

## PELL GRANTS NOT LINKED TO HIGHER TUITION

***“There is no convincing evidence that increases in Pell Grants feed tuition increases in either public or private not-for-profit institutions.” –Sandy Baum***

July 18, 2011

Several of the nation’s most respected experts on higher education finance and public policy have refuted the claim that Pell Grants lead to tuition increases:

- Harvard economist [Bridget Terry Long](#) reviewed several studies, including the only study cited by Congressman Paul Ryan as evidence that Pell Grants lead to tuition increases, and found little support for the claim. She testified, **“Most studies conclude that colleges are not responding to federal aid**, and studies that do provide limited support for the notion are plagued by mixed and sometimes contradictory results.” For example, the study cited by Rep. Ryan found no evidence that public colleges increase tuition based on changes to the Pell Grant. It observed a relationship between tuition and financial aid at private nonprofit colleges, but Long points out that these institutions don’t serve substantial numbers of Pell recipients, so the results likely are caused by factors other than government aid policy.
- A [National Center for Education Statistics](#) study **found no relationship between federal grants, state grants, or student loans and changes in tuition in the public or private not-for-profit sectors**. Notably, this study employed a sophisticated analysis covering nearly the same time period as that in the study cited by Rep. Ryan.
- [Sandy Baum](#), higher education economist and senior policy analyst at The College Board: **“There is no convincing evidence that increases in Pell Grants feed tuition increases in either public or private not-for-profit institutions**. Increases in federal grant funding for low- and moderate-income students are critical to assuring educational opportunities for students with the most limited ability to pay and critical to the future of our economy.”
- [Patrick Callan](#), president of The National Center for Public Policy and Higher Education: “There is little evidence that these means-tested grants are major factors in the tuition setting decisions of most colleges. If colleges had calibrated tuition increases to Pell Grants, steep tuition increases would not have been repeatedly imposed in the years when the grant levels were not raised and tuition would be considerably lower today....Pell Grants are a critical part of the safety net that helps many low income Americans enroll in college. **These grants do not cause higher tuition**, but runaway tuition undermines their effectiveness in supporting access for low income students.”
- [Arthur Hauptman](#), public policy consultant: **“The Pell Grant has not had much effect on tuition levels** in part because the amount of the awards does not vary with where a student enrolls.”
- [Andrew Gillen](#), research director at the conservative Center for College Affordability and Productivity: “The only large program that does not contribute to the arms race [referring to higher tuition] is the means-tested Pell grant program.”