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Obama's student aid plan would make college even more expensive

February 12, 2010 @ 12:00 AM

Like many of President Obama's policy goals, his *goals* for higher education sound fantastic. However, his *plan* to "expand access" to higher education is fundamentally flawed. It provides a massive increase in student aid – \$156 billion in fiscal year 2011, up from \$98 billion in 2008. The budget also will make it easier for borrowers to repay their loans, lowering income-based repayments and cutting the length of their repayments. Again, that sounds great. So what's the problem?

Neal McCluskey from the [Cato Institute](#) summed it up best when he said: "There is perhaps no bigger vehicle politicians use to buy middle class votes than higher education and student aid – giving money away to people who want to go to college. And, there is simply no justification for this because the reason people go to college is so they can earn more money over their lifetime. So, when the president talks about 'forgiving student debt,' essentially what he's saying is taxpayers should have to pay the burden for someone else to make a whole lot more money over their lifetime. It's simply unfair."

McCluskey continued, "And then there's another problem connected to all this student aid, and that's that it drives up tuition costs. The president talks about tuition inflation, well student aid is what drives tuition inflation because students can buy more, they demand more, which means universities can charge more because they can get the money."



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So not only is the President's proposal unfair, it actually makes the problem of tuition inflation much worse. The way to solve tuition inflation is not by doing more of the same. Increasing access to grants and loans has become a crutch for bad higher education policy, and until lawmakers ease up on regulations and let the market flourish in higher education, things will only get worse.

- Elizabeth Young



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