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Pell Grant Funding 101

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Today, nearly a third of undergraduate students receive a Pell Grant to help pay for college—the main source of federal support for low- to moderate-income college students. Most of these students come from families making less than \$40,000 a year, and many are students of color, first-generation students, or both. The funding structure for Pell Grants is complex and draws from both mandatory and discretionary spending. With Congressional appropriations determined months in advance of a new academic year, a surplus sometimes occurs, helping to create reserves that protect the long-term sustainability of the program. However, a surplus isn't guaranteed—and when there's a shortfall, students are the ones who suffer.