

Improving Higher Education Fiscal Policy

ISSUE

The cost of tuition for higher education is one that few students are able to afford. Indeed, the cost of tuition grows at a rate of about [7.1%](#) every year, leading to copious amounts of debt for many students. For in-state tuition, an average student pays over [\\$25,000](#) per year, with [out-of-state tuition](#) being even higher. The United States is in a precarious position in which higher education is functionally unaffordable and those who desire to pursue it are often unable to do so. Various [funding cuts](#) by states have led to a situation where the burden of university funding is being placed upon students more than ever before. Today, universities only make [1.2x](#) more from state and local governments than they do from students, compared to [3.2x](#) in 1988. This significant decrease in state funding for universities, paired with the increased encumbrance on students, makes it difficult for students to financially support themselves both during and after higher education. In an age where more students than ever are attending universities and many jobs require college degrees, it is essential to address the problem of funding to find achievable and effective ways to help students through their education. Our policy plans to combat this via a rework of the Pell Grant.

POLICY SOLUTION

Policy solutions should seek to reduce the amount of [debt](#) that students in higher education accrue by reducing the amount of money they are required to pay toward student loans. By implementing these policies, students will be able to more easily pursue and complete post-secondary education without experiencing crippling debt. It is necessary to keep the burdens that such policy changes could place on the federal government and taxpayers in mind.

As such, we recommend the following policies to expand the existing [federal Pell Grant program](#) and reduce student debt as a whole:

- Provide greater financial aid to students who exhibit a need for federal assistance. Questions will be added to the [Free Application for Federal Student Aid](#) (FAFSA) regarding who is paying for a student's tuition: the parents, student, or another source. Based on this question and the other financial and personal information required by FAFSA, funding will be allocated to the students who need it most.
- Double the amount of funding that the Pell Grant receives obligatorily. The [mandatory budget](#) is currently \$7 billion, and expanding this to \$14 billion will allow the government to give more money to the students who need it the most. These funds will be reallocated from the [Military budget](#), and they will not exceed 1% of this budget.

By expanding funding for the Pell Grant, student debt will be reduced without necessarily having to involve student debt forgiveness. In addition, expanding an already existing federal program rather than creating an entirely new policy will allow the amendment process to proceed with fewer obstacles than it would otherwise.