

Abstract

Throughout the world, tuition at any level is regarded as a significant barrier for university access to disadvantaged socioeconomic groups. In the United States, student debt levels are at an historic high. In most cases, the political movement for free tuition does not provide any significant plan on how to make up lost revenue. Consolidating existing financial aid sources, combined with progressive tuition levels, may be a promising model.

The Allure of Free Tuition

John Aubrey Douglass

Throughout the world, tuition at any level is regarded as a significant barrier for university access to disadvantaged socioeconomic groups. In South Africa, students demanded free tuition at all public universities and engaged in major and disruptive protests. The #FeesMustFall movement resulted in the suspension of classes, the occupation of university buildings, and the demand that the government deliver on its promise of free university education. Similar protests occurred in Chile.

In the United States, student debt levels are at a historic high, although largely fueled by dramatic increases in the number of students entering for-profit institutions and students taking on debt for professional graduate degrees that bring high levels of future earnings. Nevertheless, the cost of attending a public university or college emerged as a major campaign issue in the pending 2020 election for the presidency. Democratic candidates made promises of unprecedented levels of federal funding to states to eliminate tuition for all students—often without regard to personal family income and without a coherent model on how it could be financially or legally accomplished.

In virtually all of these national cases, the political movement for free tuition does not provide any significant plan on how to make up lost revenue. Universities are like other organizations in society: if they lose significant income, there are consequences that can include reductions in access and in the number of courses offered, and rising student-to-faculty ratios.

In societies with substantial disparities between rich and poor, like California, Chile, or South Africa, free tuition actually represents a substantial subsidy for the wealthier students. Depending on the composition of the student body at a public university, free tuition is essentially a transfer of wealth to upper-income students. In addition, many countries with free or nearly free tuition, including Germany and France, tend to have more selective admissions to public universities—in essence, limited access to a highly sought public good, sometimes in favor of vocational education.

Does the allure of free-tuition public universities make sense in the United States, in California, or elsewhere?

The Case of California

Nearly a year ago, the University of California (UC) regents approved a 2.6 percent increase in tuition for nonresident students for this academic year, but left in-state undergraduate tuition steady. UC is still struggling to make up for the huge cuts in state financing that came on the heels of the Great Recession. But why increase only nonresident tuition, and not plan a similar and predictable increase for California residents? One reason is that Californians and their lawmakers have significant concerns regarding the impact of rising tuition and student debt levels. Another reason is that even incremental increases in tuition are perceived as bad politics. UC resorts to short-term, year-to-year negotiations with lawmakers on tuition and fees, but is often faced with an ultimatum not to increase tuition.

The counterintuitive fact is that increased undergraduate tuition rates for Californians at UC over the past decade did not lead to decreased access for low-income students. Their numbers actually went up. How did tuition go up dramatically in the wake of state disinvestment, while access to low-income students went up? UC pursued what I call a “progressive tuition model” that raised tuition while providing significant financial aid to low-income and middle-class students. Approximately 33 percent of all tuition income goes back to financial aid. This return-to-aid policy started in the 1990s, with the beginning of state disinvestment in public higher education. As state funding on a per-student basis continued downward, and enrollment increased dramatically, the role of tuition has gone up. In 2000, UC enrolled just over 183,000 students; today it enrolls over 280,000. Further, the ability to increase tuition will likely be a decisive

factor in UC's ability to create a more stable funding model and grow in enrollment and programs in line with California's population and labor needs.

In this disjuncture between perception and the actual impact of tuition lies a potential solution.

Exploring a New Pricing Model

Tuition rates might be more clearly stated for middle- and lower-income undergraduate students (students with family incomes below \$80,000 pay no tuition or fees). But is it possible to do this in a politically acceptable way?

UC's leaders should consider a revised tuition pricing model that offers five (or so) tiered tuition rates for students depending on their family income, with federal Pell Grants for low-income students, university-sourced financial aid and Cal Grants (also for low-income students) directly reflected in the pricing. Students eligible for these forms of financial aid are not difficult to identify.

Clarity of costs could enhance access to disadvantaged groups who, like all students, are often confused by complicated sticker price tuition (the total yearly cost of college education), which can only be mitigated by complicated pathways for financial aid. Just as importantly, clarity of costs could also change the dynamics of often misinformed debates on the real impact of tuition on students and affordability.

Because of UC's high return-to-aid rate, when an increase in tuition and fees is proposed, there is an assumption that it is an increase for all students, when only about 50 percent of students are affected. Explicitly raising tuition for high-income groups while, for example, maintaining or even reducing costs for middle- and lower-income students, would change the contentious politics and symbolism of the tuition debate in California.

Repacking and consolidating existing financial aid sources, combined with additional tuition income from those who can afford it, should also be modeled to actually increase funding for need-based-aid and generate additional income for academic programs.

A Model?

Might some version of this progressive tuition model work in other countries? That is a complicated question, as there are significant differences in the mix of institutional types in various parts of the world. There are also differences in how universities are funded, the financial aid that is available to students, nations' political and cultural expectations, and the socioeconomic challenges they face (see [Gayardon and Bernasconi on the free tuition movement in IHE #100](#)).

The fact is that the significant movement toward mass higher education means growing financial costs for most, if not all nation-states. In the past, free tuition worked financially in part because a smaller proportion of the college-age population went to a tertiary institution. Free tuition connoted the concept of higher education as a public good, but in many parts of the world it was largely free to a privileged class.

Today, promising free higher education is different than actually providing it. While free tuition is politically popular with voters, forming the basis for many a political campaign, there is almost a universal neglect of how to fill the budget hole that it leaves for universities, most of whom are struggling financially under the weight of growing demand for their services and increased expectations of stakeholders. And, as noted, most countries have serious problems with inequality. Simply making tuition free, even if it can be accomplished, may exacerbate income inequality or, at least, present a dubious further transfer of wealth to the already wealthy. ▲

Might some version of this progressive tuition model work in other countries?

John Aubrey Douglass is a senior research fellow and research professor in public policy and higher education at the Center for Studies in Higher Education (CSHE) at the University of California–Berkeley, US. E-mail: douglass@berkeley.edu.