

# THE COST OF COLLEGE: WHO PAYS THE BILL?

A Penn State Deliberation Nation Event

WEBSTER'S BOOKSTORE  
MONDAY, FEBRUARY 27TH  
3:30 - 5:00 PM



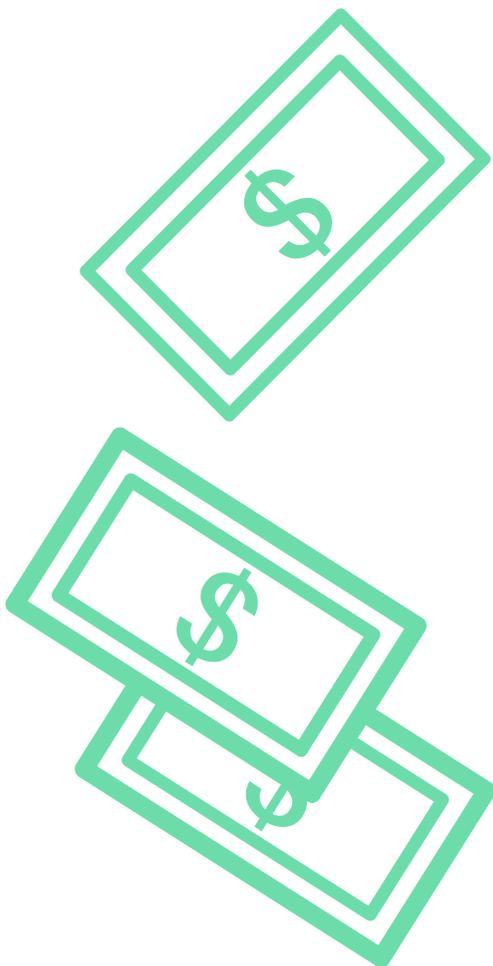
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# ISSUE OVERVIEW

In our current era, the debate surrounding the cost of college tuition is growing fiercer every year. There are many different people from different backgrounds with diverse ideas and values participating in this debate, which makes it a very complex issue.



**It is hard to say that one stance is definitively superior to another, but today, we will try to shed light on three potential solutions to the burden of public college tuition.**



Given that this topic is so controversial and complex, we thought that it could potentially be very productive to take this discussion to the public so that a wider audience could participate in an open deliberation event. In order to help facilitate this deliberation, we have prepared reports on three different approaches that attempt to address this challenge. The approaches range from keeping the cost of college the way it is, all the way to making it free for students. We invite you to share your experiences related to this issue, and we welcome your thoughts and suggestions on how we should proceed from here as they pertain to the cost of a college education. Thank you for joining us, and we hope that you enjoy the event!

# THE ISSUES: A SUMMARY

Right now, the cost for a student to go to a public university is at an all-time high. Since 1985, the inflation rate for college education has risen by almost **500%** (1), which has put enormous pressure on many families who previously would have had no trouble sending their kids to college. To illustrate this, let us consider a student who would have had to pay \$10,000 for public college tuition in 1986. If that same student were to go to a public college in 2017, then logically, they should have to pay \$21,500 to account for the increase in the average inflation rate. However, this is not the case, as that student would instead have to pay \$59,800 (2), an effect of the rapidly increasing cost of education. Taking all of this into account, it is understandable that many people are calling for measures that would lower the cost of public tuition. On the other hand, there are others who believe that we should keep the cost of college right where it is.



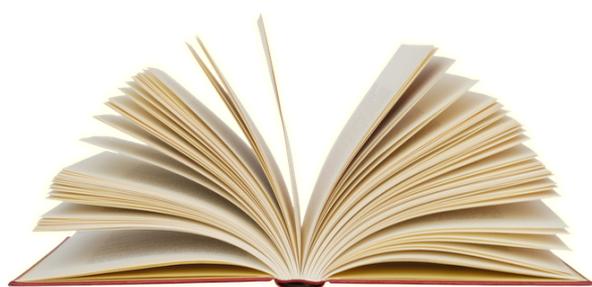
\$10,000



\$59,800



Many opponents of plans to lower the cost of college tuition explain that due to current economic statistics, such plans would only give more money to rich families who would have sent their kids to college anyway, while not benefitting lower and middle class families very much at all. This is because at public colleges, students from the poorest fourth of the population currently pay no net tuition at both four-year and two-year universities, while also receiving money in the form of living grants. Thus, it would seem that lowering the cost of tuition would not help these people. Other arguments against lowering the cost of education include the claim that students would not take their education as seriously if it came at a reduced price, as well as the idea that colleges would have to expand their waitlists, which could negatively affect students in their college selection processes. Overall, it is clear that a strong case can be made for not altering the cost of education at all.



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# APPROACH 1: STATUS QUO

## BACKGROUND

The United States' tuition system may not make everyone happy; however, it is a functioning system and has some benefits to it. The term "tuition" entails the price tag put on education; therefore, living expenses and meal plans are not included. For the 2013-2014 academic year, statistics show that the average price at public tuitions for undergraduate tuition, fees, room, and board were estimated to be \$15,640 (1). The government involves itself to the extent of ensuring that students are not being taken advantage of by unreasonable tuition fees. Tuition increases are determined largely in part by state funding, enrollment, and an institution's cost structure. In the ten years leading up to the 2013-2014 school year, prices for undergraduate tuition, fees, room, and board at public institutions rose 34 percent(1). Additionally, the United States can be described as having an "upfront tuition policy" centered around the idea that parents will have some responsibility in aiding their child's post-secondary education (i.e. financial contributions, co-signing loans, etc.)(2).

Net Price by Type of Institution and Family Income for first time, full-time dependent undergraduates, 2011-12



Figure 1: Teninbaum, Julie. "Price Paid ."

Along with parental contributions, a majority of students do not actually end up paying the ticket price for tuition through the assistance of grants, scholarships, and other aid that is not expected to be repaid. It is difficult to determine the actual amount of "free" aid that is distributed in the U.S.; however, see Fig. 1. for a breakdown of the average cost of college by income. Furthermore, a large component of the current tuition system in the United States is financial aid, as nearly two-thirds of American students borrow money for college (3).



# APPROACH 1: CONCLUSIONS

## THE TRADE-OFFS

By keeping the system as is, individuals with a lower socioeconomic standing are at a disadvantage. If students have to rely on loans to pay for their schooling, it is a guarantee that they will be graduating, and entering the workforce (if they obtain a job), in a significant amount of debt. The average monthly loan payments for student in the U.S. is \$280(3), and in 2010, the average debt at graduation rose to \$25,250(4). This clearly, creates a fairness trade-off with the current tuition system that contributes the the problem of income and wealth inequality.

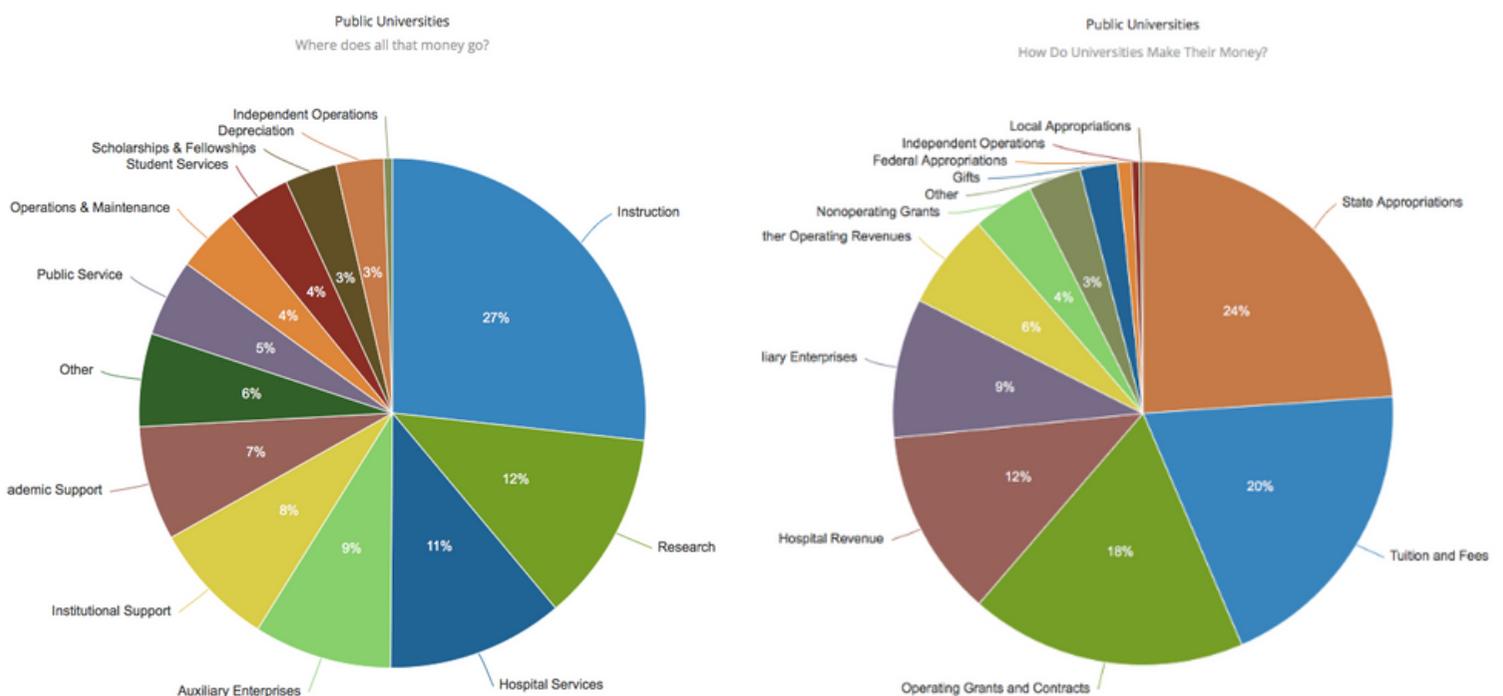


Figure 3: Jasty, Kunal. "Where Does All That Money Go?" Open Source with Christopher Lydon. 26 May 2014. Web. 06 Feb. 2017.

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# APPROACH 2: COLLEGE FOR ALL

## BACKGROUND

During the 2016 presidential election, democratic-socialist Bernie Sanders ran on a platform which vowed to reduce the price of tuition for colleges in the United States. His goal was to make going to college a "debt-free experience" for students. Called the College for All Act, this model for reform was met with both positivity from young people and skepticism from economists.



## THE PLAN

Sanders wants ultimately for college to become completely free in public colleges and universities, similar to how public elementary and high schools are paid for by taxpayers dollars. But instead of having this \$75 billion a year plan being paid for by the average middle-class citizen, Sanders aims for the rich 1% to provide the majority of the money, creating a huge tax increase for those who have a certain income. Also called the Robin Hood tax, this would basically aim for the Wall Street spectators, who in theory through this tax could provide hundreds of billions a years for the federal government. Meanwhile, the government would change its student loan program, with which the government makes over \$110 billion a year off of in profits. Sanders believes the government should not be a for profit organization, so by changing the income of money, Sanders would then reallocate the money from the Robin Hood tax to creating new jobs. The interest rates the federal government makes off of student loans would be cut in half, making them much cheaper for students who need help with the other expenses of college. Sanders plans to have the whole student loan system go back to where it was in 2006, where the interest rates were much cheaper. Other reforms under the College for All Act would include eliminating the requirement to reapply for financial aid every year as well as create more work study programs.

# APPROACH 2: COLLEGE FOR ALL

## THE TRADEOFFS

The tax hikes proposed by Sanders plan is considered unfair to the Wall Street financiers who will basically be paying with their hard earned money for strangers to go to college. In addition, the fairness trade off comes with the education appropriation in place by the states. Because different states have different tuition rates, some states would get bigger tuition breaks from the government than others. In states like Vermont, students would get a cheaper education than those from North Carolina for example. Most states will not want a system that forces them to reallocate funds in their education programs while at the same time increasing taxes. In addition, a paid for college experience would dramatically increase the amount of people going to college, creating a disruption in the workforce by providing some people with an education they don't need for a job that may not even exist in the future. Private schools will not be able to keep up with the public schools in terms of pricing and be severely setback. Fairness tradeoffs such as these must be taken into consideration with a program this extreme.



Northwestern  
University

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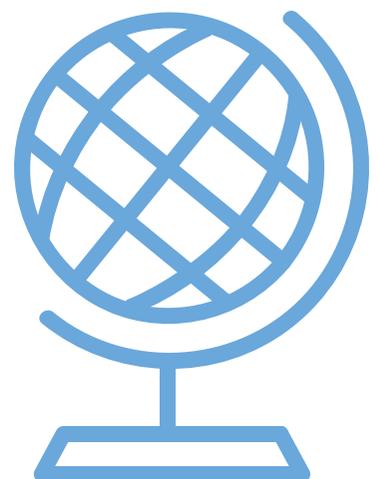
# APPROACH 3: EUROPEAN MODEL

## BACKGROUND

As a side effect from their socialist system, many European nations are implementing entirely subsidized college education. However, because college is entirely funded by the government, the inner mechanics of the education system were forced to change in order to become a viable option. First, colleges became far more selective. In Germany, the poster-child for European education, only 30% of the population between the ages of 25-34 have completed a tertiary education. This is far lower than the United States, which averages 45% and rest of the developed world, which averages 41%(2). Far more attention is put on academic ability, and the ability to perform. Following the completion of their secondary education, students who wish to pursue a future at college take a series of exams which, in collaboration with secondary education performance, determines their admission to college(1). Those with better scores are accepted into college while others are forced to choose alternative paths.



With fewer students attending a traditional university it raises the question, "Where do they go?" Their answer is where Europe's model shines, vocational education. From a young age, students are introduced to a dual education system. Roughly 60 percent of primary and secondary students work within an environment fused between a traditional classroom education and an apprenticeship(3). Students who choose to continue pursuing vocational fields are able to continue their apprenticeship and enter the workforce directly, bypassing a collegiate experience. In addition, many more corporations take a role in vocational education. With over 40% of all companies offering apprenticeships, it has become a more abundant and viable alternative to college(3).



# APPROACH 3: EUROPEAN MODEL

Meanwhile, the college dynamic in Europe is drastically different. Its purpose is primarily academic, as opposed to both academic and social in the United States. The "College Experience" is less of a thing in Europe. Many students live in apartments as opposed to dorms. Classes are scattered across buildings in a city, rather than a dedicated campus. There is no sports teams, school spirit, or central quad(4). In addition, the structure of education is approached differently. Many European universities promote large lectures, as opposed to small classes, and students are pushed passed a general liberal arts education in order to enter their core classes sooner(1).



## THE PLAN

In order to implement the European model, and decrease the cost of tuition, one main change need to occur: the attitudes towards the vocational path and seeking the "college experience" need to change. Currently, we live in a society that values white-collar jobs over blue-collar jobs, hence, it is apparent why people pursue those jobs more often. However, the bias against vocational education is unfair. Kids are not given opportunities to pursue their natural gifts, and are forced to find jobs that are of less meaning to them. In his book, Excellence, John Gardner talks about the importance of vocational education. Harvard professor, Howard Gardner, has repeatedly stated that there are multiple types of intelligences, all of equal merit. In order to allow kids to develop the skills they are interested in, dedicating resources to vocational education is imperative. These resources will come from college funding. By changing the attitude of seeking the "college experience", funding can be cut from programs such as college sports, room and board, meal plans, and more, and kids will only pay for the college education. This would leave money for vocational education funding, allowing the population to become well-rounded in vocational and occupational fields.

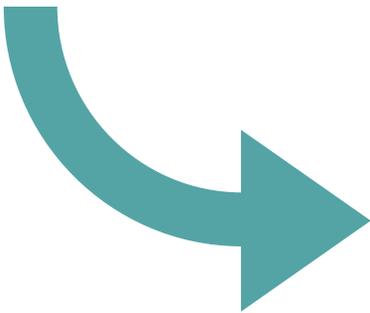


# APPROACH 3: EUROPEAN MODEL

## THE TRADE OFFS

Due to different developments across the continents, Americans and Europeans have varied expectations out of colleges. While Americans seek a “college experience”, Europeans have no such agendas, making this a culturally difficult change. While focusing solely on the education components of college, it would make it more affordable but force Americans to forgo a valuable source of social development and maturity that many students experience in college(4).

Second, adopting this model would require an extensive overhaul of vocational fields in both societies infrastructure and mindset. Students are only willingly pursue vocational fields because it is accepted and respected in European society(3). In America, there is a permeating stigma that vocational careers are in some way lesser to those from a traditional collegiate path. This plan's success would require a change in public opinion, which is easier said than done. In addition, the United States would be forced to develop an infrastructure for vocational education, which could be costly if it does not receive the corporate support that European countries experience.



## COURSE OF ACTION

In order to implement the European Model in America, and make tuition costs lower, attitudes about vocational education and seeking the “college experience” need to be changed.

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# CONCLUSION

Ultimately, this is a highly complicated issue with a wide array of potential solutions. With the first approach, which represents the current method of student tuition, emphasis is placed on the student for bearing their own personal financial responsibility. However, the issue of ethics may be called into question in regards to students of low-income backgrounds. Our second approach reallocates tax funds from the wealthy to foot the bill of tuition at all public universities. In this circumstance, potential trade-offs could include unequal values of education in different states, as well as increased taxes. Lastly, the third approach aims to make tuition costs more affordable, all the while encouraging students to also pursue vocational paths. On the other hand, shifting funding to make this possible could lead to cuts in extracurricular and social activities in the college lifestyle. Overall, it is up to the American people to decide which path to choose.

