



Highlights of [GAO-06-963](#), a report to congressional committees

Why GAO Did This Study

In 1991 the U.S. Department of Justice sued nine colleges and universities, alleging that they had restrained competition by making collective financial aid determinations for students accepted to more than one of these schools. Against the backdrop of this litigation, Congress enacted a temporary exemption from antitrust laws for higher education institutions in 1992. The exemption allows limited collaboration regarding financial aid practices with the goal of promoting equal access to education. The exemption applies only to institutional financial aid and can only be used by schools that admit students without regard to ability to pay.

In passing an extension to the exemption in 2001, Congress directed GAO to study the effects of the exemption. GAO examined (1) how many schools used the exemption and what joint practices they implemented, (2) trends in costs and institutional grant aid at schools using the exemption, (3) how expected family contributions at schools using the exemption compare to those at similar schools not using the exemption, and (4) the effects of the exemption on affordability and enrollment. GAO surveyed schools, analyzed school and student-level data, and developed econometric models. GAO used extensive peer review to obtain comments from outside experts and made changes as appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-06-963.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cornelia Ashby at (202) 512-7215 or ashbyc@gao.gov.

HIGHER EDUCATION

Schools' Use of the Antitrust Exemption Has Not Significantly Affected College Affordability or Likelihood of Student Enrollment to Date

What GAO Found

Twenty-eight schools—all highly selective, private 4-year institutions—formed a group to use the antitrust exemption and developed a common methodology for assessing financial need, which the group called the consensus approach. The methodology used elements already a part of another need analysis methodology; schools modified this methodology and reached agreement on how to define those elements. By the 2004-2005 school year, 25 of 28 schools in the group were using the consensus approach. Schools' implementation of the approach varied, however, with officials from 12 of the 25 schools reporting that they partially implemented it, in part because they believed it would be costly to do so.

Over the last 5 years, tuition, room, and board costs among schools using the antitrust exemption increased by 13 percent compared to 7 percent at all other private 4-year schools not using the exemption. While the amount of institutional aid at schools using the exemption also increased—it did so at a slower rate. The average institutional grant aid award per student increased by 7 percent from \$18,675 in 2000-2001 to \$19,901 in 2005-2006.

There was virtually no difference in the amount students and their families were expected to pay between schools using the exemption and similar schools not using the exemption. While officials from schools using the exemption expected that students accepted to several of their schools would experience less variation in the amount they were expected to pay, GAO found that students accepted to schools using the exemption and comparable schools not using the exemption experienced similar variation in the amount they were expected to pay. Not all schools using the consensus approach chose to adopt all the elements of the methodology, a factor that may account for the lack of consistency in expected family contributions among schools using the exemption.

Based on GAO's analysis, schools' use of the consensus approach did not have a significant impact on affordability—the amount students and families paid for college—or affect the likelihood of enrollment at those schools to date. While GAO found that the use of the consensus approach resulted in higher amounts of need-based grant aid awarded to some student groups compared to their counterparts at schools not using the consensus approach, the total amount of grant aid awarded was not significantly affected. It was likely that grant aid awards shifted from non-need-based aid, such as academic and athletic scholarships, to aid based on a student's financial need. Finally, implementing the consensus approach did not increase the likelihood of low-income or minority students enrolling at schools using the consensus approach compared to schools that did not.

The group of schools using the exemption reviewed this report and stated it was a careful and objective report. However, they had concerns about the data used in GAO's econometric analysis, which GAO believes were reliable.