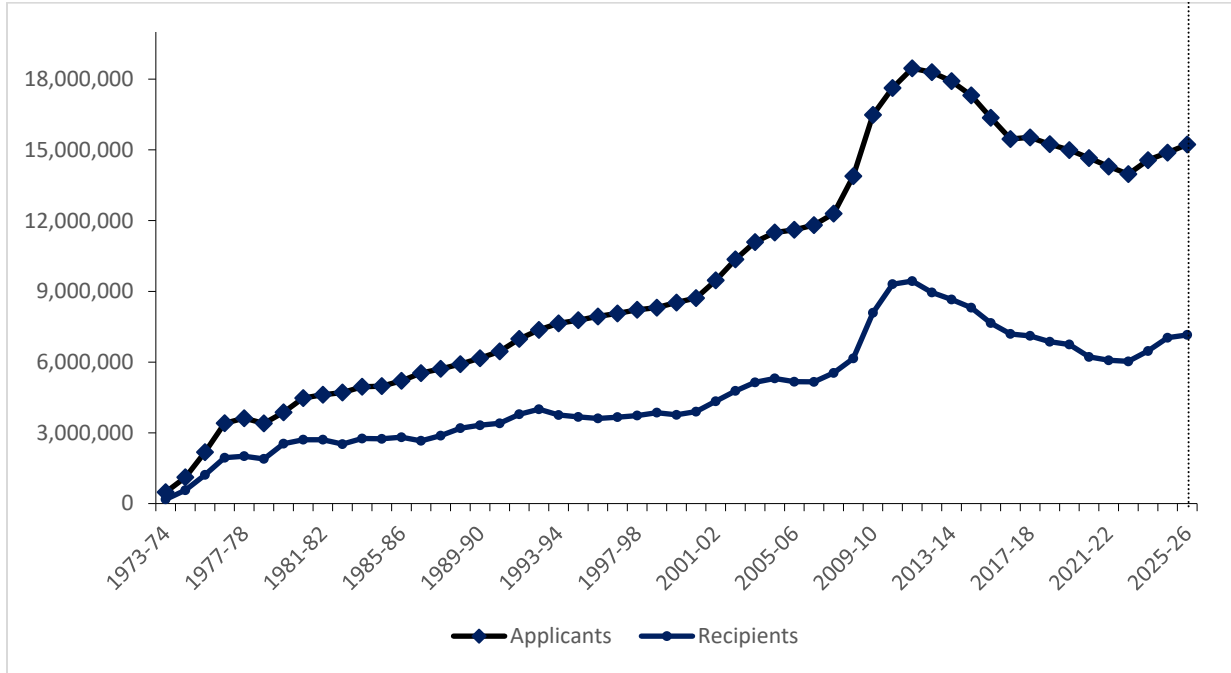
¹Applicant data through award year (AY) 2022-2023 are considered final and are taken from internal operational reports. Applicant data for award years 2023-2024 through 2025-2026 are estimates and are subject to change.

²A valid applicant is an undergraduate student who submits an application with sufficient data to calculate an EFC and determine Pell Grant eligibility. Eligibility will be calculated on SAI starting in 2024-2025.

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Federal Pell Grants

Pell Grant Program Historical Data
Applicants¹ and Recipients (1973-74 to 2025-26)²



Number of Recipients:

Under current estimates, the funds requested for fiscal year 2025 would support Pell Grant awards to nearly 7.2 million recipients.

¹ Applicants reflect those applying for all Federal student financial assistance, including those receiving only non-need-based student loans.

² Award years 2023-2024 through 2025-2026 are estimates.

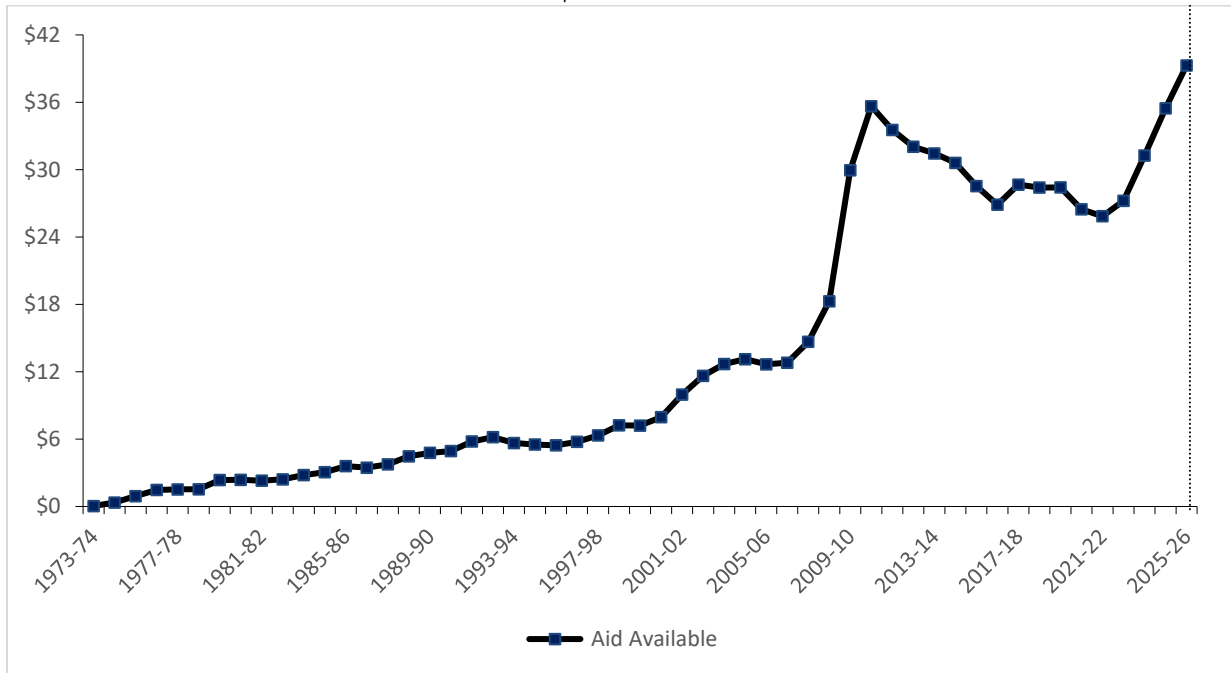
STUDENT FINANCIAL ASSISTANCE

Federal Pell Grants

Aid Available:

Under current estimates, the Administration's fiscal year 2025 proposal would provide \$39.3 billion in Pell Grants to students.

Pell Grant Program Historical Data
Aid Available (1973-74 to 2025-26).¹
\$ in Billions



Maximum Award:

The Administration proposes to increase the base discretionary maximum award to \$6,435 for award year 2025-2026 through discretionary and definite mandatory funding. The cost of providing the mandatory add-on that increases the maximum award is funded by permanent mandatory indefinite funding as provided through HCERA. The Budget proposes to amend the HCERA to increase the award to \$8,145 in award year 2025-2026.

¹ Award years 2023-2024 through 2025-2026 are estimates.

STUDENT FINANCIAL ASSISTANCE

Federal Pell Grants

Pell Maximum Award, Aid Available, and Recipients

Award Year	Maximum Award	Aid Available (dollars in millions)	Recipients
2020-21	\$6,345	\$26,460	6,219,487
2021-22	6,495	25,857	6,077,416
2022-23	6,895	27,222	6,031,476
2023-24	7,395	31,264	6,471,000
2024-25	7,395	35,462	7,033,000
2025-26	8,145	39,284	7,153,000

The following table shows the Pell Grant maximum award levels, budget authority by type, and program costs for fiscal years 2016 to 2025. Fiscal year 2025 reflects the President's Budget policies.

Pell Maximum Award Levels, Budget Authority, and Program Costs (Dollars in thousands, except for maximum award levels)

FY	Maximum Award	Discretionary Budget Authority	Mandatory Budget Authority	Mandatory for Discretionary Budget Authority	Total Budget Authority	Program Cost
2016	\$5,825	\$ 22,475,352	\$4,840,361	0	\$27,315,713	\$26,917,000
2017	5,920	22,475,352	5,680,400	\$1,320,000	29,475,752	28,702,000
2018	6,095	22,475,352	5,997,339	1,334,000	29,806,691	28,436,000
2019	6,195	22,475,352	5,388,040	1,370,000	29,233,392	28,451,000
2020	6,345	22,475,352	5,571,420	1,405,000	29,451,772	26,491,000
2021	6,495	22,475,352	5,384,474	1,142,000	29,001,826	25,887,000
2022	6,895	22,475,352	4,010,920	1,085,000	27,571,272	27,252,000
2023	7,395	22,475,352	5,150,720	1,095,000	28,721,072	31,296,000 ¹
2024	7,395	22,475,352	5,629,000	1,095,000	29,199,352	35,498,000 ²²
2025	8,145	24,576,352	8,743,000	1,155,000	34,474,352	39,320,000 ²²

¹Estimate

STUDENT FINANCIAL ASSISTANCE

Federal Pell Grants

Distribution of Pell Grants

Distribution of Pell Grants by Student Status and Income Level:

The tables below illustrate the distribution of Pell Grant funds to dependent and independent students at various income levels. In 2022-2023, over 61 percent of all Pell Grant recipients had incomes less than or equal to \$30,000. Nearly all students at those income levels are eligible for the maximum award, but the average award accounts for factors like part-time enrollment and cost of attendance that can reduce the award received.

Distribution of Pell Grants to Dependent Undergraduates in 2022-23

Income Level	Recipients	Available Aid	Average Award
0 - \$6,000	380,262	\$2,190,876,872	\$5,761
6,001 - 9,000	75,818	446,713,181	5,892
9,001 - 20,000	503,200	2,990,928,536	5,944
20,001 - 30,000	555,863	3,269,849,007	5,882
30,001+	1,612,313	6,741,202,913	4,181
Total Dependent	3,127,456	15,639,570,509	5,001

Independent students make up nearly half of the students receiving assistance under the Pell Grant program. These recipients tend to be in the lowest income groups, as shown below.

Distribution of Pell Grants to Independent Undergraduates in 2022-23

Income Level	Recipients	Available Aid	Average Award
0 - \$1,000	521,339	\$2,331,684,305	\$4,472
1,001 - 3,000	109,996	508,507,973	4,623
3,001 - 6,000	156,791	727,374,321	4,639
6,001 - 9,000	163,482	749,488,073	4,585
9,001 - 15,000	392,741	1,727,793,902	4,399
15,001 - 20,000	328,822	1,216,908,930	3,701
20,001 - 30,000	514,663	1,752,329,955	3,405
30,001+	715,710	2,568,187,032	3,588
Total Independent	2,903,544	11,582,274,491	3,989
All Undergraduates	6,031,000	27,221,845,000	4,514

STUDENT FINANCIAL ASSISTANCE

Federal Pell Grants

Distribution of Pell Grants by Type of Institution:

The table below shows the distribution of Pell Grants to students attending different types of institutions. In 2022-2023, approximately 46 percent of the total aid available for Pell Grants went to students attending Public 4-Year schools, and approximately 22 percent went to students attending Public 2-Year schools.

Over the lifetime of the Pell Grant program, the share of Pell Grant aid to proprietary institutions has changed significantly. For example, in the 2009-10 award year, approximately 25 percent of total Pell Grant aid went to students at proprietary institutions; in the 2022-23 award year, that figure was 16 percent.

Distribution of Pell Grants by Type of Institution in 2022-23

Institution Type	Recipients	Available Aid	Average Award	Percent of Pell Aid
Public 4-Year	2,629,218	\$12,625,544,681	\$4,802	46.4%
Public 2-Year	1,488,252	6,009,748,902	4,038	22.1
Private	1,015,115	4,310,610,769	4,246	15.8
Proprietary	898,415	4,275,940,648	4,759	15.7
Total	6,031,000	27,221,845,000	4,514	100.0

PROGRAM OUTPUT MEASURES

(dollars in thousands)

Output Measures	2023	2024	2025
Recipients	6,471,000	7,033,000	7,153,000
Aid available to students. ¹	\$31,263,645	\$35,462,835	\$39,284,235
Maximum grant (in whole dollars)	\$7,395	\$7,395	\$8,145
Minimum grant (in whole dollars) ²	\$750	\$750	\$815
Average grant (in whole dollars)	\$4,831	\$5,042	\$5,492

¹Overall aid available reflects the estimated cost of the program minus administrative costs of \$5 per recipient.

²The minimum grant reflects the statutory minimum, but the actual minimum grant published by the Department may be slightly higher due to the calculation methodology used in the payment schedule.

STUDENT FINANCIAL ASSISTANCE

Federal Pell Grants

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, program goals, objectives, indicators and performance data and targets; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the resources provided in previous years and those requested in fiscal year 2024 and future years, as well as the resources and efforts invested by those served by this program.

Because the Federal Pell Grant program account relies on the same performance measures, strategies, and program improvement activities that apply to all the student financial assistance grant programs, Pell program performance is discussed in the **Student Aid Overview** and is not repeated here.

STUDENT FINANCIAL ASSISTANCE

Federal Supplemental Educational Opportunity Grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 3)

(dollars in thousands)

FY 2025 Authorization: To be determined¹

Budget authority:

<u>2024 Annualized CR</u>	<u>2025 Request</u>	<u>Change</u>
\$910,000	\$910,000	0

PROGRAM DESCRIPTION

The Federal Supplemental Educational Opportunity Grant (SEOG) program provides need-based grant aid to eligible undergraduate students to help reduce financial barriers to postsecondary education. Federal funding allocations are awarded to qualifying postsecondary institutions under a statutory formula. Unlike the Pell Grant program, the SEOG program is operated by institutional financial aid administrators who have substantial flexibility in determining student awards.

The funding provided for the SEOG program is available for 2 years. Funds become available for obligation on October 1 of the fiscal year in which they are appropriated and remain available through September 30 of the following fiscal year. Funds available for the current fiscal year 2025 will be used for the 2025-2026 award year, which runs from July 1, 2025 through June 30, 2026.

Institutional participation: Roughly 3,400 postsecondary institutions receive funds under the SEOG program, compared to more than 4,800 institutions that administer Pell Grants. Under the statutory formula, funds are distributed to institutions first on the basis of the institution's fiscal year 1999 SEOG program base guarantee and pro rata share (a hold harmless basis), and then on the basis of the aggregate need of the eligible undergraduate students in attendance.

Institutional matching: Participating institutions are required by statute to contribute at least 25 percent of the SEOG award amounts. The institutional share can be met using the institution's own resources, State grants, or funds from foundations or other charitable organizations.

Student participation: Students qualify for grants of up to \$4,000 by demonstrating financial need under the need analysis formula used for Federal student aid. Institutions must give priority to Pell Grant recipients with demonstrated "exceptional need" (students with the lowest Expected Family Contributions [EFCs] at the institution). Beginning with the 2024-2025 award year, EFCs will be replaced by the Student Aid Index (SAI).

Remaining awards are then available for students with exceptional need who are not Pell Grant recipients. In addition, if any part of the institution's SEOG allocation determination to students

¹The GEPA extension expired September 30, 2015; reauthorization for FY 2025 is expected through appropriations action.

STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

is based, in part, on the financial need demonstrated by students who are independent or attending the institution less-than-full-time, then a reasonable portion of the allocation must be made available to such students.

Recipients must be undergraduates, cannot have received a bachelor's degree, and must be enrolled with the purpose of obtaining a degree or certificate at an eligible institution. Approximately 9 percent of undergraduates receive SEOG awards.

Students must also have a regular high school diploma (or its equivalent) or have been homeschooled. Students who first enrolled in an eligible program prior to July 1, 2012, who did not have a regular high school diploma and were not homeschooled, may receive an SEOG by meeting one of the ability-to-benefit (ATB) alternatives. These alternatives include: (1) passing an independently administered, Department-approved ability-to-benefit test; (2) completing at least 6 credit hours or 225 clock hours that are applicable toward a degree or certificate offered by the institution; or (3) completing a State process approved by the Secretary of Education.

Students who did not have a regular high school diploma, were not homeschooled, and first enrolled in an eligible program on or after July 1, 2012, can only become eligible through one of the ATB alternatives described above if they are enrolled in an eligible career pathway program as defined in section 484(d)(2) of the HEA.

A student in default on a loan made under any Title IV HEA loan program, or who owes an overpayment on any other previously received Federal student aid, may not receive additional funds under the program unless the student repays the debt in full or makes satisfactory repayment arrangements with the holder of the debt.

Institutional administrative provisions

- **Administrative costs.** Each institution's administrative cost allowance is based upon its expenditures for both campus-based programs – SEOG and Federal Work-study (FWS). During an award year, an institution may use up to 5 percent of the first \$2.75 million of its program expenditures to meet administrative costs associated with these programs; plus up to 4 percent of expenditures greater than \$2.75 million but less than \$5.5 million; and up to 3 percent of expenditures greater than \$5.5 million.
- **Transferability of funds.** An institution may transfer up to 25 percent of FWS funds to SEOG. Up to 10 percent of an institution's SEOG funds may, at the discretion of the institution, be used for expenditures for the preceding fiscal year, and up to 10 percent of an institution's SEOG funds may remain available for the next fiscal year.
- **Reallocation of funds.** Excess funds available because of underutilization by institutions are reallocated to other institutions in accordance with program regulations. An institution returning more than 10 percent of its allocation will have its subsequent allocation reduced by the same amount. Under The Hurricanes Harvey, Irma, and Maria Education Relief Act of 2017, the Secretary was provided authority to waive reallocation rules; excess SEOG funds were reallocated to institutions that were directly affected by the 2017 hurricanes or were located in disaster areas.

STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2020	\$865,000
2021	880,000
2022	895,000
2023	910,000
2024 Annualized CR	910,000

FY 2025 BUDGET REQUEST

The Administration’s fiscal year 2025 budget request proposes to maintain the SEOG program funding at the same level as the fiscal year 2024 annualized CR level of \$910.0 million. Additionally, the Administration intends to work with Congress to ensure access to student financial aid for students who are Dreamers.

The request for this program is best understood in the context of the Administration’s proposals for the student aid programs as a whole. Accordingly, student assistance policy proposals are discussed in greater detail in the **Student Aid Overview**.

Distribution of SEOG Funds by Student Status and Income Level

The following tables, structured to compare across the programs in the Student Financial Assistance account, show the distribution of SEOG funds to dependent and independent students at various income levels in 2021-2022. These tables include the most recent distributional data available, which may not match directly with the data provided in the Program Output Measures section.

In 2021-22, 64 percent of dependent SEOG recipients had family income levels under \$30,000, and 66 percent of independent SEOG recipients had family income levels under \$20,000.

Distribution of SEOG to Dependent Undergraduates in 2021-22

Family Income Level	Recipients	Available Aid	Average Award
0 - \$5,999	144,333	\$128,651,628	\$891
6,000 - 11,999	78,914	71,547,373	907
12,000 - 23,999	268,726	246,759,275	918
24,001 - 29,999	129,818	122,342,649	942
\$30,000+	346,217	352,675,647	1,019
Total Dependent	968,008	921,976,572	952

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Federal supplemental educational opportunity grants

Distribution of SEOG to Independent Undergraduates in 2021-22

Family Income Level	Recipients	Available Aid	Average Award
0 - \$1,999	191,629	\$125,333,885	\$654
2,000 - 3,999	42,281	29,305,147	693
4,000 - 7,999	86,456	57,892,045	670
8,000 - 11,999	100,945	64,025,809	634
12,000 - 15,999	68,875	40,489,549	588
16,000 - 19,999	60,412	34,782,272	576
20,000+	279,937	165,420,812	591
Total Independent	830,535	517,249,519	623
All Undergraduates	1,798,543	1,439,226,091	800

Distribution of SEOG Funds by Type of Institution

The distribution of SEOG assistance to institutions is controlled by a statutory formula. The distribution of SEOG across different types of institutions has remained relatively constant over time due to this formula and the base guarantee. The distribution of aid by institution type has remained relatively constant over the last 5 years.

The following table shows the distribution of SEOG to students attending different types of institutions in 2021-2022. More than 57 percent of funding goes to students attending public institutions.

Distribution of SEOG by Type of Institution in 2021-22

Institution Type	Recipients	Available Aid	Average Award	Percent of SEOG Aid
Public 4-Year	659,735	\$547,142,350	\$829	38.6%
Public 2-Year	502,007	264,720,852	527	18.7%
Private	412,346	514,343,785	1,247	36.3%
Proprietary	232,925	90,873,872	390	6.4%
Total	1,807,013	1,417,080,859	784	100.0%

STUDENT FINANCIAL ASSISTANCE

Federal supplemental educational opportunity grants

PROGRAM OUTPUT MEASURES

(dollars in thousands)

Output Measures	2023	2024	2025
Recipients	1,615,000	1,615,000	1,615,000
Aid available to students. ¹	\$1,293,785	\$1,293,785	\$1,293,785
Average award (in whole dollars)	\$801	\$801	\$801

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, program goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of results is based on the cumulative effect of the resources provided in previous years and those requested in fiscal year 2025 and the future as well as the resources and efforts invested by institutions.

Because the programs in the Student Financial Assistance account rely on the same performance data, performance measures, strategies, and program improvement activities that apply to all the programs, that information is discussed in the **Student Aid Overview** and is not repeated here.

¹Aid available includes budget authority, institutional matching funds, transfers from the Federal Work-study program, minus administrative costs.

STUDENT FINANCIAL ASSISTANCE

Federal Work-study

(Higher Education Act of 1965, Title IV, Part C)

(dollars in thousands)

FY 2025 Authorization: To be determined¹

Budget authority:

2024 Annualized CR	2025 Request	Change
\$1,230,000	\$1,230,000	0

PROGRAM DESCRIPTION

The Federal Work-study (FWS) program ensures access to postsecondary education and lifelong learning by offsetting some postsecondary education costs for undergraduate and graduate students with financial need with income from part-time employment. Federal funds are distributed to qualifying institutions whose financial aid administrators select eligible students. Students may be employed by the institution; by a Federal, State, or local public agency or private nonprofit organization; or by a private for-profit organization. The Department is interested in expanding career and academically connected Federal Work-study opportunities, as well as community service Federal Work-study opportunities, including mentoring, tutoring, and coaching roles in kindergarten through grade 12 (K-12) schools.

The funding for the FWS program is available for 2 fiscal years. Funds become available for obligation on October 1 of the fiscal year in which they are appropriated and remain available through September 30 of the following fiscal year. Funds requested for fiscal year 2025 would be used for the 2025-2026 award year, which runs from July 1, 2025 through June 30, 2026.

Institutional participation: Approximately 2,900 institutions participate in the FWS program. Funds are distributed to institutions based on a statutory formula. The formula starts with the institution's fiscal year 1999 FWS program base guarantee and pro rata share and bases the allocation on the aggregate need of the eligible undergraduate students currently in attendance. The FWS program is administered by institutional financial aid administrators who have substantial flexibility in determining student awards.

If an institution is a proprietary school employing its own students, this employment must be: (1) on campus, except that at least 7 percent of the total funds granted must be used to compensate students employed in community service activities; (2) related, to the maximum extent practicable, to the student's educational objectives; and (3) related to providing student services. The employment tasks of FWS program students, however, must not involve the solicitation of potential students to enroll in the school.

Institutional matching: In general, participating institutions or other employers must contribute at least 25 percent of a student's part-time earnings (or 50 percent in the case of private, for-profit employers). The Federal share may be up to 90 percent for students employed at a

¹The GEPA extension applies through September 30, 2015; reauthorization for FY 2025 is expected through appropriation action.

STUDENT FINANCIAL ASSISTANCE

Federal Work-study

private nonprofit organization or a Federal, State, or local public agency that would otherwise be unable to afford the costs of employing those students. The 90 percent Federal share is limited to no more than 10 percent of the students paid under the FWS program; in addition, the school may not own, operate, or control the organization, and the school must select the organization or agency on a case-by-case basis.

Student participation: Students qualify for FWS program awards by demonstrating financial need under the statutory need analysis formula for the Federal student financial assistance programs. Hourly earnings must not be less than the current Federal minimum wage. Approximately 5 percent of undergraduates participate in the FWS program.

In addition, if the institution's allocation is based in part on the financial need demonstrated by independent students or students attending the institution less-than-full-time, a reasonable portion of the allocation must be made available to such students.

Students must also have a regular high school diploma (or its equivalent) or have been homeschooled. Students who first enrolled in an eligible program prior to July 1, 2012, who did not have a regular high school diploma and were not homeschooled, may receive an FWS award by meeting one of the ability-to-benefit (ATB) alternatives. These alternatives include: (1) passing an independently administered, Department-approved ability-to-benefit test; (2) completing at least 6 credit hours or 225 clock hours that are applicable toward a degree or certificate offered by the institution; or (3) completing a State process approved by the Secretary of Education.

Students who did not have a regular high school diploma, were not homeschooled, and first enrolled in an eligible program on or after July 1, 2012, can only become eligible through one of the ATB alternatives described above if they are enrolled in an eligible career pathway program as defined in section 484(d)(2) of the HEA.

A student in default on a loan made under any Title IV HEA loan program, or who owes an overpayment on any other previously received Federal student aid, may not receive additional funds under the program unless the student repays the debt in full or makes satisfactory repayment arrangements with the holder of the debt.

Institutional administrative provisions: Institutions may use their allocations to support a variety of work-study activities, including:

- **Community service.** An institution must use at least 7 percent of its Federal allocation for payments to students employed in community service activities. Other Work-study jobs that qualify as community service activities include community-accessible childcare and assistance for disabled students. The Higher Education Opportunity Act (HEOA) expanded the definition of community service to include emergency preparedness and response. The eligible institution, at its discretion, may count any contribution made by the employer toward the non-Federal share of the student's compensation. The Department encourages institutions to consider pathways to allocate more resources to support community service activities, including mentoring, coaching, tutoring and literacy activities in K-12 schools.

STUDENT FINANCIAL ASSISTANCE

Federal Work-study

- **Tutoring and literacy activities.** An institution must include at least one tutoring or family literacy project as part of its community service activities. Under this requirement, institutions prioritize employing work-study recipients as reading tutors in schools participating in programs, funded under the Elementary and Secondary Education Act of 1965, as amended, that train educators on science-based reading instruction. In light of pandemic-related learning loss in K-12 schools, institutions are encouraged to build partnerships with local school districts and strengthen this commitment and support high-dosage tutoring that is aligned with research on effective, high-impact tutoring programs.
- **Private sector.** An institution may use up to 25 percent of its work-study allocation to match earnings of students working for private for-profit organizations. Students must, to the maximum extent practicable, be placed in jobs that are academically relevant to their course of study. FWS program funds may not be used to pay any employee who would otherwise be employed by the private organization. The Department encourages institutions to explore private sector partnerships that provide academically relevant and work-based learning opportunities that will facilitate a greater likelihood of connecting academic studies with future career prospects.
- **Job Location and Development.** An institution may use up to 10 percent of its FWS program allocation, or a maximum of \$50,000, whichever is less, for administrative expenses associated with the establishment or expansion of a Job Location and Development (JLD) program. This program locates and develops off-campus full- or part-time jobs or community service jobs for currently enrolled students. The Federal share of the JLD program costs cannot exceed 80 percent.
- **Work Colleges.** A “Work College” is an institution that requires all resident students to participate in a work-learning program as an integral part of the institution’s educational philosophy. These colleges are authorized to receive special awards in addition to their regular FWS program allocations to support such programs. Work Colleges must match Federal allocations on a dollar-for-dollar basis. In addition, Work Colleges may transfer all their regular FWS program allotments for use under the Work Colleges program.
- **Administrative costs.** Each institution’s administrative cost allowance is based upon its expenditures for FWS and Supplemental Educational Opportunity Grants (SEOG). Under a statutory formula, an institution may use up to 5 percent of the first \$2.75 million of its program expenditures during an award year to meet administrative costs associated with these programs; plus up to 4 percent of expenditures greater than \$2.75 million but less than \$5.5 million; and up to 3 percent of expenditures greater than \$5.5 million.
- **Transferability of funds.** An institution may transfer up to 25 percent of its allocation from FWS to SEOG. Up to 10 percent of an institution’s FWS program funds may, at the discretion of the institution, be used for expenditures for the preceding fiscal year. In addition, up to 10 percent of an institution’s FWS program funds may, at the discretion of the institution, remain available for the next fiscal year.
- **Reallocation.** If funds become available because of under-utilization by institutions, excess funds are reallocated only to other institutions that used at least 5 percent of their FWS

STUDENT FINANCIAL ASSISTANCE

Federal Work-study

program allocations to compensate students employed in tutoring in reading and family literacy activities in the preceding year. Reallocated funds must be used to support student employment in community service activities. Under the Hurricane Education Relief Act of 2017, excess FWS were first allocated to institutions located in FEMA-declared disaster areas, and then to institutions that enrolled a significant number of students that live in the FEMA-declared disaster areas.

- **Disasters.** The HEOA added a provision under which an eligible institution located in an area affected by a major disaster, as determined by the Secretary, may make FWS payments to disaster-affected students, for the period of time (not to exceed 1 academic year) in which the students were prevented from fulfilling their FWS obligations due to the disaster. Payment may be made in an amount equal to or less than the amount a student would have been paid had the student been able to complete the work obligation necessary to receive work-study funds. The Hurricane Education Relief Act of 2017 provided the Secretary authority to waive reallocation rules and to extend the deadline by which funds were reallocated in the campus-based programs due to Hurricanes Harvey, Irma, and Maria.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2020	\$1,180,000
2021	1,190,000
2022	1,210,000
2023	1,230,000
2024 Annualized CR	1,230,000

FY 2025 BUDGET REQUEST

For fiscal year 2025, the Administration requests \$1.23 billion for the FWS program, level with the fiscal year 2024 annualized CR. Additionally, the Administration intends to work with Congress to ensure access to student financial aid for students who are Dreamers. The Department is also interested in expanding career and academically connected Federal Work-study opportunities to improve alignment with jobs directly related to course of study and career aspirations. This request reflects the need to prepare American workers for the historic creation of in-demand and high-quality jobs stemming from the Invest in America agenda and of critical national need, specifically in critical sectors that include infrastructure, clean energy, advanced manufacturing, semiconductors, and biotechnology, and education among others.

The fiscal year 2025 request for this program is best understood in the context of the Administration's proposals for the student aid programs as a whole. Accordingly, policy proposals are discussed in greater detail in the Student Aid Overview.

Distribution of Work-Study Funds by Student Status and Income Level

The following tables (structured to provide a common basis of comparison among the programs in the Student Financial Assistance account) illustrate the distribution of work-study funds to dependent students and the distribution to independent students at various income levels for

STUDENT FINANCIAL ASSISTANCE

Federal Work-study

2021-2022. These tables include the most recent distributional data available, which may not correspond directly with the data provided in the Program Output Measures section. Work-study recipients and aid have decreased due to the pandemic. These measures have begun to rebound, though they are not yet at pre-pandemic levels.

Distribution of Work-Study to Dependent Undergraduates in 2021-22

Income Level	Recipients	Available Aid	Average Award
0 - \$5,999	20,366	\$39,775,435	\$1,953
6,000 - 11,999	11,793	23,472,600	1,990
12,000 - 23,999	39,624	78,332,817	1,977
24,001 - 29,999	21,156	41,610,023	1,967
30,000+	248,942	451,223,350	1,813
Total Dependent	341,881	634,414,225	1,856

Distribution of Work-Study to Independent Undergraduates and Graduates in 2021-22

Income Level	Recipients	Available Aid	Average Award
0 - \$1,999	13,074	\$27,294,687	\$2,088
2,000 - 3,999	3,889	8,123,239	2,089
4,000 - 7,999	6,874	14,789,828	2,152
8,000 - 11,999	5,929	13,881,406	2,341
12,000 - 15,999	4,505	10,135,076	2,250
16,000 - 19,999	3,239	7,686,249	2,373
20,000+	11,688	26,606,796	2,276
Total Independent	49,198	108,517,281	2,206
Graduate Students	41,350	113,898,455	2,754
All Students	432,429	856,829,961	1,981

Distribution of Work-Study Funds by Type of Institution:

The work-study program is a campus-based program, and the distribution of funds to institutions is controlled by a statutory formula. As a result, the distribution of work-study assistance across different types of institutions has remained relatively constant over time. The table below shows the distribution of work-study to students attending different types of institutions in 2021-2022.

STUDENT FINANCIAL ASSISTANCE

Federal Work-study

Distribution of Work-Study by Type of Institution in 2021-22

Institution Type	Recipients	Available Aid	Average Award	Percent of FWS Aid
Public 4-Year	154,335	\$331,912,866	\$2,151	39.0%
Public 2-Year	38,395	91,530,585	2,384	10.7%
Private	232,337	413,553,676	1,780	48.6%
Proprietary	7,362	14,586,050	1,981	1.7%
Total	432,429	851,583,177	1,969	100.0%

Distribution of Work-Study Funds to Students in Community Service Activities:

The work-study program has a long tradition of providing opportunities for students to perform community service activities. At least 7 percent of an institution's work-study allotment must be used to pay students employed in community service jobs unless the institution obtains a waiver from the Department. Nationally, 16 percent of work-study funds are used for jobs in community service.

Participating colleges and universities must ensure that at least one eligible project provides services to both children and their parents. Allowable activities, such as family literacy programs, emphasize preparing parents to read to their own children.

The Department has waived the usual 25 percent institutional contribution, allowing work-study funds to pay up to 100 percent of the wages to support students who tutor children in mathematics, or reading, or who serve in family literacy programs.

The table below shows the distribution of work-study assistance to students employed in community service activities in 2020-2021.

Distribution of Work-Study to Students in Community Service Activities by Type of Institution in 2020-21

Institution Type	Recipients	Available Aid	Average Award	Percent of WS Aid ¹
Public 4-Year	20,012	\$41,405,301	\$2,069	41.5%
Public 2-Year	4,273	9,680,392	2,265	9.7%
Private	26,223	47,273,305	1,803	47.4%
Proprietary	498	1,308,456	2,627	1.3%
Total	51,006	99,667,454	1,954	100.0%

¹ Percentages may not total to 100 percent due to rounding.

STUDENT FINANCIAL ASSISTANCE

Federal Work-study

PROGRAM OUTPUT MEASURES

(dollars in thousands)

Output Measures	2023	2024	2025
Recipients	630,000	630,000	630,000
Aid available to students ¹	\$1,247,893	\$1,247,893	\$1,247,893
Average award (in whole dollars)	\$1,980	\$1,980	\$1,980

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, program goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of results is based on the cumulative effect of the resources provided in previous years and those requested in 2025 and future years, as well as the resources and efforts invested by those served by this program.

Because the programs in the Student Financial Assistance account rely on the same performance data, performance measures, strategies, and program improvement activities that apply to all the programs, that information is discussed in the **Student Aid Overview** and is not repeated here.

¹Aid available includes budget authority, institutional matching funds, transfers from the SEOG program, minus administrative costs.

STUDENT FINANCIAL ASSISTANCE

Iraq and Afghanistan Service Grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 10)

(dollars in thousands)

FY 2025 Authorization: Indefinite

Mandatory Budget Authority:

2024 Appropriation	2025 Request	Change
\$530	\$30	-\$500

PROGRAM DESCRIPTION

The Iraq and Afghanistan Service Grants (IASG) program provides non-need-based grants to students whose parent or guardian was a member of the Armed Forces who died in Iraq or Afghanistan as a result of performing military service after September 11, 2001. Students are not required to be eligible for a Pell Grant in order to receive a Service Grant; however, the student must be 24 years old or younger; or, if older than 24, must have been enrolled in an institution of higher education at the time of the parent or guardian's death.

Service Grants are equal to the maximum Pell Grant for a given award year, which was \$7,395 in the 2023-2024 award year. However, due to sequestration, IASG award amounts have been reduced in prior years and are subject to sequestration in the current year. Award amounts for any IASG first disbursed on or after Oct. 1, 2023, and before Oct. 1, 2024, will be reduced by 5.7 percent, or \$422 for a student receiving the maximum award. Service Grants are excluded from the total "estimated financial assistance" used to determine a student's eligibility for other Title IV Federal financial aid. In combination with other student aid, however, the Service Grant may not result in a student's awards exceeding their cost of attendance. As with Pell Grant eligibility, students are limited to 12 semesters of full-time enrollment.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2020	\$513
2021	551
2022	576
2023	578
2024	530

FY 2025 BUDGET REQUEST

The Administration's budget request includes \$30,000 in mandatory funding for Iraq and Afghanistan service grants, a decrease of \$500,000. These funds are for fiscal year 2025 activity within the 2023-2024 award year. The program is set to be rolled into the Pell Grant program starting with the 2024-2025 award year. Qualifying students will be eligible to receive full maximum Pell awards, which are not subject to sequestration.

STUDENT FINANCIAL ASSISTANCE

Iraq and Afghanistan service grants

Distribution of Iraq and Afghanistan Service Grant Funds by Type of Institution:

The data provided in the table below shows the distribution of Iraq and Afghanistan service grants to students attending different types of institutions in award year 2022-2023.

Distribution of IASG by Type of Institution in 2022-23

Institution Type	Recipients	Available Aid	Average Award	Percent of IASG Aid
Public 4-Year	72	\$446,735	\$6,205	68%
Public 2-Year	10	53,639	5,364	8%
Private	25	146,480	5,859	22%
Proprietary	2	13,003	6,501	2%
Total	109	659,857	6,054	100%

PROGRAM OUTPUT MEASURES

Output Measures	2023	2024	2025
Recipients	(1)	0	0
Aid available to students (dollars in thousands) ²	\$679	0	0
Maximum grant (whole dollars) ³	\$6,973	0	0
Average grant (whole dollars)	\$6,230	0	0

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, program goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of results is based on the cumulative effect of the resources provided in previous years and those requested in 2024 and future years, as well as the resources and efforts invested by those served by this program.

Because the programs in the Student Financial Assistance account rely on the same performance data, when available, the Iraq and Afghanistan Service Grants performance measures, strategies, and program improvement activities will be discussed in the **Student Aid Overview** and not repeated here.

¹Recipients estimated to number fewer than 500.

²Aid available is the amount of funding available for new IASG awards to students in any single academic year. This amount differs from budget authority because 1 fiscal year spans across 2 academic years.

³Maximum grant amounts for 2023 reflects impact of sequestration.

STUDENT FINANCIAL ASSISTANCE

Account Summary Table

DEPARTMENT OF EDUCATION FISCAL YEAR 2025 PRESIDENT'S BUDGET
(in thousands of dollars)

	Cat Code	2023 Appropriation	2024 Annualized CR	2025 Request	FY 2025 Request Compared to FY 2024 Annualized CR: Amount	FY 2025 Request Compared to FY 2024 Annualized CR: Percent
Student Financial Assistance						
1. Federal Pell grants (HEA IV-A-1):						
(a) Discretionary Pell grants	D	22,475,352	22,475,352	24,576,352	2,101,000	9.35%
(b) Mandatory Pell grants	M	5,150,720	5,629,000	8,743,000	3,114,000	55.32%
(c) Mandatory Funding for Discretionary Program Costs	M	1,095,000	1,095,000	1,155,000	60,000	5.48%
Subtotal, Federal Pell grants		28,721,072	29,199,352	34,474,352	5,275,000	18.07%
Discretionary	D	22,475,352	22,475,352	24,576,352	2,101,000	9.35%
Mandatory	M	6,245,720	6,724,000	9,898,000	3,174,000	47.20%
2. Campus-based programs:						
(a) Federal supplemental educational opportunity grants (HEA IV-A-3)	D	910,000	910,000	910,000	0	0.00%
(b) Federal work-study (HEA IV-C)	D	1,230,000	1,230,000	1,230,000	0	0.00%
Subtotal, Campus-based programs		2,140,000	2,140,000	2,140,000	0	0.00%
3. Iraq and Afghanistan service grants (P.L. 111-39)	M	664	530	30	(500)	-94.34%
Total		30,861,736	31,339,882	36,614,382	5,274,500	16.83%
Discretionary	D	24,615,352	24,615,352	26,716,352	2,101,000	8.54%
Mandatory	M	6,246,384	6,724,530	9,898,030	3,173,500	47.19%
1) D = discretionary program; M = mandatory programs 2) Pursuant to the Budget Control Act of 2011 (P.L. 112-25), for most mandatory programs, with the exception of Pell Grants, Credit Liquidating, and Credit Reestimates, the levels shown in the 2023 and 2024 Appropriation columns reflect the 5.7 percent reduction that went into effect on October 1, 2022 and October 1, 2023, respectively. 3) Detail may not add to totals due to rounding.						

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