

## PELL GRANTS

### A MUCH-NEEDED ROAD TO SUCCESS FOR BOTH LOW-INCOME STUDENTS AND THE NATION

#### *UI ACADEMY CLASS OF 2011*

As policymakers weigh revenue increases and spending cuts to improve our nation's fiscal situation, they should continue to protect a vital investment in the nation's labor force by funding Pell Grants at levels that meet the needs of low-income students. Members of Congress should maintain their bipartisan support of this program which helps the nation's most vulnerable students access college and complete their degrees. Full funding of the Pell grant program will extend the benefits of higher education to disadvantaged students and strengthen the skills of future workers, thereby improving US global economic competitiveness.

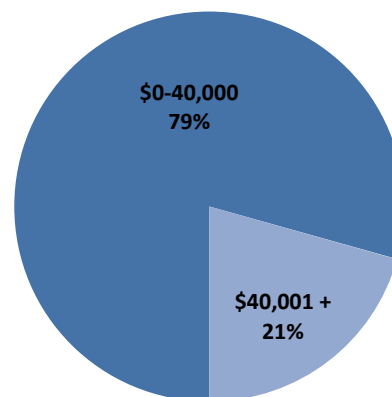
Pell Grants significantly offset the costs of college attendance for disadvantaged students, who otherwise might not be able to afford to attend. By reducing the financial burden, Pell Grants incentivize low-income students to obtain a college degree. Additionally, state budget cuts to higher education over the past decade have contributed to hefty tuition increases and reduced financial aid from colleges. College tuition has continued to exceed median

family income since 1982. These conditions make the decision to attend college more difficult for students who have to be willing to take on a higher amount of student loan debt and use more of their families' limited resources. Pell Grants help insulate students from these factors that force some to drop out or forgo college altogether.

Attaining a college degree substantially increases lifetime earnings. Individuals with

**Pell Grants Are Well Targeted:  
79% of Recipients Come from Families  
that Make Less than \$40K a Year**

**Dependent Pell Grant Recipients by Family  
Income**



Source: U.S. Department of Education Award Year 2009-2010

a four-year college degree earn an average of \$53,967 per year, 66 percent higher than their peers with only high school diplomas. In addition, higher educational attainment corresponds with more job opportunities, and improved job stability – better for workers and the economy as a whole.

Furthermore, with our increasingly information and technology driven economy, the U.S. faces an even greater need for highly-trained workers. A college educated workforce is necessary to boost productivity and strengthen U.S. global competitiveness.



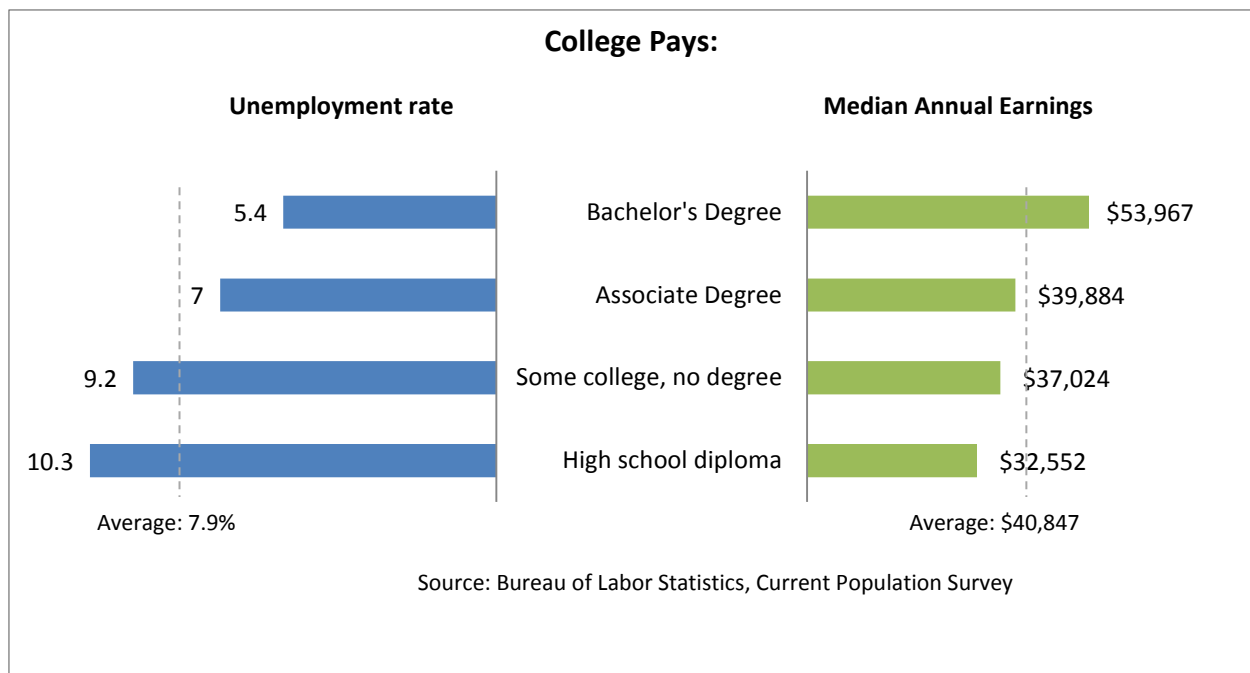
***“Without my Pell Grant I would have to take out huge loans or I wouldn’t be able to attend college.”***

Pell Grants make it possible for low-income students to become college educated and are thus a worthy investment in the nation’s long-term economic prosperity. ■

## MEET CLAIRE

### Claire is a typical Pell Grantee...

- Claire attends Community College of Philadelphia.
- Her parents' annual income is \$25,000.
- Her yearly cost of attendance is \$4,520.
- Even with Pell Grants covering 70% of this cost, Claire works 12 hours a week at her on-campus job to make ends meet.
- Without her grant Claire has a 20% chance of dropping out of college.



Thanks to Danilo Trisi and Indivar Dutta-Gupta of the Center on Budget and Policy Priorities for their very helpful comments and edits.

The UI Academy is supported by generous grants from the Ford Foundation and MacArthur Foundation.

The Academy is an initiative of the Urban Institute created to address the underrepresentation of minorities and persons from distressed communities in public policy research. It is an intensive nine-week program of technical skills training and career exposure targeted to promising college juniors. The program takes place on location at the Urban Institute in Washington, D.C. For more information, go to <http://academy.urban.org>