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THE CHRONICLE REVIEW: ONLY FREE COLLEGE CAN SAVE US FROM THIS CRISIS

# Only Free College Can Save Us From This Crisis

## The situation demands bold action on par with the New Deal

*By Christopher Newfield* | April 09, 2020 ✓ PREMIUM

ver 10 days in March, higher ed went from worrying about implementing remote instruction to forecasting its own fiscal collapse. The week after the University of Washington stopped face-to-face instruction, on March 6, colleges focused on their own shutdowns. By the end of the following week, the American Council on Education had asked for a \$50-billion piece of the multitrillion-dollar bailout bill working its way through the Senate, plus zero-interest loans and \$7.8 billion in technology-implementation grants (the bill cut the near-\$60-billion



Harry Haysom for The Chronicle

O request to \$14 billion). Paul N. Friga, a clinical associate professor at the University of North Carolina at Chapel Hill, asked administrators to imagine how to survive if they lost a quarter or half of next year's revenues. John Warner, an affiliate professor at the College of Charleston, declared that if higher ed didn't get a bailout, much of it wouldn't survive.

It may now seem like the bailout question is settled the way things usually are for higher ed: by supplying a fraction of what universities actually need. In response, the sector is turning to its time-honored strategies of shrinkage and self-harm. Central Washington University, for example, has declared a state of financial exigency, which will allow it to fire tenured faculty members and other staff. Many universities have abandoned searches midstream, declaring a hiring "chill" (California State University) or a hiring freeze (Brown University). Others are considering converting Fall 2020 entirely to remote instruction. Higher-education leaders are getting ready to hollow out the sector, which is exactly what they did in 2008 — a precedent from which public colleges have still not recovered financially.

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## This is a Great Depression

Can we muddle through again as we have in the past? The answer is no, for three reasons. First, we

## shutdown, not a Great Recession slowdown.

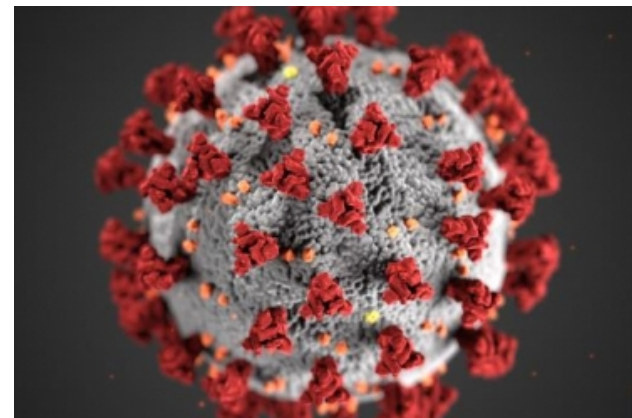
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ago. Its students are more loaded with debt, its facilities are older and more poorly maintained, its revenues more dependent on the kindness of donors, and its faculty more likely to be precarious, poor, or unemployed. Moreover, new revenue has come to depend on enrollment increases — which are entering a 10-year reversal. Years of austerity turned higher education into a no-margin business. There is nothing to fall back on.

Third, this time it's different. This is a Great Depression shutdown, not a Great Recession slowdown. If projections of 40-million unemployed are close to accurate, the entire country will be living for most of this year on bailouts conjured by the Federal Reserve, or hoisting their corporate masters on pitchforks, or both.

Luckily a massive bailout package already exists. It satisfies several criteria for good bailouts, starting with moving from short-term relief to long-term rebuilding. It maintains employment and business activity. It will keep an essential service running at a high level of performance. This bailout package is College for All, better known as "free college" or "debt-free college." Done right, this program would increase higher ed's intellectual and social

tried that already, and it failed. Lesson (un)learned: Once you cut your claim on funding, states will never grant it again. Second, higher education is institutionally more fragile than it was 12 years



contribution and its political sustainability.

**T**he Democratic debt-free plans are structured something like this: When a state cuts tuition to zero, the federal government provides funding to match what has been lost in tuition income. The Pocan-Schatz plan has a 1:1 federal-state match; Sen. Bernie Sanders's plan has a 2:1 match (although it is 1:1 for any additional state funding). Joe Biden now supports free college for those with less than \$125,000 in family income, which brings him level with Hillary Clinton's position in 2016. The plans put forth by Sanders and Sen. Elizabeth Warren, when she was still in the race, would also offer large-scale debt cancellation: Sanders aims to cancel *all* debt, whereas Warren's plan would cancel about 40 percent due to salary caps on relief, but close to 100 percent for those earning less than \$100,000 per year. Both the Sanders and Warren plans push to increase regulation of for-profit colleges, offer relief to historically black colleges and universities, and in general try to make it possible for public colleges to keep tuition near zero. Both plans — indeed, any plan that would make a serious difference — would depend on increased state funding.

But let's be clear: The biggest problem with these plans is not their cost. Sanders's tuition buyout would run \$47 billion per year on top of \$175 billion currently spent on

## Coronavirus Hits Campus

As colleges and universities have struggled to devise policies to respond to the quickly evolving situation, here are links to *The Chronicle's* key coverage of how this worldwide health crisis is affecting campuses.

- [Here's a List of Colleges' Plans for Reopening in the Fall](#)
- [On Not Drawing Conclusions About Online Teaching Now — or Next Fall](#)
- [We're Tracking Employees Laid Off or Furloughed by Colleges](#)

postsecondary education by all levels of government. This new sum is about 1 percent of current federal spending. It is also about a quarter of what Trump's tax cuts cost in a given year. Debt cancellation plus ten years of tuition buyout would cost \$2.2 trillion, which Sanders would pay down with a financial transaction tax earning \$2.4 trillion over ten years. Getting both free college and debt cancellation would cost about \$220 billion a year for a decade. When Sanders and his progressive colleagues introduced the legislation he said, "If we could bail out Wall Street, we sure as hell can reduce student debt in this country." Proving the point, in a few days of responses to the Covid-19 pandemic in mid-March, the Federal Reserve announced \$700 billion in asset purchases, the Trump administration proposed \$1 trillion in relief, including \$250 billion in direct payments to individuals, and the stimulus package the president just signed is worth \$2 trillion up front, which Washington plans to spend in the economy in the next few months. Compared to similarly meaningful interventions, college and debt cancellation are indeed affordable and sustainable — and, given the current crisis, they would be particularly well timed.

When we look past cost, the real problem emerges: As they stand, these plans will let public colleges, already made poorer by years of state underfunding, get poorer still. This will, in turn, further reduce the quality of the educations received by students at the resource-strapped institutions that teach most of the country's low-income students.

Some analysts have confronted this problem. The *Vox* journalist Matthew Yglesias has rightly wondered how drastic a change of heart — or how big a federal bribe — would be needed to suddenly make states reverse years of cuts to higher education. Kevin Carey, director of the education-policy program at New America, has slammed the Sanders and

Warren plans for design flaws and proposed an alternative. I'll pause over his valuable proposal because it shows the limits imposed on our business models by our restricted understanding of the value of a college degree. The free college movement is an invitation to think as big as the actual problem.

Carey rightly describes the current higher-ed funding model as a "policy mistake of epic proportions." I'd throw in a full-throated condemnation of the way this model encourages budgetary decadence by states. Legislatures use high tuition to reduce their own share of per-student costs, then turn around and denounce universities for having high tuition. Carey explains how a federal buyout that would cover tuition costs at public universities would actually reward the stingiest states and punish the more generous (the higher the tuition tag, the more money cheap states would get from the feds). He notes that this would also send more new money to four-year than to two-year colleges, which charge lower tuition and serve a greater portion of low-income and first-generation students and students of color. In sum, the shortfalls that already disadvantage underfunded institutions serving underprivileged students would prevent them from getting the aid they need.

Carey convincingly shows how the current Democratic plans "take [these] huge inequities as a given" and would, in fact, reproduce them if implemented. His alternative amounts to "cutting out the middleman" (state governments) by having the federal government send \$5,000 per student to any college, including private nonprofit colleges, "that agrees to join a national network of institutions dedicated to providing free, high-quality higher education." Importantly, Carey insists that this funding would come in addition to Pell Grants; that way, financial aid could revert to covering a students' costs of attendance instead of being

gobbled up by tuition charges.

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## **The free-college movement is an invitation to think as big as the actual problem.**

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Conditions are ripe for such an initiative. Carey's calculations show that there are already 1,100 colleges and universities serving nearly 5 million students that charge \$5,000 a year or less, so the network could start big and grow from there. He also adds a set of stipulations that the network's members would pledge to follow: Enroll a "student

body that is broadly economically representative of their state and region," maintain good graduation rates, allow easy transfer in, and uphold strong accountability for quality.

On the whole, Carey's network is an ingenious idea. It would rekindle faith in debt-free college and generate millions of college degrees for working-class students without the now-mandatory personal debt. But Carey's proposal for bringing the network to fruition has two serious problems: It would lock in inequity and lead to lower-quality education.

To see how Carey's network would play out, let's consider a similarly premised network of colleges that already exists: Minority-Serving Institutions (MSIs). The 700 or so MSIs in the U.S. offer high social mobility to underserved student populations. At one of them, Trinity Washington University, the student body is 59 percent black, 26 percent Latinx, and predominately low-income. Though its alumnae include Nancy Pelosi and Kellyanne Conway, in the 1990s Trinity deliberately shifted toward serving the local low-income population and is now 2 percent white. As its president, Patricia McGuire, puts it, "the

experiences our students have in surmounting obstacles to their success informs our work in developing solutions that can keep them on track while mitigating long-term barriers to social mobility." Trinity spends a significant amount of its \$31-million budget (2017-18) on student support, including food and housing help as well as a "culture of welcome and encouragement."

Trinity graduates or transfers about two-thirds of its students, which is good for a college in its selectivity bracket and nearly twice the rate one is likely to see in Carey's network, which would have a high share of open-admission colleges. Graduating first-generation students is the highest priority, but it costs money: Trinity spends about \$20,000 per student, 50 percent more than the average overall public-college expenditure per student. The members of Carey's low-tuition network likely spend closer to the \$9,000 per-student average for two-year colleges.

Carey's plan would bake in the poverty of most of the colleges that serve poor students. He suggests a college that charged \$3,500 in tuition could, in the free-college network, keep an extra \$1,500 left over from the \$5,000 per-student federal buyout. States would become eligible for this federal money by cutting tuition. States must still send money to network colleges, but Carey's model does not require or incentivize states to increase their investment beyond tuition replacement so these colleges could spend more on their students' education. (Note that Carey's base revenue of \$5,000 is only one-fourth of Trinity Washington's standard for successfully educating low-income and minority-majority student populations.) Carey's plan would take an absurdly unequal higher-education system and maintain it — or make it worse.



In other words, Carey's plan buys affordability at the price of lower quality. This is the same bargain that has stratified higher education and weakened public support. In a landmark study, "Separate and Unequal," Anthony Carnevale and Jeff Strohl found that after 1995, most newly enrolled black and Latinx students attend open-access institutions while white students mostly went to selective colleges, which have much higher graduation rates. Crucially, the study correlates the racialized variation in graduation rates with large differences in (instructional) expenditures per student: "The 82 most selective colleges spend almost five times as much and the most selective 468 colleges spend twice as much on instruction per student as the open-access schools."

The last thing we want to do is get free college by exacerbating higher ed's stratifications by race, income, and family background, which have sapped the legitimacy of the whole system. The only way to avoid this outcome is to do what Sanders, Warren, and Carey do not do: radically increase direct investment of public funds in colleges that serve poor students.

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**It might seem like an economic crisis is the worst time to do more than just hang on. History doesn't support this view.**

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Increase by how much? If we use Trinity Washington as a benchmark, colleges would need to spend \$20,000 per student. Given current levels of expenditure, we can estimate how much this would cost: All levels of government together would need to spend an additional \$11,000 per student at two-year colleges and an additional \$6,000 at four-year colleges, on top of what states are already spending. To fund Carey's network of

1,100 colleges enrolling 4.9 million students, three-fourths of them two-year students, and assuming a proportional share of enrollments, the annual bill would come to \$48 billion in new money — presumably from the states.

Though this sounds like a colossal sum, we do have this month's federal-market interventions to put it in perspective. It would increase expenditures by all levels of government on higher education by 25 percent, total expenditures on education by about 8 percent, and federal outlays by about 1 percent.

In a nutshell, we need to make \$20,000 the floor of per-student expenditure across the board. There would inevitably have to be debates about which expenditures to count (and how much to cover), and of course the cost would be higher to cover *all* college students. But this well-funded version of Carey's network would be a massive pilot project: it would include a quarter of all postsecondary students and 40 percent of all full-time students. At the proper level of funding — again, at least \$20,000 per student — it would bear out the educational, social, economic, and civic benefits of funding deep learning on a large scale with a high proportion of students from non-college backgrounds.

**I**t might seem like an economic crisis is the worst time to do more than just hang on. History doesn't support this view: The New Deal worked because it didn't only bail out people in the short term; it also addressed pent-up demand for the common resources that would allow those people to rebuild their broken worlds, and to make them better than they were before.

The whole country is fed up with the costs and the risks of college. Universities now create

two types of graduates: those who paid out of pocket and start post-college life fresh, and a larger group who start their adult lives in the financial hole. Moreover, studies show that a much higher percentage of black students take on debt compared to whites, have median loan balances three times higher, and still owe 95 percent of their balances 20 years after starting college (compared to 6 percent for whites). People are furious about this kind of injustice — and at a higher-ed establishment that has bent over backward to excuse it.

But most of the public — grads and non-grads alike — won't buy a package of reforms that does nothing to address what most Americans see as the key problems of high tuition and public underfunding. They have watched students take on decades of debt, suffer housing and food insecurity, work too many hours in college to do as well as they could, fail to graduate, and experience racial injustice and general disillusion. A popular majority now supports free college. Much of the public no doubt senses what is born out by projections made by Nathan Grawe, author of *Demographics and the Demand for Higher Education* — that maintaining the status quo will only make the problems facing higher education worse. With our half-privatized, high-tuition model for public colleges, student debt will grow, attendance will fall, racial disparities will rise, and quality will fade. The only growth area will be public doubts about the value of college.

Only a much bigger vision of what college is really for will inspire the expanded public investment that the system desperately needs. And everyone who wants to see higher education flourish should be going to the mat to make this vision possible and popular. Public-college presidents and other educational leaders should lobby in Washington and all state capitals for College for All as a massive stimulus that also rebuilds college for today's

social needs. We should all be fighting like our lives and our institutions depend on it — because, thanks to Covid-19, they do.

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