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Federal aid the 'jet fuel' of growing college costs

Bob Kellogg - OneNewsNow - 12/13/2011

A conservative education analyst says the Obama administration is doing just the opposite of what it will take to rein in the skyrocketing costs of higher education.

Late last month, Education Secretary Arne Duncan was in Las Vegas where he spoke at a gathering of financial-aid administrators about the exploding cost of a college education. The secretary praised loan forgiveness and repayment reductions while ignoring what education analyst Neal McCluskey deems the real solution to stem rising college costs.

McCluskey of The Cato Institute says if you want to do exactly the wrong thing to bring those costs under control, you cannot do much better than what Duncan offered.

"They know the one thing that has to be done to make college more efficient -- and that is to take the third-party money, all the federal aid, away from college," he argues. "But politically, nobody wants to be the person who says *We're not going to give you money so you can go to college.*"

McCluskey, director of Cato's Center for Educational Freedom, says real change can come about in halting or driving down higher education costs if an awareness is created that it is student aid that drives prices higher.

"Increasing student aid doesn't make students better off, it makes taxpayers worse off," he explains. "And the only people who benefit are the people who are employed in higher education who get paid more [and] get cushier work."

McCluskey notes that between 1985 and 2010, inflation-adjusted federal student aid went from around \$30 billion to \$140 billion -- an increase of 367 percent in just 25 years.

Add to that various tax credits and deductions, writes the Cato spokesman, "and it's no wonder college prices have inflated even faster than health care."