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Protecting the Pell Grant in FY27: CSU Impact Overview

CSU Request

The California State University (CSU) urges Congress to fully fund the Pell Grant and increase the maximum award by \$200 to **\$7,595** in the FY27 appropriations bill.

The Fiscal Challenge – Absent New Funding, Cuts Are Likely

The Pell Grant program faces a **\$16.9 billion shortfall in FY27**, consisting of:

- **\$5.4 billion** carried over from FY26
- **\$11.5 billion** projected shortfall for FY27

What This Means for the CSU:

- **211,000 students** receive Pell Grants
- Students receive **\$1.1 billion annually** in federal aid
- Without action, they face reduced access to some or all Pell benefits

Maintaining the current max award of **\$7,395** and preserving eligibility rules will require **\$39.375 billion** in FY27 funding – **175% of the FY26 enacted level of \$22.475 billion**.

Expected Cost-Cutting Scenarios

1. Flat Funding the Program & Reducing the Maximum Award

If Congress funds Pell at the **FY26 level (\$22.475 billion)** without addressing the shortfall, the maximum award will need to be reduced.

- Flat funding would have lowered the maximum award by **\$1,685**, to **\$5,710**
- **Every Pell recipient** would have received less aid
- Because the FY27 shortfall is now **\$6.4 billion larger**, reductions would likely be deeper.

Impact: Across-the-board cuts for low-income students nationwide.

2. Tightening Eligibility (Based on Last Year's House Reconciliation Proposals)

Proposals similar to those previously considered in the House would significantly reduce access. If those policies had applied in Fall 2024 at CSU:

- **\$200 million annually** would have been pulled from CSU students
- **60% of recipients (~120,000 students)** would have faced cuts or lost eligibility

CSU Fall 2024 Data (211,855 recipients):

- **56% (117,667 students)** would have seen grants reduced due to raising full-time eligibility to 15 credits/30 credits annually
- **5% (10,885 students)** would have lost eligibility for enrolling less than half-time

The Congressional Budget Office projects these provisions would:

- Reduce awards for **more than half of Pell recipients nationwide**
- Make **10% of current recipients ineligible**

Impact: These changes would disproportionately harm working students, student parents, and part-time students balancing employment and family responsibilities.

3. Eliminating Summer Pell

Summer Pell has been eliminated during past funding shortfalls and later restored.

- **23,000 CSU students** rely on Summer Pell
- CSU Students receive **\$43 million** annually in summer aid

Impact: Eliminating Summer Pell would slow time to degree completion and may increase student debt.

The Path Forward

For the CSU's 211,000 Pell recipients – and millions nationwide – the stakes are significant. Protecting Pell protects access to higher education for the students who need it most. Preventing these cuts will require **bipartisan action** to:

- Secure additional mandatory funding for the Pell Grant program
- Stabilize the program's long-term funding structure

Failure to act would result in reduced awards, tighter eligibility, or loss of summer aid – directly affecting low-income students across California and the nation.