

## PELL GRANT: Unlocking Latino economic mobility

**Latinos\* make up one in every five college students, yet they continue to face disproportionate financial barriers due to the racial wealth gap and lower median household incomes.** The Federal Pell Grant provides critical financial aid to low-income Latinos, making higher education an obtainable possibility.

### Overview

#### Latino undergraduates with Pell Grants (2020)

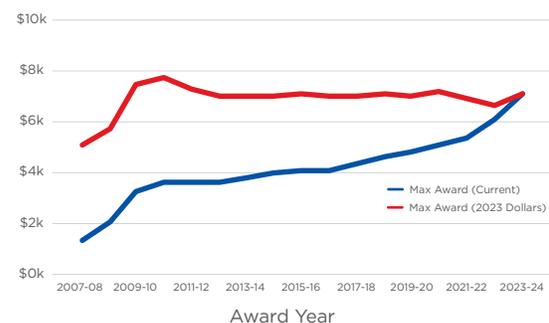


Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study: 2020 Undergraduate Students (NPSAS:UG).

- **Half** of all Latino undergraduates receive Pell Grants (compared to 40% of the general student population).
- The Pell Grant has served as the primary federal investment in college affordability.
- Despite increases to the maximum award, the 2024-25 maximum award covers **only 26%** of the average cost of attending a four-year public college.
- **Any further caps would only further decrease the purchasing power of the grant**, already at an all-time low.

#### What is the Pell Grant?

##### Maximum Pell Grant Amounts Over Time



Source: College Board, Trends in College Pricing and Student Aid 2024, 2024

- **Unlike a federal student loan, a Pell Grant does not need to be repaid**, crucially lowering the amount of debt recipients hold.
- As of 2022, **more than 6 million low-income students benefited from the grant**, with **over 75% of recipients having household incomes of less than \$40,000**.
- For the 2025-26 award year, the **maximum Pell Grant was \$7,395**, while the **minimum award was \$740**.

\* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

Latinos and higher education

80%

of Latino students worked either full or part-time while attending college.



Source: [UnidosUS, Survey of Latinos in Higher Education, 2024](#)

Why is the Pell Grant essential?



73%

of Latino students considered leaving school to avoid taking on more debt.

Source: [UnidosUS, Survey of Latinos in Higher Education, 2024](#)

- **Latinos hold a median household income of \$65,540** — significantly lower than the national median of \$80,610. **Latino students rely heavily on federal financial aid and working while in school** to afford to pursue college degrees.
- **73% of Latino undergraduates apply for federal financial aid** to afford college.
- **80% of Latino students report holding full or part-time jobs while attending college**, which is often associated with a higher risk of not completing school.
- **The average Pell Grant award for Latino students is about \$4,200**, reducing the need for students to take out additional loans to cover college costs.
- **At least 5.3 million Latinos hold federal student loan debt**, with over half of Latinos reporting struggling to keep up with student loan payments.
- **A 2024 UnidosUS survey of Latino college students found that 73% of respondents considered leaving school** to avoid taking on more debt.

Why is the Pell Grant worth it?



increase in earnings starting four years after Pell recipients entered college.

Source: [Denning, Jeffrey T., Benjamin M. Marx, and Lesley J. Turner. "ProPelled: The effects of grants on graduation, earnings, and welfare."](#)

- There is [ample evidence](#) that **Pell Grants increase college enrollment and completion rates** for recipients. Education attainment remains key to well-paying jobs, with the most significant growth [projected](#) to be for those with bachelor's degrees.
- [Studies](#) have shown a **5-8% increase in earnings** starting four years after recipients entered college, leading to **long-term increased earnings**.
- [Analysis](#) of the local impacts of the Pell Grant found that **local income rises by 2.4% for every 1% increase in the Pell Grant**, a **high return on investment**.
- [Past cuts](#) to Pell eligibility have resulted in **increased levels of borrowing**, discouraged full-time enrollment and negatively impacted academic performance. **Black and Hispanic students were among the most impacted by such cuts.**