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# **Economic Implications Of Free-College Tuition, Its Impacts And Government Role**

## **Conservative: “Free” College Tuition**

For many years both liberal and conservatives have debated over the controversy about whether or not college tuition should be free. Statistics have shown that the controversy is still taking precedence today. Presidential candidates such as Elizabeth Warren and Bernie Sanders have taken the stance that college tuition should be free. However they do not realize the impact that free college tuition would have on the economy of the state it is taking place in. In order to make college tuition free for a public institute we would have to increase taxes severely, which would cause the poor to become poorer and a continuous cycle of families becoming reliant on the free college tuition. Taxes would have to increase significantly in order for the ability to be able to send every high school graduate to college. If no one is paying tuition and every school is reliant on taxes the schools would have no money to pay the electricity bill, the heating, teacher salaries, dorm necessities, and etc.

## **Direct and Indirect economic implications of “Free-College”**

Not every student graduates high school and decides to go to college because of factors such as not having enough money or choosing a different choice for their future along with colleges ability to refuse a student due to their academics and other factors. This means that not every graduating student will be spending the money on books, tuition, and dorm necessities, but if all of these would be handed to them at no cost, the amount of students attending college would increase. While this seems like a good thing because they are furthering their education, it brings a negative possibility that the colleges will not be able to afford all of the qualified students attending their campus. The amount of dorms will have to increase at certain colleges in order to accommodate all the students. Where will the schools get the money? If there is no money being made from the tuition, there will be no money to pay for all of the college necessities because the taxes will have a limit on how much they are able to increase.

Citizens are not going to want to pay higher taxes just to send students to college especially if the kids are not their own. Parents may be the only supporters of this increase in taxes while people without kids are getting no benefit from paying these taxes. What about the people that have already graduated college and have been paying off their student loans, are they now going to have to help pay for a new students tuition as well, on top of their own debt? What about the senior citizens that are having to pay these taxes during their retirement, they are not going to want to help pay for every students tuition when they could be focusing on whatever they wish to spend their money on with their retirement fund, let alone maybe pitching in to help send their grandkids money for college. Along with alumni and senior citizens not willing to pay these tuition taxes, adults that have no children aren't going to want to spend their money to send children that aren't their own to college. Tuition taxes that states will have to enforce to be able to send students to college for free, will be deemed unreasonable for over half of the population.

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The three main problems surrounding the aspect of free college tuition include the academic record of the amount of community college students, the negative effects that would result in the financing of free-college, and issues involving the fairness of getting free-college. College tuition brings a negative aspect to not only the universities but to the families and the communities as well.

Community college tuition for 2 years is already cheaper than the prices of a 4 year university. With this said, the amount of dropouts from students attending a community college is 47%, this amount of dropouts only leaves 27% of students that will actually graduate and the rest will continue in school. Creating a free-college economy would be negatively impactful because it is suggested that the amount of students that have dropped out will only continue to increase. The question asked here is “why would dropout rates increase.” Well this is because the incentive that students have going into college to not fail their classes is due to how expensive these classes are. However if the classes are no longer costing the students family any money the same incentive won't apply because they could in a sense retake the classes as many times as needed at no cost to them.

The economy will only continue to be impacted because small colleges won't have as many students commit because they'll be able to get into their “dream college” for free. As a student, I personally would like to get into the most prestigious college I can with the grades I have but money always plays an important factor. If I were to get into my school of choice, Western Michigan, but it is more expensive than a school like CSU where I can get instate tuition and possibly a pretty good scholarship, right now I would choose CSU because it is the cheaper option. However if I could go to either school for free I would choose Michigan because money is no longer a factor for me. Taking this into account, how would it be decided what students get free tuition? If I want to go to an out of state school that has free tuition for their state, would I also be required to get the free-college or would I have to pay because it isn't my state? Would the rule change depending on whether the institution was public or private? Would there be enough room to house everyone? These are all main questions that have to be addressed before free-college can really be seen as a legitimate option.

## **Government role in regulating “Free-College”**

Similar to the points addressed in the previous discussion above. The government would play a huge role in not only the decision making of if college would be free but also how we would pay for each student and who would be paying. Public universities are primarily funded through state taxes already but to ensure every child goes to college, those taxes would have to be raised by the government and their funds. If the government has to pay so much of the tuition costs, our government will continue to increase our debt. On the other hand, private universities are reliant on the tuition students pay and the endowments and donations from others. For this reason, private schools are a lot more expensive than a public school because they don't receive money from the government. With this said, if college tuition does in fact become “free” (which is a term we use very lightly due to the fact that nothing will ever be free, someone will always be left paying for it) the government will end up paying a lot more money to ensure these private institutes are free as well. When calculated, it is deemed that “free” college will cost the government 79 billion dollars per year which will cause the taxes to sky rocket higher than ever before. Our national debt will hit an all time high and will leave future generations drowning in debt that will never be able to be paid back and places such as China will have no remorse and

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will sooner or later cut the U.S. off.

## What Would Happen To Colorado's Economy

If tuition was free for all Colorado seniors the state would have to pay for the average 80% of students that graduate high school. In 2016-17 year, there were 724,015 students that graduated, meaning the state of Colorado would have to come up with tuition for every single person who wanted to go to a Colorado College. CU Boulders average in state tuition is around \$29,000 and CSU's tuition is around \$24,000 meaning if all 724,015 students wanted to go to CU Boulder or CSU the state of Colorado would have to come up with around roughly \$19,186,397,500. Not to forget if tuition was free the graduation rate would increase, while that seems like a good thing and it is the universities can't house that many students at once and once students reach their second year at the college they most likely will want to move out of the dorms and this raises the new issue housing. While this is good for the economy because housing prices will most likely increase they will have to build more housing near the schools causing overpopulation and simply ruining the beauty of the areas where the colleges are. Most college students want to work to be able to go out with friends, live comfortably, and simply be able to provide for themselves. Overpopulation is a huge issue. Jobs would be harder to get and even harder to keep. Free tuition would have to be paid by someone there's no such thing as free, the money would come from the taxpayer.

## Historical, Political, Social, and Cultural Impacts

If we were to have free college starting in 2020 would students who have already been in college start getting free tuition? Would they get the money back they spent? Or will they just lose that money. These are all things we need to consider when we start making things "free". Politically Bernie Sanders and Elizabeth Warren are two political advocates for free college. They believe that everyone should be able to get into college for free. Bernie Sanders also wants to solve the other issue of the \$1.6 trillion of former student debt. 45 million Americans have student loans as I'm writing this. Sanders has called the costs of higher education a "national disgrace." While senator Elizabeth Warren also wants to provide debt relief she caps it to anyone whose household income is greater than \$250,000. US colleges are run at the state level meaning the states would have to buy into the programs. Sanders proposal similar to Warrens requires the different states to agree with the federal government.

If everyone was equally educated would somebody want to be a garbage man if they have the same education as a doctor who makes over ten times as much? This would raise the demand for these types of small jobs at an all time high. So does this mean in order to keep the world running and stop it from becoming a dystopia we would need to raise the salaries for the lower income jobs that nobody wants to do? Our current world debt is already at \$23 trillion. Raising these simple jobs that currently make around \$30,000 a year is not possible unless we plan on handing over the debt to future generations making it harder for them.

Do you like watching March Madness? Do you like to relax on your weekends by turning on the TV and watching college football? How do you think those programs get their money? If you were to go to a student athlete and ask them if they would rather give up the sport they worked so hard in to get to the college level if they would be willing to give it all up so everyone can have the same education, what would they say? For some of these kids the only chance they

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have to make it in life is to get to the professional level. If we were to give everyone free tuition college sports most likely would be obsolete. College sports are also a way for the universities to make money and make their school desirable. As we stand right now the kids in college sports don't even get paid for advertisements the school uses on them. If we were even to pay the kids for their popularity most schools would have to quit funding for sports not as popular like women's basketball and most women's sports. Private colleges also use this as a way to keep their heads above the water and maintain that "private" name.

## **Supply, Demand, and Economic Growth**

Supply and demand take a huge part in why we can't have free tuition in colleges. Most universities already have issues with supply and demand and that's why you might not be able to get into your dream school. In the admission process for schools right now they have to go through thousands of applicants a day to decide who would be the best candidate for their school. If everyone was able to afford all of the top schools like UCLA, Stanford, Clemson, or others it would result in mass amounts of applicants. Simply making it harder for people who deserve to go to those colleges harder. It would make kids work less hard to get into those prestigious universities and colleges knowing everyone had the same chance. With these top schools admissions are already higher. The schools don't have enough room to house all of the students they would like to as is. If college tuition was free they would have to work ten times harder to house, feed, and educate all of these students. The demand for a higher level education would be way more than they can supply. Would we have to open up more schools? Or would we have to turn community colleges into actual universities? People go to community colleges to save money and nobody would want to go to them if they could go to any university for the same price.

Greater college attendance instead of helping economic growth actually hurts it. Specialists have run hundreds of regression equations on the relationship between state higher education spending and economic growth. But not to surprise the relationship is always negative. If we were to raise taxes on private sectors to fund the price of education would be forced to raise prices to buffer the cost of the new tax burden. This would have an inflationary effect on the overall economy. This would be bad because it would drive prices on everything up. Not everyone needs to go to college. Currently there is a huge shortage of tradesman labor and a surplus of college graduates looking for jobs that don't exist. There is a huge positive relationship between population and taxes. If the taxes were to increase it would drive small businesses into the ground and make people move out of the states to get away from the tax burden. While this might seem like a good thing due to rapid population growth we would see more monopolies happening and creating a complete government controlled environment.

## **Opposing Teams Arguments**

Almost everyone agrees that college tuition should be less. About a century ago high school was becoming a necessity and not a luxury to the rich now today it's turned into college becoming a necessity and not so much a higher income luxury. If K-12 is already available and free because it's good for society and that person himself why shouldn't college be free? Recent studies have come out that a college degree is the pathway to a better future in ways that they are better financially stable and have a better life, this is also proven that kids that struggled in high school don't have to go and manage a fast food restaurant their entire lives. Studies show

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that there is no better investment one can make in their entire lives than to go to college. One study shows that spending money on new public colleges would be grown by the amount of new students it would draw in and this would increase economic activity more so than a tax reduction. It also showed that college graduates smoke less, commit fewer crimes, take less on social welfare programs, and overall generate more taxes. In Tennessee where they just passed free colleges, the campuses are now hiring more teachers and faculty members than ever.

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