



To help make the case for full funding, community colleges can host members of Congress on campus, with Pell Grant students sharing personal stories of how the grants are essential to entering and completing college.

## Congress Fixed FAFSA, Now the Bill is Due

**Financial aid simplification has led to increased Pell Grant demand – and projected multibillion dollar shortfalls.**

BY CARRIE WARICK-SMITH

PELL GRANTS ARE THE CORNERSTONE OF FEDERAL financial aid, serving nearly 8 million low-income students per year — including about one in three community college students. A study by the National Bureau of Economic Research found that Pell Grants repay the taxpayer’s investment in less than ten years because low-income students enter, persist, and complete college, get higher-paying jobs, pay more taxes, and are much less likely to need other social services than other low-income people who do not get Pell Grants.

Concern that the complicated financial aid form, called the Free Application for Federal Student Aid (FAFSA), caused eligible students to miss out on needed aid due its complexity persisted for years. In December 2020, Congress passed the bipartisan FAFSA Simplification Act as part of a larger legislative package, and President Trump signed it into law. Now that the law has been fully implemented and is finally succeeding, a new critical problem faces Congress: how to pay for the uptick in Pell costs caused by increased applications and eligibility.

In many ways, this issue goes into the “good problem to have” category. More students are going to college. Students who need greater support now have access to those dollars. The champions of FAFSA simplification long knew that meeting the goal meant the federal government would need to spend more on the Pell Grant program. But after a decade of flat funding the program at \$22 billion in annual discretionary dollars (plus an automatic mandatory add-on that gets to full funding for the program), Congress has built the habit of relying on previous years’ funding being underspent to fund program growth and grant increases.

Thanks to your advocacy at National Legislative Summit and in follow-up contact with your members of Congress, this year we broke the records for the largest number of U.S. House members and Senators — both Republicans and Democrats — publicly supporting Pell Grant funding.

That is no longer possible. In February, the Congressional Budget Office projected that the Pell Grant program will have a \$5.4 billion shortfall in FY2026 and an \$11.5 billion shortfall in FY2027. Due to the mechanics of the funding of the federal program and the academic year, ultimately that means that Congress must find \$17 billion to close this “shortfall” in order to keep the program whole — maintaining the current \$7,395 maximum award for all students currently eligible.

There are several ways to do this. Congress could decide to increase the amount of money that can be spent via the Labor-HHS-Ed appropriations bill or use deficit spending. It could cut other programs within that bill. Or Congress could maneuver to use funding outside of the appropriations bill to pay for the shortfall. The first two proposals will not be popular when Republicans are looking to spend less.

ACCT, trustees, and community college leaders have been making the case to Congress that any cuts to Pell Grant eligibility or benefits tend to hit community college students the hardest. In fact, community college leaders have seen this before. Back in 2011 when the Pell Grant program faced a shortfall, Congress reduced the number of semesters of Pell eligibility from 16 to 12, cut the Ability to Benefit test allowing students without a high school degree to earn Pell Grants, and eliminated year-round/summer Pell Grants. (Congress subsequently restored versions of the latter two.)

In 2025, the Republican-only House-passed reconciliation bill would have made part-time students ineligible for Pell Grants if they take less than eight credits per semester. It also would have ratably reduced Pell Grant amounts for all students taking less than 15 credits per semester, instead of the 12 credits in current law. Community college students are more likely to be taking classes part time while working or parenting, so these part-time Pell Grant cuts would have had a devastating impact on our students — much more than on four-year college students. Although community college advocates were able to keep these proposals out of the final enacted One Big Beautiful Bill Act, we

are very likely to see them again as a means to address the current Pell shortfall.

Community college trustees, leaders, students, and ACCT have been making the case to Congress that Pell Grants are essential to helping community college students access and complete college. Thanks to your advocacy at National Legislative Summit and in follow-up contact with your members of Congress, this year we broke the records for the largest number of U.S. House members and Senators — both Republicans and Democrats — publicly supporting Pell Grant funding.

With a September 30 deadline looming for Congress to write the annual spending bills, community college trustees, leaders, and students will need to keep up the pressure. Ask your members of Congress to fund the Pell Grant program — without cutting eligibility or benefits for community college students.

To help make the case for full funding, community colleges can host members of Congress on campus, with Pell Grant students sharing personal stories of how the grants are essential to entering and completing college. Working with their presidents, trustees can meet with members of Congress and their staffs to highlight the problem and remind them to meet the commitments they made in the FAFSA Simplification Act and One Big Beautiful Bill Act. Our students deserve nothing less.



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