

**House Appropriations Subcommittee on Labor, Health and Human Services,  
Education, and Related Agencies  
Hearing on Pell Grants  
March 15, 2011**

**Context:** On March 14, the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies held the first in a series of budget hearings, focusing on the Pell grant program with testimony from U.S. Department of Education (USED) Under Secretary Martha Kanter. The hearing occurred at a time in which the Pell grant program faces a \$20 billion shortfall and followed a House proposal to cut the maximum grant by \$845, the largest cut since the 1970s, in H.R. 1 (the FY 2011 spending bill approved by the House but rejected by the Senate). Chairman Denny Rehberg (R-MT) opened by noting that attempts to help students attend college have resulted in expensive changes to the USED Pell grant program and expressed his hope to work with the Under Secretary to identify possible solutions, given the government's budget shortfall. Ranking Member Rosa DeLauro (D-CT) expressed her commitment to maintaining the strength of the Pell grant program, advising that broad access to college is vital to the nation and its citizens. Her criticism of H.R. 1 was sounded throughout the hearing by her Democratic colleagues.

**Testimony Summary:** In her testimony, Under Secretary Kanter noted that for four decades, Congress and the President have supported college access, most recently with President Obama's 2020 charge to again lead the world with the percentage of citizens possessing postsecondary degrees. Stressing the connection between educational attainment and employment and income, the Under Secretary noted that nearly four of five students enrolling in higher education access the Pell grant program, representing a remarkable increase in five years (previously, two in five students accessed the program). Indeed, the number of recipients has risen from 6.2 million in 2008-2009 to roughly 9.4 million in 2011-2012, a 52% increase.

The Under Secretary argued that deficit reduction should not come at the cost of education. Throughout her testimony, she reiterated USED's primary goal to maintain the maximum Pell award of \$5500, voicing her strong disagreement with the House proposal to cut the maximum grant by \$845. Contending that H.R. 1 addressed funding shortfalls the wrong way, Under Secretary Kanter instead advocated for USED's proposals, which reflected "tough choices," to reform the Pell program. For example, USED has proposed eliminating the ability to get two Pell grants in a single year (the so-called year-round Pell) and eliminating subsidies for graduate studies.

**Discussion focus:** Following Under Secretary Kanter's testimony, members of the subcommittee participated in a question and answer session. Often, the members' comments were responsive to each other's remarks, with informal debates around the budget shortfall, H.R. 1, the American Recovery and Reinvestment Act (ARRA), and proprietary schools, among other areas of dispute.

- Several members including Ranking Member DeLauro and Reps. Mike Kingston (R-GA) and Jeff Flake (R-AZ) asked the Under Secretary about the growing cost of college tuition.

Responding to a question from Ranking Member DeLauro, Under Secretary Kanter explained that Pell grants now cover only roughly one-third of college costs. Reps. Flake and Kingston suggested that Pell grants might be driving, rather than responding to, rising costs. Under Secretary Kanter disagreed with this position, citing a 2001 National Center of Education Statistics report that found no association between federal student aid and tuition changes. Later, Rep. Nita Lowey (D-NY) suggested that the largest driver of increasing costs was the stagnation of state funding.

- Several members including Reps. Barbara Lee (D-CA) and particularly Lucille Roybal-Allard (D-CA) pressed Under Secretary Kanter on USED's recommendation to end the year-round Pell. Roybal-Allard argued that the program was filling a real need and that USED's evaluation of the program was premature as it had been in place for only 18 months. Noting that USED had been forced to make tough choices, the Under Secretary explained that summer enrollment grew only 1% when the "two Pell" program was in place, suggesting that it was not enabling many students to accelerate their learning, and that the cost of the program was far greater than anticipated. Roybal-Allard later opined that she did not understand how the elimination of the program would impact the bottom line when all students ultimately are restricted to the total number of Pell grants they can receive.
- Rep. Lee expressed interest in Pell grant accessibility for certain populations, including low-income and minority students and previously incarcerated individuals. Similarly, she and Rep. Roybal-Allard asked the Under Secretary about outreach efforts to increase knowledge about and participation in the Pell grant program. Under Secretary Kanter outlined a few USED initiatives, including the College Access Challenge Grants, the GEAR UP pipeline program, and the federal TRIO programs.
- Chairman Rehberg noted that students can access the Pell grant for 18 semesters and pressed the Under Secretary on whether USED had considered setting a different limit. Under Secretary Kanter explained that only a small number of students access the program for nine years (less than one-tenth of 1%). She also noted that USED had proposed several initiatives to increase completion rates. Noting that almost half of Pell grant recipients are 23 or older, Ranking Member DeLauro pointed out that the rationale for allowing 18 semesters has been to support part-time, older students in higher education.
- Rep. Cynthia Lummis (R-WY) pressed the Under Secretary about USED's budget request and the proper function of the federal government. For example, she expressed confusion about the proposed cost of the Teaching Fellows program and suggested this type of program was a state function. Under Secretary Kanter responded that precious federal resources could best be used to identify best practices and incent performance.
- Chairman Rehberg and Ranking Member DeLauro disagreed about the impact of ARRA. The Chairman criticized ARRA as a spending, rather than stimulus, bill and suggested that making permanent ARRA's increase in the Pell grant amount would come at the detriment of other USED programs, including Title I and IDEA. Ranking Member DeLauro retorted that increasing access to education is the very definition of stimulus. In response to the Chairman's comments, the Under Secretary noted that USED's Pell grant proposals would close the \$20 billion loophole.

- Chairman Rehberg, Ranking Member DeLauro, and Rep. Lee traded comments about proprietary schools. The Democratic members expressed their support for USED's gainful employment rule in response to a sector that has seen dramatic growth coupled with concerning completion and student aid default rates. The Chairman argued that the gainful employment rule should apply to all schools.
- Ranking Member DeLauro and Reps. Royal-Allard and Lowey expressly condemned H.R. 1 as deeply flawed. Lowey asserted that the country could not win the century by slashing education.
- Throughout the hearing, members, including Reps. Flake, Lummis, and Lowey, pressed the Under Secretary on whether USED had a backup plan should the House not adopt its recommendations. The Under Secretary explained that the current House budget would result in a shortfall by 2012 of \$20 billion, requiring a drastic cut of more than half the Pell grant next year – plunging to \$2200 in 2012. Lummis later argued that the government could not afford the President's budget, but Lowey responded that it would be "a shame and an embarrassment" to be one of only two Congresses that had overseen a reduction in the maximum Pell grant.

**Analysis:** The subcommittee hearing witness engaged in several rounds of questions, with comments, particularly from the Democratic members, as often directed at members of the opposing party as to the Under Secretary. Several Democratic members expressed concern about USED's proposed programmatic cuts while Republican members emphasized the government budget deficit. In her comments, Under Secretary Kanter noted that USED expects 10,000 students will not enroll in college if the Pell grant is reduced by the amount proposed in the House budget.