

Setting the Record Straight: Workforce Pell and the Pell Shortfall

Protecting the Pell Grant

Rebuilding America's Middle Class (RAMC) understands that the Pell Grant program is key to college affordability and the foundation of aid for low-income students. These grants provide access to funding for postsecondary education, including at community colleges. For the current award year, there are estimated to be 7.2 million Pell Grant recipients, of which approximately 25% are expected to be community college students. RAMC has long advocated for the Pell grant to be increased, and most importantly that sufficient funding be appropriated to ensure that low-income students can count on the amount of the maximum grant when planning how to finance their postsecondary education.

The Congressional Budget Office recently projected that by the end of Fiscal Year (FY) 2026, the Pell Grant program will face a shortfall of \$5.5 billion. More concerning, if Congress does not take action to provide additional funding, by FY 2027 the shortfall will increase to \$17 billion. These shortfalls are also projected to continue in years beyond 2027 and could lead to cuts in the maximum award amount if left unaddressed by Congress. This would make it increasingly difficult for students to access higher education due to a lack of funding, even at low-cost community colleges. RAMC strongly urges Congress to take action to eliminate the Pell grant shortfall and place the program on sound financial footing for years to come.

Workforce Pell & the Shortfall

In July 2025, Congress passed H.R. 1 into law. Among other provisions, this bill created short-term Pell Grants, known as Workforce Pell Grants. These grants allow Federal financial aid to be used for short-term training and credential programs that have been proven to help workers quickly gain the skills needed to compete for in-demand jobs and earn higher wages. The Congressional Budget Office has consistently scored Workforce Pell Grants as having a budgetary impact of



approximately \$1.5 billion in increased discretionary and mandatory Pell spending over 10 years, averaging approximately \$155 million per year. This contrasts with CBO's projection of \$41 billion in FY 2026 alone to finance the entire Pell Grant program. Although the Workforce Pell grants draw from existing Pell Grant funding, CBO's scoring of Workforce Pell makes clear the agency's projections for the Pell shortfall are not due to the recent adoption of this authority. Workforce Pell therefore represents just 0.38% of total Pell spending, an investment that is far outweighed by the economic benefits that Workforce Pell Grants will generate.