



# HOW MIDDLE-INCOME FAMILIES BENEFIT WHEN THE MAXIMUM PELL AWARD IS INCREASED

# Higher Pell Awards Versus More Pell Recipients: It's Not an Either/Or Scenario

In a world of limited resources, should we focus on increasing the Pell Grant for current recipients or expanding eligibility to more middle-income students, meaning those with higher Expected Family Contributions (EFCs)?

That is the question some have raised following the launch of the [#DoublePell campaign](#) in July 2021. But because of the way the Pell Grant is structured in statute, and how Pell Grant tables are created, this question is irrelevant. One cannot expand Pell Grant eligibility to more middle-income families without also increasing the maximum award, and one cannot increase the maximum award without also giving higher awards to existing Pell Grant recipients.

Extending Pell Grant eligibility to more students and increasing the maximum grant are intrinsically interconnected.

## Calculation 1: Pell Grant eligibility is equal to the lower of:

Maximum Pell award amount	OR	Student's Cost of Attendance (COA) midpoint
- Student's EFC range midpoint		- Student's EFC range midpoint

The exception to this rule is when that amount is lower than the minimum authorized Pell Grant award (10% of the maximum), in which case the award amount defaults to \$0.

Figure 1 below shows how Pell Grant awards are calculated based on the 2021-22 maximum Pell amount of \$6,495 (and minimum of \$650 — 10% of the maximum). The far right column shows the two calculations, [the maximum Pell Grant award, minus the midpoint of the range the student's EFC falls into], and [the midpoint of the range the COA falls into, minus the midpoint of the range the student's EFC falls into], and shows the lower of the two — which is the actual Pell Grant award — in bold. The final row of Figure 1 shows what happens when the calculated Pell Grant award is less than the statutory minimum award, resulting in a Pell award of \$0.

Extending Pell Grant eligibility to more students and increasing the maximum grant are intrinsically interconnected.

Figure 1: Calculating Pell Grant amounts

Max Pell award	COA midpoint	EFC midpoint	Minimum award	Student's Pell Grant amount (in bold)
\$6,495	\$10,000*	\$4,950	\$650	Max Pell \$6,495 - EFC \$4,950 = <b>\$1,545 Pell</b> COA \$10,000 - EFC \$4,950 = \$5,000 Pell
\$6,495	\$6,050	\$4,950	\$650	Max Pell \$6,495 - EFC \$4,950 = \$1,545 Pell COA \$6,050 - EFC \$4,950 = <b>\$1,100 Pell</b>
\$6,495	\$5,150	\$4,950	\$650	Max Pell \$6,495 - EFC \$4,950 = \$1,545 COA \$5,150 - EFC \$4,950 = <b>\$200</b> = <b>\$0 Pell</b> (because calculated award amount is lower than minimum award)

\* This is the student's actual COA vs. midpoint. Once the COA is equal to or greater than the maximum Pell award, it appears in the final row of the Pell table with a range of 6,495-999,999, and no midpoint calculation is necessary because the Pell award amount in this COA range will always default to the [maximum Pell Grant award, minus midpoint of the range the student's EFC falls into] because that number will always be lower than [midpoint of the range the COA falls into, minus midpoint of the range the student's EFC falls into].

Figure 2 shows how various fields of the Pell Grant award tables are calculated and shows how eligibility is capped at a certain EFC maximum based on the statutory maximum Pell award.

Figure 2: Annotated lower right-hand column of 2021-22 Pell Grant award tables

Cost of Attendance	5001 to 5100	5101 to 5200	5201 to 5300	5301 to 5400	5401 to 5500	5501 to 5600	5601 to 5700	5701 to 5800	1 5801 to 5846	5847 to 9999999
5200-5299	0	0	0	0	0	0	0	0	0	0
5300-5399	0	0	0	0	0	0	0	0	0	0
5400-5499	0	0	0	0	0	0	0	0	0	0
5500-5599	0	0	0	0	0	0	0	0	0	0
5600-5699	0	0	0	0	0	0	0	0	0	0
5700-5799	700	0	0	0	0	0	0	0	0	0
5800-5899	800	700	0	0	0	0	0	0	0	0
5900-5999	900	800	700	0	0	0	0	0	0	0
6000-6099	1000	900	800	700	0	0	0	0	0	0
6100-6199	1100	1000	900	800	700	0	0	0	0	0
6200-6299	1200	1100	1000	900	800	700	0	0	0	0
6300-6399	3 1300	1200	1100	1000	900	800	700	0	0	0
6400-6499	1397	1297	1197	1097	997	897	797	697	0	0
2 6495-999999	1445	1345	1245	1145	1045	4 945	845	745	672	5 0

1: Max Pell-eligible EFC= max Pell award 6495-min Pell award 649= 5846

2: Minimum COA to receive Max Pell award = amount of max Pell award

3: Midpoint of EFC range = 5050; midpoint of COA range = 6350; Pell = 6350-5050, or 1300

4: Maximum Pell = 6495; midpoint of EFC range = 5550; Pell = 6495-5550, or 945

5: No Pell award because max Pell of 6495-EFC of 5847 = 648, but min Pell is 650, so Pell award amount defaults to 0

Figure 3 shows how, by increasing the maximum Pell Grant award by \$1,400, eligibility for the Pell Grant extends into higher EFC (and presumably, income) ranges. It also illustrates how current Pell recipients automatically receive higher award amounts when the maximum Pell Grant award is increased.

Because the Pell eligibility formula is the lower of [the maximum Pell Grant award, minus the midpoint of the range the student's EFC falls into] or [the midpoint of the range the COA falls into, minus midpoint of the range the student's EFC falls into], the only way to expand eligibility into higher EFC ranges (shown below in Figure 3, in yellow) is to expand the lower, right-hand side of the Pell table, both further down and further to the right, adding COA and EFC midpoint ranges to the tables.

Doing this simultaneously increases the Pell award amounts for current Pell Grant recipients (shown below in Figure 3, in green).

Figure 3: Annotated lower, right-hand column of 2021-22 Pell Grant tables with estimated expanded eligibility for higher EFCs

Cost of Attendance	5001 to 5100	5101 to 5200	5201 to 5300	5301 to 5400	5401 to 5500	5501 to 5600	5601 to 5700	5701 to 5800	5801 to 5900	5901 to 6000	6001 to 6100	6101 to 6200	6201 to 6300	6301 to 6400
5200-5299	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5300-5399	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5400-5499	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5500-5599	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5600-5699	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5700-5799	700	0	0	0	0	0	0	0	0	0	0	0	0	0
5800-5899	800	700	0	0	0	0	0	0	0	0	0	0	0	0
5900-5999	900	800	700	0	0	0	0	0	0	0	0	0	0	0
6000-6099	1000	900	800	0	0	0	0	0	0	0	0	0	0	0
6100-6199	1100	1000	900	800	0	0	0	0	0	0	0	0	0	0
6200-6299	1200	1100	1000	900	800	0	0	0	0	0	0	0	0	0
6300-6399	1300	1200	1100	1000	900	800	0	0	0	0	0	0	0	0
6400-6499	1400	1300	1200	1100	1000	900	800	0	0	0	0	0	0	0
6500-6599	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0	0	0
6600-6699	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0	0
6700-6799	1700	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0
6800-6899	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0
6900-6999	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	0	0
7000-7099	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	0
7100-7199	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800
7200-7299	2200	2100	2000	1900	1800	1700	1600	1500	1400	1300	1200	1100	1000	900

- Shaded green:** Current Pell Grant recipients receive an increase to their Pell Grant awards as a result of expanding the Pell table to include higher EFC applicants (amount shown is new Pell Grant award if maximum Pell Grant were increased by \$1,400)
- Shaded orange:** New Pell eligibility for students previously not eligible, due to expansion of the Pell award table (amount shown is new Pell grant eligibility)
- Shaded blue:** Higher EFC ranges eligible for Pell Grant. Because Pell eligibility may be based on [max Pell award minus EFC midpoint] the only way to extend Pell eligibility into higher EFC ranges is by increasing the max Pell award
- Shaded red:** Higher COA ranges added to Pell tables. Because Pell eligibility may be based on [COA midpoint minus EFC midpoint] new COA ranges must also be added to the Pell tables in order to expand eligibility to higher EFC ranges.

# Effects of Increasing the Maximum Pell Grant

When the Pell Grant maximum award authorized by Congress increases, the majority of currently Pell-eligible students (all those with a COA that falls between the amount of the max Pell award and \$999,999 — i.e. the bottom row of the Pell table) see an increase to their award equal to the amount of the increase to the max award.

Figure 4 shows that if the maximum award is increased by \$1,400, those students in the bottom row of the Pell table see a \$1,400 increase to their award, regardless of their EFC.

Figure 4: Current Pell recipients receive larger awards when the maximum Pell award increases

Cost of Attendance	0 to 0	1 to 100	101 to 200	201 to 300	301 to 400	401 to 500	501 to 600	601 to 700	701 to 800	801 to 900	901 to 1000	1001 to 1100	1101 to 1200	1201 to 1300	1301 to 1400	1401 to 1500	1501 to 1600	1601 to 1700	1701 to 1800	1801 to 1900	1901 to 2000	2001 to 2100	2101 to 2200	2201 to 2300	
1	6495-999999	6495	6445	6345	6245	6145	6045	5945	5845	5745	5645	5545	5445	5345	5245	5145	5045	4945	4845	4745	4645	4545	4445	4345	4245
2	7895-999999	7895	7845	7745	7645	7545	7445	7345	7245	7145	7045	6945	6845	6745	6645	6545	6445	6345	6245	6145	6045	5945	5845	5745	5645
3		1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400

1: 2021-22 tables

2: 2021-22 tables with \$1,400 increase

3: Amount of award increase for bottom row of Pell tables

Other current Pell recipients in the lower COA ranges also see an increase in their Pell award, but the increase is smaller than for the highest-COA students. Current Pell recipients in the lowest COA ranges see no change to their Pell award when the maximum Pell amount is increased.

Students in higher EFC ranges who were not previously eligible for the Pell Grant gain eligibility when the maximum award increases.

A student's Pell Grant eligibility is determined by subtracting their EFC from the maximum authorized Pell Grant award amount (unless they attend a low-COA school or they qualify for less than the minimum award amount, as noted earlier). When you increase the maximum Pell Grant award amount, students in higher EFC ranges gain Pell Grant eligibility.

Students in higher EFC ranges who were not previously eligible for the Pell Grant gain eligibility when the maximum award increases.

Figure 5: Example of student whose EFC does not change, but the maximum Pell award amount increases, resulting in new Pell eligibility

Max Pell award	COA midpoint	EFC midpoint	Minimum award	Student's Pell Grant amount (in bold)
\$6,495	\$10,000	\$6,500	\$650	Max Pell \$6,495 - EFC \$6,500 = <b>\$0 Pell</b>
\$7,895	\$10,000	\$6,500	\$650	Max Pell \$7,895 - EFC \$6,500 = <b>\$1,395 Pell</b>

If the maximum Pell award were increased by \$1,400, students with EFCs of up to just over \$7,100 would qualify for a Pell Grant, as opposed to the 2021-22 award year maximum qualifying EFC of \$5,846, shown below in Figure 6.

Figure 6: New EFC ranges eligible for Pell Grant if maximum Pell award were increased by \$1,400

Cost of Attendance	5901 to 6000	6001 to 6100	6101 to 6200	6101 to 6300	6101 to 6400	6101 to 6500	6101 to 6600	6101 to 6700	6101 to 6800	6101 to 6900	6101 to 7000	6101 to 7100	7101 to 7104	7105 to 999999
6300-6399	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6400-6499	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6500-6599	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6600-6699	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6700-6799	800	0	0	0	0	0	0	0	0	0	0	0	0	0
6800-6899	900	800	0	0	0	0	0	0	0	0	0	0	0	0
6900-6999	1000	900	800	0	0	0	0	0	0	0	0	0	0	0
7000-7099	1100	1000	900	800	0	0	0	0	0	0	0	0	0	0
7100-7199	1200	1100	1000	900	800	0	0	0	0	0	0	0	0	0
7200-7299	1300	1200	1100	1000	900	800	0	0	0	0	0	0	0	0
7300-7399	1400	1300	1200	1100	1000	900	800	0	0	0	0	0	0	0
7400-7499	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0	0	0
7500-7599	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0	0
7600-7699	1700	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0
7700-7799	1800	1700	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0
7800-7894	1897	1797	1697	1597	1497	1397	1297	1197	1097	997	897	797	0	0
7895-999999	1945	1845	1745	1645	1545	1445	1345	1245	1145	1045	945	845	793	0

Note that the EFCs that gain new Pell eligibility fall within the range of roughly \$5,900 to \$7,100. While data for those exact EFC ranges is not available, we do know that 70% of 2017-18 award year Pell Grant recipients with EFCs between \$5,200 and \$5,328 (the highest Pell-eligible range for that year) had incomes greater than \$50,000.<sup>1</sup> Mean incomes in the \$50,000 to \$75,000 range fall within the third and fourth income quintile ranges,<sup>2</sup> and within the Pew Research Center’s definition of middle class,<sup>3</sup> meaning that the majority of students with EFCs near the highest end of Pell eligibility in the 2017-18 award year were considered middle class or higher. As demonstrated earlier, increasing the maximum Pell award will not only increase the award amounts received by most current Pell Grant recipients, but will also expand eligibility to students with higher EFCs (and, correspondingly, higher incomes), making even more middle class and higher-income-class students eligible for Pell Grants.

How much further Pell Grant eligibility would expand into the middle class can be estimated using 2015-16 data which show that families with incomes of \$60,000 to \$75,000 had median EFCs in the \$5,500 to \$7,800 range.<sup>4</sup> It is reasonable to infer that, if the maximum Pell-eligible EFC went from \$5,846 to \$7,100 (as would be the case with a \$1,400 maximum Pell Grant award increase), families who would benefit from that increase by gaining Pell Grant eligibility would include those in the \$60,000 to \$75,000 income range.

<sup>1</sup> NASFAA internal calculation using [2017-18 Department of Education Federal Pell Grant Annual Data Reports](#) Table 2A Distribution of Federal Pell Grant Recipients by Expected Family Contribution and Family Income

<sup>2</sup> <https://sgp.fas.org/crs/misc/R44705.pdf>

<sup>3</sup> <https://www.pewresearch.org/social-trends/2016/05/11/americas-shrinking-middle-class-a-close-look-at-changes-within-metropolitan-areas/>

<sup>4</sup> <http://collegeaffordability.urban.org/financial-aid/financial-need/>

Figure 7: Some students who currently qualify for the minimum award lose Pell eligibility

Cost of Attendance	Expected Family Contribution														
	0 to 0	1 to 100	101 to 200	201 to 300	301 to 400	401 to 500	501 to 600	601 to 700	701 to 800	801 to 900	901 to 1000	1001 to 1100	1101 to 1200	1201 to 1300	1301 to 1400
0-199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200-299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300-399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400-499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500-599	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600-699	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700-799	750	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800-899	850	800	0	0	0	0	0	0	0	0	0	0	0	0	0
900-999	950	900	800	0	0	0	0	0	0	0	0	0	0	0	0
1000-1099	1050	1000	900	800	0	0	0	0	0	0	0	0	0	0	0
1100-1199	1150	1100	1000	900	800	0	0	0	0	0	0	0	0	0	0
1200-1299	1250	1200	1100	1000	900	800	0	0	0	0	0	0	0	0	0
1300-1399	1350	1300	1200	1100	1000	900	800	0	0	0	0	0	0	0	0
1400-1499	1450	1400	1300	1200	1100	1000	900	800	0	0	0	0	0	0	0
1500-1599	1550	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0	0	0
1600-1699	1650	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0	0
1700-1799	1750	1700	1600	1500	1400	1300	1200	1100	1000	900	800	0	0	0	0
1800-1899	1850	1797	1697	1597	1497	1397	1297	1197	1097	997	897	797	0	0	0
1900-1999	1950	1845	1745	1645	1545	1445	1345	1245	1145	1045	945	845	793	0	0

As the amount of the maximum Pell Grant increases, so does the minimum, because the minimum award is set in statute at 10% of the maximum award amount. This means that each time the maximum Pell Grant increases, some students who previously qualified for the minimum Pell Grant lose eligibility (assuming their EFC stays the same), because they are now eligible for less than the minimum award amount.

Figure 7 above shows applicants (in red) who would have received a minimum Pell Grant award based on the 2021-22 tables who would lose eligibility if the maximum award increased by \$1,400.

## Expanding Pell Grant Eligibility via the Federal Methodology (FM) Formula

Another way of expanding Pell Grant eligibility into the middle class is by changing the federal methodology formula, as was done in the recent Consolidated Appropriations Act of 2021. Modifications to the formula, such as increasing the Income Protection Allowance, along with new automatic maximum and minimum Pell Grant awards, lowers the EFC (renamed the Student Aid Index, or SAI) for many applicants. A lower EFC results in a higher Pell award for many current recipients, and results in new Pell eligibility for those who do not currently receive a Pell Grant. The students whose EFCs were already zero receive no benefit from this approach.

Altering the FM formula and increasing the maximum Pell Grant award amount are not mutually exclusive; both the FM formula can be revised and the maximum Pell award can be increased at the same time. While each approach increases the awards of current recipients and expands Pell eligibility further into the middle class, increasing the maximum Pell award offers more consistent and predictable impacts on Pell eligibility, and is the only way to ensure that the very neediest students — those with EFCs of zero — see a benefit.

## Conclusion

---

This report presents two ways to expand Pell Grant eligibility further into the middle class. One involves increasing the maximum Pell award amount, the other is to modify the federal methodology formula. Both expand access to Pell Grants for middle-class families, but they do it while also increasing Pell Grants to low-income families.

While there may be other approaches to expanding Pell Grant eligibility to more middle class applicants without increasing the Pell award amounts of current recipients at all, they would involve a complete overhaul of the statute that determines how Pell eligibility is determined, an ill-advised endeavor to undertake while in the midst of implementing the revamped FM formula. Further, the concept of adding wealthier Pell recipients without increasing awards to needier students goes against the progressive design of the Pell Grant program and the concept of need analysis, which gives larger awards to needier students and smaller awards to comparatively wealthier students.

The simplest, most predictable method of expanding Pell Grant eligibility further into the middle class is to increase the maximum Pell Grant award. The concomitant effect of increasing Pell Grant awards to needier students is a feature, not a bug, and reflects the intended design of the Pell Grant program.



**The National Association of Student Financial Aid Administrators (NASFAA) provides professional development for financial aid administrators; advocates for public policies that increase student access and success; serves as a forum on student financial aid issues; and is committed to diversity throughout all activities.**

© 2021 National Association of Student Financial Aid Administrators



NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

1801 PENNSYLVANIA AVENUE, NW, SUITE 850  
WASHINGTON, DC 20006-3606

202.785.0453 | fax 202.785.1487 | [WWW.NASFAA.ORG](http://WWW.NASFAA.ORG)