2019

Time for America to Catch Up

Abstract

In the 21st century, Higher Education is almost necessary to make an above poverty wage and pathway to a better life. Crushing student debt enslaves college students to money rather than innovation. There is little awareness of how the government will fully cover higher education so the participation in such programs is extremely low. Nine Other Advanced Countries have instituted free higher education, which promotes an educated society. Given that American higher education students have high debt and higher education improves society, should Higher Education become free in America?

TIME FOR CHEAPER HIGHER EDUCATION

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INTRODUCTION

In the United States, primary and secondary education, grades K-12, can be offered at no cost to citizens and residents, with the exception of paying property taxes. However, Higher Education, also known as tertiary education or any formal education beyond secondary educations, is quite costly even though in the 21st century due to credential inflation and education strategies, higher education is almost necessary to make an above poverty wage and pathway to a better life.[1] Although credential inflation and primary/secondary education strategies are critical issues to this topic, we will focus solely on option to reducing cost of college education and creating a sustainable future for college/university students.

The number of students projected to attend American colleges and universities in fall 2018 is 19.9 million, and the number of college-bound students is expected to rise to 20.5 million by 2027.[2] However, the transition from high school to higher education for a lot of these students "is [too] complicated calling for a substantial amount of academic effort, resources, and planning from those who attempt it".[3] While support is available , less support is often available for poorer families and communities.[4] Not to mention, the actual process of applying for financial aid can be cumbersome. The FAFSA, alone, is more than100 questions.[5] According to the 2005 Congressional Advisory Committee on Student Financial Assistance, those who aspire to attend college "are overwhelmed by the complexity of student aid."[6] Because of the complexity of the student aid process, uncertainty and confusion cause significant barriers to higher education entry.[7]

In order to pay for tertiary education, colleges students in the United States, like most of the world, are relegated to three form of government funded financial aid.[8] These sources

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[1] Robert Anderson & Herman G. Van de Wefhort, Social Background, Credential Inflation and Education Strategies, Acta Sociologica, Vol. 48, No. 4 (December 2005) 321-340, https://doi.org/10.1177/0001699305059945
[2] National Center for Education, *Fast Facts*.
[3] Orepoulos and Ford 2019, p. 426.
[4] Ibid.
[5] Ibid., 427.

[6] Advisory Committee on Student Financial Assistance 2005.
[7] Ibid.
[8] Bruenig, Matt. *The Case Against Free College*, Dissent 62 (4) (Philadelphia, Fall 2015) 112-114. doi:10.1353/dss.2015.0089.

include loan subsidies, grants, and public loans.[9] Many tertiary students do not have financial literacy.[10] There is little awareness of how the government will fully cover higher education so the participation in such programs is extremely low.[11] Many students have a hard time paying for school out of pocket so students loans encompass the greatest financial sources for these students, accounting for about 35.5% of funding for tertiary students' education.[12] Crushing student debt enslaves college students to money rather than innovation.

The National Student Financial Wellness Study (hereinafter "NSFWS") says that "students without any educational debt are more likely to report expecting a higher starting salary than students with debt."[13] Reducing student debt seems to be a sounder solution for aiding these individuals and the country. Nine Other Advanced Countries have instituted free higher education, which promotes an educated society.[14] Given that American higher education students have high debt and higher education improves society, should Higher Education become free or at least much cheaper in America?

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[9] Ibid., 112.
[10] Orepoulos and Ford 2019, p. 427.
[11] Ibid.
[12] 2014 *National Student Financial Wellness Study (NSFWS) Findings Report*, Ohio State University (2015), 2 https://cssl.osu.edu/posts/632320bc-704d-4eef-8bcb-87c83019f2e9/documents/nsfws-key-findings-report.pdf.
[13] 2014 *National Student Financial Wellness Study (NSFWS) Findings Report*, Ohio State University (2015), 2 https://cssl.osu.edu/posts/632320bc-704d-4eef-8bcb-87c83019f2e9/documents/nsfws-key-findings-report.pdf.
[14] Alanna Petroff, *New York offers free college tuition. So do these countries*, CNN (London, 2017) https://money.cnn.com/2017/04/10/pf/college/free-college-tuition-new-york-europe/index.html.

BACKGROUND

COST OF EDUCATION

For postsecondary education finance, the cost includes tuition, fees, books, and housing at a public institution. In the 2006-2007 school year the average cost at these public institutions was totaled at $13,259, and by the 2016-2017 school year the average cost was $17,237.[15] This means that undergraduate prices rose 30% from the 2006-2007 to the 2016-2017 school year, which is a substantial increase in the overall cost for education.[16] In the 2017–18 school year, the average total cost of attendance for first-time, full-time undergraduate students living on campus at 4-year institutions was $24,300 at public institutions.[17] The total cost for attendance, over a 4-year stint, for a student starting college in 2017 would cost approximately $97,200. This places a great burden on students.

According to the 2014 NSFWS in which students from 52 universities and colleges were surveyed, 72.1% of students reported being stressed about their financial circumstances, and almost 60% of the students were stressed out due to apprehension caused by not knowing how to pay for their tuition and associated costs.[18] About 51% of those same students said they were apprehensive about not having enough funds to pay for their monthly expenditures.[19] The survey

[15] Digest of Education Statistics 2017.
[16] Ibid.
[17] Price of Attending an Undergraduate Institution 2019.
[18] 2014 *National Student Financial Wellness Study (NSFWS) Findings Report*, 2.
[19] Ibid., 7.

also shows that about 32.5% of the surveyed students reported the amount of money they owed caused students to neglect their academic studies.[20] Beyond the economic costs and capital required for attending college, there is a cultural and social investment that must be made,[21] and students should be more focused on achieving a solid education without fear of having to pay for their education because the education is essential to their future livelihood.

FUNDING EDUCATION

From the 1800s until the 1970s, some colleges did not charge tuition. Some of these institutions include, but are not limited to, the following universities: the University of California, [22] Rice University, and Baruch College (New York). In 1847 Baruch College became the first university in the United States to provide free tertiary education. [23] In 1891, William Marsh Rice decided to open Rice University where free higher education would also be provided.[24] Since that time, free federally funded tuition is generally not afforded to most students in the United States; however, some teachers and government employees are provided with pathways to some free higher education but only under very stringent circumstances.[25]

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[20] 2014 *National Student Financial Wellness Study (NSFWS) Descriptive Report*, Ohio State University (2015), 17 https://cssl.osu.edu/posts/632320bc-704d-4eef-8bcb-87c83019f2e9/documents/nsfws-national-descriptive-report.pdf.
[21] Cottom, Tressie McMillan. Why Free College is Necessary, Dissent; Philadelphia Vol. 62, Iss. 4, (Fall 2015): 115-117, http://dx.doi.org/10.1353/dss.2015.0095
[22] Robert Lindsey, *California Weighs End of Free College Education*, NY Times (December 28,1982) https://www.nytimes.com/1982/12/28/science/california-weighs-end-of-free-college-education.html.
[23] *About Barunch: Overview*, Barunch College (Accessed March 18, 2019) https://www.baruch.cuny.edu/about/glance.html.
[24] *The Short History of Race-Based Affirmative Action at Rice University*, The Journal of Blacks in Higher Education. The JBHE Foundation, No. 13 (Autumn 1996) 36–38.
[25] U.S. Department of Education, Public Service Loan Forgiveness, Federal Student Aid (2019). https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service.

Most students must consider several means for funding their tertiary education and related expenses, and unfortunately, tertiary tuition in the United States is excessively high.[26] Most students cannot afford this level of education so student loans become the primary source of funding. Although undergraduate loans are subsidized, only the interest rate is subsidized and only up to 35% of maximum $65,000 in higher education loans are subsidized.[27] Even more, most students are expected to graduate with student loans ranging from $30,000 to $50,000.[28] This is a substantial amount of debt for any person who is not property equipped with financial literacy.

Reasons for Cost Reduction

Aside from crippling debt, there several other reasons for reducing the cost of higher education or completely cutting out tuition altogether.

Labor Force Outcomes

In 2016, labor force outcomes show about 78% of "25 to 34 year-olds with a bachelor's or higher degree in the labor force had year-round, full-time jobs, compared with 72.3 percent of those with an associate's degree",[29] "69.5 percent of those with some college education, 68.9 percent of those who completed high school", and a total drop of 18% to "60.1 percent of those

[26] OECD Education Indicators in Focus, No. 2 (2012).
[27] U.S. Department of Education, *Subsidized and Unsubsidized Loans,* Federal Student Aid (2019). https://studentaid.ed.gov/sa/types/loans/subsidized-unsubsidized; U.S. Department of Education, *Interest Rates & Fees*, Federal Student Aid (2019) https://studentaid.ed.gov/sa/types/loans/interest-rates.
[28] 2014 NSFWS (2015), 5.
[29] National Center of Education Statistics (NCES), *Fast Facts: Back to School St*atistics, Digest of Education Statistics (2017) https://nces.ed.gov/fastfacts/display.asp?id=372.

without a high school diploma or its equivalent".[30] The unemployment rate in 2017 for ages 25 to 34 years old with a bachelor's or higher degree was about 2.5%, which was less than the unemployment rate for young adults with some college, upending at 4.4%, while people ages 25 – 34 who only completed high school had an unemployment rate of 7.2%. Even more, those who did not complete high school at all were unemployed at a rate of 13.2%. This shows that the more education one obtains, the more likely one is to be employed and will experience unemployment at a much lower rate.

From 2000 through 2016, according to the National Center for Education Statistical data published in 2017, young adults, ages 25-34, "who worked full time, year-round, higher educational attainment" consistently had higher median earnings.[31] In 2016, a young adult with a master's degree had a median income of $64,100, and those with a bachelor's degree made on average $50,000, showing a 28% difference in annual earnings.[32] This was 57% higher than young adults who only completed high school, who were making a median earning of $31,800; those who did not even complete high school had a median income of $25,400, which is 26% less that those who completed high school.[33] This shows a $38,700 wage gap or a 150% difference between master's holders and laborers with no educational holdings. Overall, the NCES 2017 data demonstrates how crucial a college education is to personal development, labor

[30] National Center of Education Statistics (NCES), *Table 502.30: Median annual earnings of full-time year-round workers…*, Digest of Education Statistics (2017) https://nces.ed.gov/programs/digest/d17/tables/dt17_502.30.asp.
[31] NCES, *Fast Facts: Back to School S*tatistics (2017).
[32] Ibid.
[33] Ibid.

force outcomes, and increasing median income. Employees with full-time employment will have increased opportunities to health care and health care insurance.

Social, Civil, & Economic Enhancements

With increased education attainment we see social progress, as well. Society will benefit from more qualified people entering the job market in all industry[34]: menial, blue collar, white collar, and professional workers. "Employment, especially full-time employment, in turn, is associated with higher levels of psychological and physical well-being" [35] – thereby increasing the overall quality of life.

Crime is another social issue that will reduction is known to be a by-product of increased education, as there is "growing international evidence that suggests that policies designed to increase educational attainment and improve school quality can significantly reduce crime rates".[36] Another byproduct of increased access to education is increased civic engagement due to higher levels of economic participation and societal progress. Economic growth will be spurred by the reduction of poverty and the increase innovation. Increased earnings will increase consumption and aggregate demand will also increase in the long run.

[34] Catherine E. Ross and Marieke Van Willigen, *Education and the Subjective Quality of Life*, Journal of Health and Social Behavior, Vol. 38, No. 3, American Sociological Association (September, 1997), pp. 275-297, https://www.jstor.org/stable/2955371.
[35] Ibid., 277.
[36] Randi Hjalmarsson & Lance Lochner, The Impact of Education on Crime: International Evidence, CESifo DICE Report (February 2012) https://www.economics.handels.gu.se/digitalAssets/1439/1439011_49-55_research_lochner.pdf.

POSSIBLE COST MODELS

Currently, nine advanced nations currently provide free higher education: Denmark, Estonia, Finland, Norway, Slovak Republic, Slovenia, Sweden and Turkey. Also, Germany grants free higher education with some fees. Each country follows a different variation of the low/cost model; however, there are four general models of higher education. Model 1 has no or low tuition but generous student support. Model 2 has high tuition but a well-developed student support system. Model 3 also has high tuition, but a less-developed student support system. Whereas model 4 has low tuition rates and less-developed student support system.

There are different levels of financial system structures, which we distinguish as generous, well-developed, and less-developed. Generous Student Support System will give a substantial subsidy to college students, but they may not make efficient use of limited public funds. An efficient use of public funds would crutch upon equitable distribution of funds and the distribution according to need. Efficient financial structures will also acknowledge the significant private returns that students receive from higher education. Contrary to the generous support structure, a well-developed student support system will give great consideration to private returns that students receive from higher education and the use of public funds; however, such systems will not give large subsidies or grants to students so students will be required to use student loans as a primary source of funding.

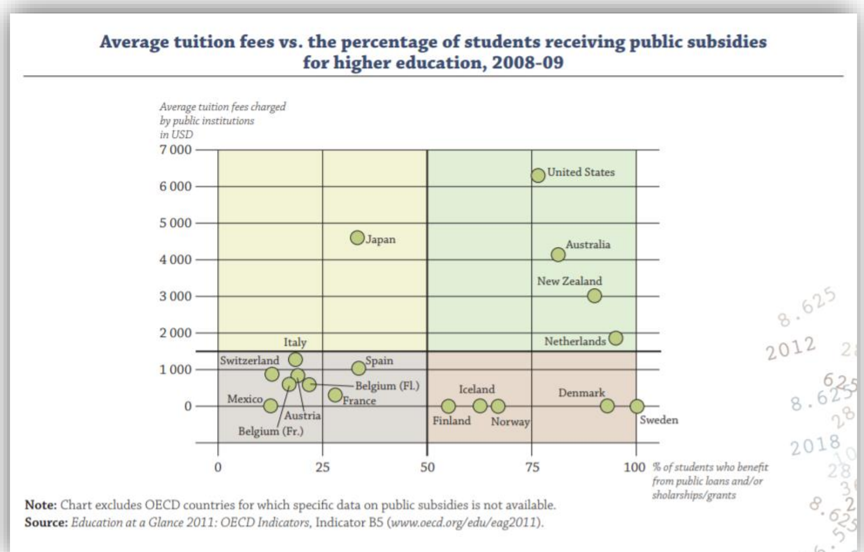

Figure 1: Average Tuition and Student Dependence of National Funds[37]

Model 1: No/Low Tuition with Generous Student Support System

Students in Denmark, Finland, Iceland, Norway and Sweden have either no or low tuition with generous student support systems.[38] These countries have more progressive tax structures.[39] These countries, especially Denmark at 60.2%, have some of highest tax rates in the world[40], but in the 2008-2009 school year, tuition was $0 *(See Figure 1)*; the public expenditure on higher education total was about 30% *(See Figure 2)*. Twenty-five percent was spent on scholarships and grants and 5% was spent on student loans, with about 90% of the tertiary students depended on nationally funded scholarships or grants *(See Figure 2)*.

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[37] *Education at a Glance 2011: OECD Indicators*, Indicator B5 (2011) www.oecd.org/edu/eag2011.
[38] OECE, Education Indicators in Focus, No. 2 (2012).
[39] Ibid.
[40] Jeanne Sahadi, Top income tax rate: How U.S. really compares, CNN Money (April 1, 2013) https://money.cnn.com/2013/04/01/pf/taxes/top-income-tax/index.html.

Model 2: High Tuition with Well-Developed Student Support System

Students in Australia, Canada, New Zealand, the Netherlands and the United States have high tuition with well-developed student support systems. These countries have lower tax rates than the Scandinavian countries. The tax structures are generally progressive with diminishing marginal increases. Yet according to the OECD in the 2008-2009 school year, tuition costs ranged from $2,000 to $7,000, and United States who had the highest tuition rates only spent 20% of its public funds on higher education with a little over 75% of its tertiary students depending on nationally funded student loans or scholarships and grants.[41] *(See Figures 1&2)*

Model 3: High Tuition with Less-Developed Student Support System

Students in Japan and in Korea have high tuition with less-developed student support systems. In Japan tertiary education was about $5,000 with almost all of its public expenditures allocated to higher education being spent on student loans. Although Japan's tax rate exceeds the United States, upending at 50%, only 30 to 40% of tertiary students depend on national funding and only 20-25% of tax revenue is allocated to higher education.[42] *(See Figures 1&2)*

Model 4: Low Tuition with Less-Developed Student Support System

Students in Austria, Belgium, the Czech Republic, France, Ireland, Italy, Portugal, Switzerland, Spain and Mexico have low tuition with less-developed student support systems. These countries provide some of the lowest tuition in the world, and because of this not much national support is need for tertiary students. Less than 25% of these countries' college students

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[41] OECE, Education Indicators in Focus, No. 2 (2012).
[42] Ibid.

rely on national funding for school, and consistently, higher education accounts for less than 20% of public expenditures. *(See Figures 1 & 2)*

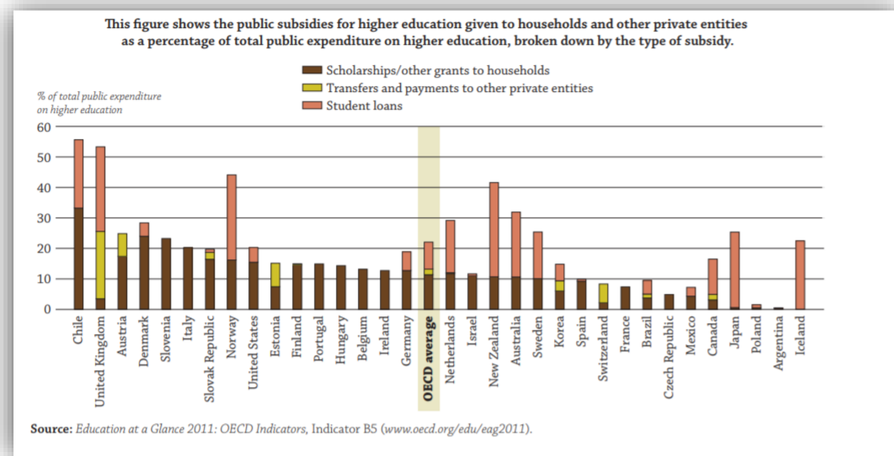

Figure 2 Public Subsidies for Higher Education 2008[43]

As previously stated, the United States follows the second model because tuition is high, and the student support system is well-developed, although it is neither generous nor efficient. In an effort to keep the United States as the leading advanced country, progressives support higher education reform that provides free or low publicly-provided higher education option, moving toward Model 1.[44]

There are cons to this argument. Free or highly subsidized education accompanies high income taxes and greater income redistribution. The countries with no or low tuition reflect "deeply rooted social values, such as equality of opportunity and social equity".[45] We may

[43] *Education at a Glance 2011: OECD Indicators*, Indicator B5 (2011) www.oecd.org/edu/eag2011.

[44] OECD, "How Are Countries Around the World Supporting Students in Higher Education?", Education Indicators in Focus, (Paris, 2012) OECD Publishing, https://doi.org/10.1787/5k9fd0kd59f4-en.

[45] *Education at a Glance 2013: OECD Indicators*, p. 228 (2013).

experience higher attrition rates, lower graduation rates, negative economic impacts, and fairness complexities.[46] We will also see the inefficient allocation of resources.[47]

Nevertheless, there is a strong case for free or highly subsidized education. With decrease tuition costs and increased student support, our economy will become more efficient in allocating resources to an investment that is sure to yield at least an increased earning potential from $31,800 to $50,000, reducing unemployment rates by 2.2%, and increasing labor participation by 18% for young adults who graduate college. The benefits to society far outweigh the cost of providing free or highly subsidized education because of the increases in personal development, of civic engagement, of social progress, and increased economic growth. The bottom line, according to OECD 2017 reports, is that a college financial system yields the best results when moderate tuition is imposed with a well-developed student support system.[48] These kind of systems "may stand a better chance of promoting access, equity, completion, and positive outcomes for students"[49] and the nation as a whole.

In the next section, we will compare the state of America with the state of other advanced countries who have and have not implemented free or highly subsidized higher education, showing the benefits to higher education. As the leading advanced country of the world, we should institute no or low-cost higher education and/or highly subsidize a public form of higher education, while capping prices. We will also look at the varying benefits that outweigh the costs of providing highly subsidized or free higher education.

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[46] Richard Vedder, *The Case Against Free College Tuition*.
[47] Hill (2015).
[48] OECD, Education Indicators in Focus, No. 2 (2017).
[49] Ibid.

POLICY PROPOSAL

Model 3 provides no assistance to students with excessive tuition so we not entertain the usage of this model, and while Model 4 may show some benefits because of the low tuition and low national funding dependence, Model 4 counties are neither equipped with the same robust financial support structure and diversity nor are the population sizes comparable, as these are much smaller countries with the exception of Mexico. Therefore, Model 4 will not be beneficial for assessment. Not many economies and population sizes can contemporaneously compare to that of the United States; however, since Denmark has a much higher percentage of public expenditures, compared to other countries, allocated to scholarships and grants compared to students loans, we will use Denmark as benchmark for national subsidies.

There are some economic differences between Denmark and the United States. Denmark is a smaller country relying heavily on foreign trade and investments while the United States is rich in natural resources. In 2017, about 78.6% all jobs in Denmark's economy are jobs in the service sector.[50] The same can be said of the labor force in America; 80.3% of jobs encompasses the service sector, according to the U.S. Bureau of Labor Statistics.[51] These statistics show that the distribution of employment by economic sector of both countries is relatively similar.

[50] Denmark: Distribution of employment by economic sector from 2007 to 2017, Statistica (2019) https://www.statista.com/statistics/318382/employment-by-economic-sector-in-denmark/.
[51] *Table 2.1 Employment by major industry sector*, U.S. Bureau of Labor Statistics (2019) https://www.bls.gov/emp/tables/employment-by-major-industry-sector.htm.

In 2017 the World bank ranked each country's Gross National Income per capita.[52] The United States was ranked number eight in the world with a GNI per capita of $59,160, and Denmark's GNI per capita was $55,330, ranking Denmark in the 9th spot – falling only one place below the United States.[53] This suggests that the Danish are not too far behind economically per capita.

Another factor to look at is the income distribution. The Gini Index Coefficient is an international method used to determine economic inequality in a specified region. Although there has been some increase, Denmark's income distribution has been comparatively equal and consistent, especially over the past 20 years.[54] In 2015 according to the World Bank Data, Denmark's Gini coefficient was 28.2 while the United States' Gini coefficient was 41.5, showing a 13.3 difference in economic inequality.[55] Equality in income is a critical difference in the economic maquillage of the two countries. The United States could benefit from more even distributed incomes, similar to that of Denmark. One way to do this is by changing the tertiary education financial system by invoking lowered tuition and an enhanced support system called Model X.

[52] *Gross national income per capita 2017, Atlas method and PPP*. World Development Indicators database, World Bank, (September 2018) https://databank.worldbank.org/data/download/GNIPC.pdf.
[53] Gross national income per capita 2017 (2018).
[54] Gini Index (World Bank Estimate), World Bank (2019) https://data.worldbank.org/indicator/SI.POV.GINI?locations=US-DK.
[55] Ibid.

Model X

Model X is a new proposal suggesting a progressive support system of no/low to moderate tuition costs, with a comprehensive financial aid system that is highly-developed and generous, including job/internship placement programs for seniors. Denmark's student support system, although generous, is a less-developed structure; however, Denmark provides a great deal of scholarships and grants while the United States provides a much higher proportion of student loan subsidies, repayment plans, loan forgiveness, and low interest rate loans.[56] A highly-developed and generous student support system would ensconce both financial structures, allowing students to (1) to incur less debt over time and (2) focus on the ultimate goal of education. Education does not have to become totally free; however, more grants and loan subsidies will help to reduce the impact of the student debt crisis.

Reducing the cost of education at public universities will also assist in reducing student debt while increase desired enrollment numbers.[57] The decrease in tuition accompanied by the increase in enrollment can increase total revenue, so long as universities do not operate beyond the threshold of diminished net revenue.[58] Distributing financial aid in an economically efficient manner would mean that these institution must assess "their organizational culture, resource capacity, academic mission", and total tradeoffs. However, financial aid is essential to driving a competitive student body, and it is a "strategic variable" that can be used to maximize tuition

[56] U.S. Department of Education, *Interests & Fees* (n.d.).
[57] Nicholas W. Hillman, Tuition Discounting for Revenue Management, Research in Higher Education, Vol. 53, No. 3 (May 2012), 263-281, 263 https://www-jstor-org.ezproxy.lib.uh.edu/stable/41475391 .
[58] Ibid., 265.

revenue while operating to reduce student debt.[59] In totem, tuition reduction will help universities and students to capitalize on resources already available to them.

Opponents of Free Higher Education

Opponents of Free or Low-Cost Higher Education say that the main problem with free college is that most students come from disproportionately well-off backgrounds and already enjoy disproportionately well-off futures, which makes them relatively uncompelling targets for public transfers.[60] However, we do not argue only for free education. A low-cost or moderate solution would greatly impact student debt, particularly for those who are disproportionately and negatively impacted by socioeconomic status because education is made more affordable for those who attend public universities. In addition, free college tuition or low-cost options will not be offered at all universities. Privates school will not be included in the pool of schools offering such incentives; only schools that are state funded will offer free or low-cost tuition.

Opponents will also say that free or highly subsidized education accompanies high income taxes and greater income redistribution. That is only partially true. If the state caps tuition at a moderate or low cost, the income redistribution will not be as great. This further supports the policy proposed because we are not only asking for more subsidies but also a reduction in the cost of higher education at specified universities. Moreover, the country supports equal opportunities, so long as other are not displaced. This policy proposal does not seek to displace but rather increase the standing of those who desire the opportunity for a higher

[59] Hillman, Tuition Discounting for Revenue Management (May 2012) 268.
[60] Vedder, The Case Against Free College Tuition, 2018.

education and higher median income in the long run. Countries with no or low tuition reflect "deeply rooted social values, such as equality of opportunity and social equity".[61] Establishing such a system will increase attrition rates, lower graduation rates, negative economic impacts, and fairness complexities.[62] By financially investing in education, the country likewise invests in increase labor force output, suggesting a more efficient allocation of resources.[63]

Additional Funding Options

Additional funding options that opponents must consider are federal incentives and tuition discounting. States, just as in primary and secondary education, play a large role in funding tertiary education.[64] However, state funding is only a portion of the financial sources which is currently an inadequate funding source for most colleges. There are a few options to consider for funding. The federal government can make free college or low-cost college opportunities optional to states whiles providing financial incentives to states who make college free or provide a tuition cap for specified state school. If a state chooses to establish free or low-cost higher education, the sovereign can also increase property taxes or require state income taxes to help pay for in-state residents of a public institution.

Increased state or federal income tax revenue and appropriated funds for education are certainly a source for subsidy opportunities, but there is also benefit in exploring the option of

[61] Education at a Glance 2013: OECD Indicators, p. 228 (2013).
[62] Richard Vedder, *The Case Against Free College Tuition*.
[63] Hill (2015).
[64] Hillman, *Tuition Discounting for Revenue Management* (May 2012) 263.

institution tuition discounting.[65] This "is the practice of awarding form of non-repayable grants and scholarships grant programs"; tertiary school reduce the "overall" cost by providing institutional discounts for merit or need-based students.[66] Studies show that "the process of aiding students can yield financial benefits for colleges. By enticing students and their associated tuition dollars to enroll, colleges can strategically leverage aid to maximize (or at least enhance) the amount of net tuition revenue generated per aided student".[67]

Another sources of funding could be institutional givers. While this source already exists, universities and governments can provide additional incentives for those give to tertiary public institutions.[68] As of now, donations allow for federal tax deductions.[69] The federal and state governments should consider increasing the amount itemized for tertiary institutional donations and should also consider providing a tax credit rather than a deduction. This would heavily incentivize people to donate to colleges and universities without mandating additional taxes and wealth redistribution.

CONCLUSION

In conclusion, there is a strong argument for Model X. The United States should strongly reconsider offering free or low-cost tertiary tuition with a highly-developed and generous student support system for financial aid. It will not only drive the economy forward by increase

[65] Ibid., 264.
[66] Ibid.
[67] Ibid.
[68] Hillman, *Tuition Discounting for Revenue Management* (May 2012) 264.
[69] *Publication 526 Cat. No. 15050A Charitable Contributions*, Internal Revenue Service, 3 (2017) https://www.irs.gov/pub/irs-pdf/p526.pdf.

institutional revenue, but it will also increase the median income for the student would attends college, thereby increase economic consumption. Labor force outcomes will also be increased because people who attend college, even without finishing, have greater chances of being employed. In addition, there are several funding options that will lessen the impact on every day American so that taxation will not be the brunt of funding sources. It is time for America to catch up and offer lower tuition with more subsidies for students.

There are some recommendations for future research so the full impact of offering such a program can be measured appropriately. We should assess the fairness of free college with respect to those who are disproportionately wealthy versus those who are disproportionately poor. We must make sure that reciprocal benefits are given to all classes to create a more egalitarian society. Also discuss the option of zoning college students to a particular area using state funds and property taxes to fund that college while ensuring that the quality of education is similar for institutions that have free college. In addition, this paper does not discuss whether free higher education should be a welfare program or a national common good available to all who complete high school or obtain a GED. Making this a welfare system would impose additional qualification criterion that are not currently required of college. Lastly, "the quality of a country's primary and secondary education systems" and "the prevalence of vocational programs",[70] for example, are a couple of the many factors that influence tertiary education enrollment. Such topics were not discussed in this paper and should be addressed to spur education reform.

[70] OECD Education Indicators in Focus, No. 2 (2012).

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