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# WORKING PAPER SERIES

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**COMMENTARY:  
THE PELL GRANT SHELL GAME**

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# COMMENTARY: THE PELL GRANT SHELL GAME

**A** lot of people say that politics isn't important; it doesn't affect their lives in a meaningful way, they claim. This political apathy is expressed in a number of ways, running the gamut from opinion polls to low voter turnout. Such apathy is also fed by the media, which barely discuss or even mention most of the political decisions that directly affect our lives. So we move through each day taking care of the business at hand, not paying much attention to the political landscape until a government policy comes along to annoy us, or worse, knock our life off course. There are a lot of issues like this, but the one I want to comment on is President Bush's re-election pledge to help low-income students pay for college.

Are you in college or planning to go to college? Or do you have friends or family who are? You, your family, and friends are probably thinking about how you're going to pay those rising college costs. Paying college costs is a growing concern to most Americans, particularly those in the lower income brackets. Look at the numbers. Between 1992-93 and 2002-03, after adjusting for inflation, tuition and fees at both public and private colleges rose by some 38 percent. That's scary. In the past, federal Pell grants were available to help out. At least that's how it's worked since 1972, when the federal

government began offering financial aid to low-income students in the form of Pell grants. But things are changing now. Even though the president promised to increase spending on Pell grants, there's a shell game going on in Washington that will reduce or eliminate aid altogether to more than a million people.

In late 2004, Congress passed a massive spending bill loaded with political pork that added some \$458 million to the Pell program. It sure looked like the president was keeping his promise. Given his words, one might even have

thought the extra money would be used to increase the maximum amount of the grants. After all, twenty years ago Pell grants paid for about 84 percent of college costs, but today they cover only 42 percent. In fact, the maximum Pell grant has remained the same over the past three years—\$4,050—while tuition costs climb.

Just before Martin Luther King, Jr.'s birthday, the president announced that he would support

raising the maximum grant to \$4,500 by 2010. That's \$100 a year. Meanwhile, tuition continues to rise a lot more than \$100 each year.

True, in his first administration Bush asked for and got a big increase in the total pot available for Pell grants, but, funny thing, during his first administration there was also a huge increase in the number of people qualifying for Pell grants. Today about a third of America's college students rely on Pell grants, an indication that more low-income students are attending college. This is good. But the ongoing democratization of higher education has placed tremendous fiscal stress on the Pell program. Student demand for

the grants has outstripped federal funding so much that the Pell program is running close to a \$4.3 billion budget deficit.

Okay, so the maximum amount of grants will increase a little and the number of people losing their Pell grants won't be all that big. Looks like the president kept his pledge on that level.

Or did he?

Here's where the old political shell game kicks in.

What the Bush administration gave with one hand, it began taking away with the other, reducing benefits and removing thousands of working-class students from eligibility. It did this by allowing the U.S. Department of Education to change how "low income" is calculated.

That's the first part of the shell game. Now the newly proposed increase of \$500 to the maximum award looks like it's going to be paid for with more shell games. The president hasn't asked for a larger appropriation to cover these larger awards. Instead, he's planning to pay for them with dollars saved by reducing certain program costs, including "excessive subsidies." In other words, the president is saying that too many Pell recipients are getting too much money. Instead of investing the federal dollars needed to open college doors to all Americans, the president's proposal would pick one poor student's pocket to pay another.

In this Orwellian administration, a political leader keeps his promise to increase aid to the poor by reducing it. This scenario says a lot about the Bush administration, but maybe even more about our commercial media that have become public relations agents for the White House instead of guardians of the public interest.

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