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The Student Debt Crisis:

Methods for Reducing Public-College Tuition in the United States

 In the chapter “Making All Public Higher Education Free” from *Why Public Higher Education Should Be Free: How to Decrease Cost and Increase Quality at American Universities*, Robert Samuels argues that making tuition for public institutions free would be a more efficient use of taxpayer funds. Acknowledging that the price of tuition has skyrocketed, he discusses the government’s failed attempts to quell the exorbitant fees. Although Samuels is correct that many colleges waste their budgets and that the government is not doing enough to stop the debt crisis, his plan for a completely free education is too idealistic; instead, the government should finance higher education through income-contingent loans like those successfully adopted in countries like the United Kingdom and Australia.

 As Samuels notes, part of the problem lies with the colleges and universities themselves, as the money they receive is not being well spent. For example, Samuels points out that colleges spend too much on non-undergraduate educational pursuits such as “administration, athletics, housing, dining, amenities, research, and graduate education” (116). Many schools invest large amounts of money into extracurricular activities and student amenities in order to compete with other universities for students. This competition also causes many universities to pay steep wages for big-name professors, who often get out of teaching undergraduate courses. Samuels discusses that many universities operate colleges like businesses: “administrators with little or no training in education run schools as if the goal was to increase compensation for the people at the top, while the vast majority of the teachers and workers are paid poverty-level wages. A small minority of star faculty negotiate private deals for higher compensation and lower course loads, while the rest of the professors are left doing more and earning less” (122). This complaint from Samuels helps to show the corrupt nature of some colleges. This system of privileging a few professors while giving other professors and teaching staff more work creates an inefficient and unfair working environment that causes colleges to waste a large amount of money on professors who do not teach, while the faculty who do pick up the slack are not being given enough compensation for their efforts. Because of this inequality, many members of the teaching staff are overworked, not teaching to the best of their ability. Samuels also explains that colleges burden the majority of middle-class students by raising tuition to fund both low-income and wealthy students: “schools increase their sticker price in order to subsidize institutional financial aid for low-income students and to provide merit aid for wealthy, high-scoring students” (116). The point that Samuels is making is hard to disagree with. Much of a university’s spending simply does not go into improving the education of the majority of their undergraduate students; instead, it goes into making the school look more inviting for new students. Colleges spend large amounts of money on amenities that make the school fun instead of being a good place to learn, and colleges waste a large amount of money on professors who do not teach so the college looks more impressive to prospective students.

Not only are the universities to blame, but, as a large portion of Samuels’s chapter describes, federal and state governments’ subsidies for higher education are failing to solve the student debt crisis. One program that Samuels describes in great detail are 529 plans, which is a government sponsored investment scheme that grants families a tax exemption on college savings, but, as Samuels notes, this plan is often not used for its intended purpose: “Not only do state governments lose billions of dollars in tax revenue each year due to these 529 plans, but the wealthy have figured out how to use these plans as all-purpose tax shelters” (119). He provides the following examples: “if a couple … decides later to use the money to buy a yacht instead, only the investment gains will be assessed a 10 percent penalty and taxed as income. Also, contributions made to a 529 are removed from a family’s estate, and 529 plan owners can name a successor to the account when they die, which enables the plans to shelter money for multiple generations” (119). These 529 plans are an obvious abuse of education funding. Much of the funding that could have directly supported student learning helps the rich to legally evade taxes. If the government spent more money on directly containing tuition prices instead of these tax breaks, the general public would immediately benefit, and state education budgets would not be exploited by the wealthy for personal gain.

Samuels also explains how government subsidized student loans cost the government billions of dollars because of “the current cost of nonpayment of loans, servicing and subsidizing them, and borrowers’ defaults” (117). These student loans are still quite a large financial burden on the average American, and these loans cause the government to lose a lot of money on people who cannot pay the loans. Not to mention several loan companies profit off of the government by servicing these loans, causing the government to waste even more money. The government’s methods of dealing with the student debt crisis are inefficient and are easily exploited by the wealthy for financial gain.

 While Samuels makes a convincing case for what is wrong with the current student debt situation, he does not present a realistic solution for the crisis: making all post-secondary education free is too idealistic. For example, Samuels does not consider the full cost of free higher education when he discusses what he believes is the total cost per year for obtaining free higher education in America. He arrives at his figure by multiplying the amount of students enrolled currently in public four-year institutions by the average cost of tuition and room and board in America. Samuels then does the same for those in community college, and adds that to the number he got with those enrolled within public universities to estimate that the cost of the government funding free tuition in America would be $128 billion, which is less than what the federal government currently allocates for education (116). There is a problem with this estimate, however. Samuels does not account for any increased attendance due to the financial burden of attending a college being removed. Although it is clear to see that current spending on higher education could make a large impact on reducing the price of tuition, Samuels’s numbers simply do not add up, and in all likelihood with Samuel’s plan the proposal would either exclude a large portion of the American population or would cause the federal government to spend a lot more on education. In short, free education is very expensive.

 The method that the federal government should take to make higher education more affordable is outlined in Simon Marginson’s epilogue of *The Dream is Over: The Crisis of Clark Kerr’s California Idea of Higher Education*. The book advocates for income-contingent loans that get repaid through the tax system, similar to those adopted by the United Kingdom, Australia, and South Korea (196). Under this plan, students would take out loans through the federal government to finance their education, but the repayment amount would be based on the borrower’s income. For example, if the borrower made $40,000 a year, s/he would pay no more than $6,040, or 15% of his/her income per year. This way of financing education has several benefits. As with Samuels’s method, the federal government becomes the main entity responsible for paying tuition, and as such has the ability to contain the price of tuition by negotiation. Another benefit is that the primary financial burden of college is still with the student, but that burden poses no financial risk. This plan allows for students to get a degree without worrying about immediate financial gain; they can pursue a career they care about, rather than one based solely on income. This method would also be good for the federal government because it would recoup money financed for tuition through tax revenue. With income-contingent loans the American people would be able to finance their degrees without any financial risk, and the federal government would be able to make the most of their educational budget because those who are earning the degree will be responsible for repaying the loan. One other advantage of income-contingent loans is that these loans do not negatively impact those who are poor unlike the timed repayment systems that the government is currently using for student loans. As Marginson explains, “On average, students from poor backgrounds pay less than affluent students, and women pay less than men” (197). This system can help the more disadvantaged populations of America increase their standard of living, and as such make the United States a more prosperous country for all. These loans achieve all of the benefits of Samuels’s system without the expense, making it a much better option for the federal government to consider.

 Although Samuels’s biting criticism of the failings of the universities and government to help reduce student debt is warranted, his proposed method of stopping the student debt crisis falls short. Making all higher education free would cause an unreasonable financial burden on the federal government, while income-contingent loans would be the best way for the average American to earn a degree.

Works Cited

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