



COMMITTEE ON
**EDUCATION
& LABOR**
REPUBLICANS

**COMMITTEE
STATEMENT**

**Opening Statement of Rep. Greg Murphy (R-NC), Republican Leader of the
Subcommittee on Higher Education and Workforce Investment, Joint Hearing:
"Keeping the Pell Grant Promise: Increasing Enrollment, Supporting Success"
July 29, 2021**

(As prepared for delivery)

“The Pell Grant program is the cornerstone of federal student aid. Every year over 6.5 million Americans pursue postsecondary education with the help of the Pell Grant. Created in 1972, the Pell Grant program advances the Higher Education Act’s (HEA) mission to increase access to college. Eligible undergraduate students, most of whom come from extremely low-income families, use the voucher-like grant to enroll in a participating program at a college or university of their choice.

Historical enrollment numbers demonstrate the program’s success in encouraging people to consider postsecondary education. In 1972, 49 percent of recent high school graduates enrolled in college. Today, that number stands at almost 67 percent.

Congress created a generous federal student aid system. Even adjusted for inflation, the maximum Pell Grant award of \$6,495 has never been higher.

One could reasonably assume this means that college has never been more affordable for Pell Grant recipients. Sadly, the truth is that colleges and universities, not the students, are the major beneficiaries of the Pell Grant program.

In a 20-year period from 1997 to 2017, the Pell grant increased 44 percent in real terms. Yet the maximum Pell Grant, as a percentage of published prices, went from covering 94 percent of tuition and fees at public four-year colleges in 2000

to 61 percent in 2015.

Former Secretary of Education William Bennett believed that the federal student aid program allows institutions of postsecondary education to raise their prices because the institutions know widely available federal loan and grant subsidies will cushion the blow of increased consumer costs.

That may have just been a hypothesis when he made that claim in 1987, but newly available data now proves the Bennett Hypothesis was correct. A recent analysis by the Federal Reserve Bank of New York examined the link between student aid and college costs. The report found a pass-through effect of Pell Grant award amounts and published tuition prices. In other words, for every dollar the federal government increases student aid, colleges raise their prices by an incremental amount.

Additional dollars allocated to poor students will eventually wind up captured by institutions. Congress wanted to subsidize students but wound up subsidizing institutions. Schools are taking advantage of the taxpayers' charity.

This Committee should be concerned about the unintentional consequences of well-intentioned student aid policies. Republicans' and Democrats' goal to make college more affordable for all families has led to skyrocketing college costs.

We cannot afford to perpetuate a system trapped in a vicious Bennett Hypothesis cycle. There is no question that the promise of higher education is broken. Eventually, colleges and universities must be held accountable for their actions and justify their outrageous prices. Congress must recalibrate the federal student aid system to account for the revenue-hungry actions of institutions.

Institutions' focus on increasing revenue means less time and fewer resources are spent on student success initiatives. Millions of Pell Grant recipients have failed to earn a postsecondary credential. The four-year completion rate for all baccalaureate degree students is a paltry 44 percent. The costs of failing to complete on time are enormous. Each additional year of school in a public four-year college costs over \$60,000 after accounting for school expenses and lost wages.

It is not only low-income students suffering from failed higher education policy.

Even if students do graduate, there are serious questions about the value of the education received. A 2018 Job Outlook Survey conducted by the National Association of Colleges and Employers found almost 80 percent of students considered themselves proficient at oral and written communications, but employers thought only 41 percent of their students were competent communicators.

Pumping additional dollars into the Pell Grant program will not solve these serious underlying issues plaguing the higher education sector. Comprehensive reform of the HEA's accountability framework will do more to help students in the long term than just pouring money into a failing system.

Republicans know there are many paths to lifelong success. The commanding heights of American culture pressure too many people into a narrow baccalaureate-degree pipeline. The Committee's primary focus should be on setting up Pell Grant recipients for prosperity no matter the type of educational pathway they choose. Access to college matters, but a baccalaureate degree isn't the only option for those looking to live fulfilling lives.

We must fix a broken system, not by throwing more money at it, but by demanding financial accountability from our higher education systems.

I look forward to hearing from the witnesses on how we can fix our flawed postsecondary education policies.”

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