



A Debs-Jones-Douglass Institute Working Paper

Free Higher Education at Public Colleges and Universities
For Those Who Meet Admissions Criteria

WOULD PROVIDE:	WOULD ELIMINATE:
Access to life-long learning for everyone (not just college-age youth)	Denial of on-going education to workers and other adults who seek it
Equal access to a college education, regardless of income	The denial of college to those who qualify but can't afford it
Opportunities to complete college without undue financial hardships	Depleting families' financial resources for college costs
Choice of careers based on interest and societal needs, not necessity to pay back loans	Family stress over paying for college
Increased national productivity and growth	Student and parent loan debt
Increased tax revenues	The bureaucratic and complex financial aid process
Opportunity to reduce the income gap between the very wealthy and the poor	Students' need to work long hours to pay for college
An educated nation more equipped to address political and social problems	States fighting over budget allocations for higher education
An example that communities working together can obtain government programs that address the real needs of people	The complex financial aid apparatus. Simplified funding would free up the administrative apparatus to do the real job of creating more educational opportunities for all

"No motivated and well prepared young person should be denied a college education simply because he or she cannot afford it."

This has been American's most widely held belief about college throughout the last decade.¹ But more and more of us are finding it impossible to go to college.² It is too expensive. Today, tuition costs are skyrocketing, out-pacing inflation, while families' real incomes have remained stagnant. Financial aid programs based on economic need are decreasing. The grants that are available don't cover costs. Students have to work more hours while in school, forcing them to limit their course loads, lengthening their time to graduation, and jeopardizing completion of their degrees. More and more students must borrow money and then face unmanageable debt when they finish college. Thousands of families are trying to arrange extensions on tuition bills.

We know that higher education is fundamental to democracy and essential for full social and economic participation in our society. An astounding 87 percent of Americans believe that to be part of the American Dream, a "college education has become as important as a high school diploma used to be."³ However, a significant majority feel that the costs of college will soon put it out of reach for most people.⁴

There is an alternative. It is simple and effective—free higher education at all public colleges and universities for those who meet admissions criteria. Free access to college isn't such a pie in the sky idea. In 1944, the government passed the G.I. Bill of Rights which paid for the education (tuition, fees, and a living stipend) of almost 8 million soldiers returning from World War II. This program was widely supported and is viewed as one of the most successful pieces of social legislation of the century.⁵

Just as universal access to high school education is a basic social right, we believe that access to college is essential for the well being of our society and a vital social good. **It is time to advocate for free higher education at all public colleges and universities for those who meet admissions criteria—for college-age students, as well as for all adults.**



This pamphlet examines:

- The rewards of higher education for everyone
- The financial barriers to college
- The G.I. Bill of Rights: a blueprint for free public higher education
- How the United States can finance free higher education for those who qualify

PART I:

The Rewards of Higher Education—For Everyone

Americans say college is the key to the American dream. Americans believe that higher education is absolutely essential in today's economy and that college education is the means for social and economic mobility. More than eight out of ten Americans say that having a college degree is important to getting ahead.⁶ In fact, the economic returns on education are substantial. Students with a bachelor's degree earn, on average, 80 percent more than a high school graduate. Over a lifetime, the gap in earnings potential between having a high school diploma and a college degree is greater than \$1,000,000.⁷ And, it is estimated that about 42 percent of jobs between 2000 to 2010 will require some type of postsecondary education or training.⁸

Adults with higher levels of education have lower unemployment rates.

Year 2000⁹

Some high school	6.4% unemployment rate
High school graduate	3.5% unemployment rate
Bachelor's degree or higher	1.7% unemployment rate

Adults with higher levels of education earn more.

Median income for 1999*

	MEN	WOMEN
Some high school	\$20,429	\$15,098
High school graduate	\$33,184	\$23,061
Bachelor's degree	\$52,985	\$37,993
Master's degree	\$66,243	\$48,097

**Median income: for example, if the salaries of all men with bachelor's degrees were lined up from lowest to highest, \$52,985 would be at the mid-point.*

Adults with higher levels of education have better jobs.

Median yearly earnings , 2001¹⁰

JOB REQUIRING HIGHER EDUCATION	PAY	JOB NOT REQUIRING HIGHER EDUCATION	PAY
Computer Programmer	\$49,504	Clothing Sales	\$17,472*
Pharmacist	\$71,032	Food Counter	\$13,832
High School Teacher	\$40,248	Stock Handler	\$16,848
Engineer	\$59,384	Cashier	\$15,548

**In 2001, the poverty level for a family of four was \$17,603.*

A college degree also has quality-of-life pay-offs. For example, a recent study conducted by the Women's Department of the American Federation of Labor, found that women with college degrees are more likely to have jobs that enable them to have similar working hours as their spouses and more time with their families. Women without degrees are more likely to have jobs with undesirable hours for family life—night jobs, split shifts or jobs with hours that do not match those of their spouses.¹¹

People also understand the benefits of education for improving the collective well-being of our society. Today, three out of four Americans (76 percent) believe that there cannot be too many people with education and training beyond high school.¹² Even in the early 90s, almost 60 percent of the public felt that having more college-educated adults would help society solve social problems like crime, drugs, homelessness; while 75 percent felt that there would be big improvements in science, medicine, and technology.¹³ In a recent survey, respondents said that colleges are where our "nation does its thinking," where students consider how to contribute to and answer questions about society and quality of life.¹⁴

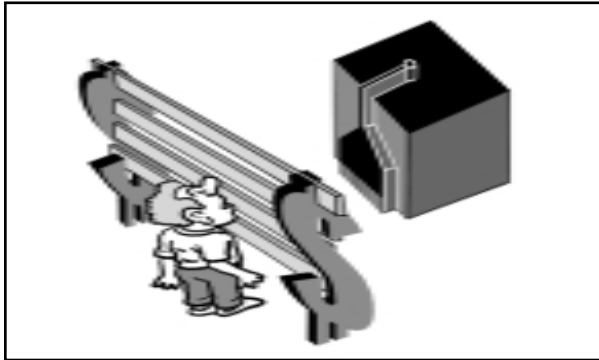


Having a college degree does not automatically guarantee a higher paying job or greater income. However, not having higher education can be a barrier to job entry, promotions and more fulfilling jobs. Most importantly, higher education provides personal fulfillment, benefits society and contributes to a democratic culture.

If higher education plays such an overwhelmingly significant role for individual and societal success, shouldn't society have an obligation to provide free access to college as an essential social right? Shouldn't all of those who qualify, not just those who can afford it, be given the opportunity to participate fully in society through access to a college education?

PART II.

Financial Barriers to College



Most Students Attend Public Colleges

Access to public post-secondary education is important because most undergraduate students attend public colleges. As the table below shows, **83 percent of undergraduates are in public colleges** while only about 17 percent attend private institutions.¹⁵

Percent of Students in Public and Private Colleges	
Total Enrollment (Full and Part Time) 2001-2002	
4-year Public	38%
2-year Public	45%
4-year Private	17%

The demand for a college education will increase. By 2015, the traditional college-age population will approach almost 5 million youth.¹⁶ The Department of Education predicts that college enrollment will increase to 17.7 million students by 2011.¹⁷ According to a report by the

Advisory Committee on Student Financial Assistance, an independent committee created by Congress, most of these students will not be able to afford college without government financial assistance. This report warns that unless the financial aid system is beefed up considerably, particularly for low-income students, there could be a critical access problem that will have a profound impact on the well-being of our society.¹⁸

Tuition is Skyrocketing

The cost of attending college is becoming prohibitive, putting undue burden on students and their families. One of the most significant concerns of families when considering college is, "how to pay for it." In fact, 71 percent of Americans "worry a great deal" or "worry a good amount" that a good college education is becoming too expensive.¹⁹

Tuition Grew Faster Than Income

- ❑ Over the last ten years, after adjusting for inflation, the median family income increased by 12 percent while the average tuition and fees at four-year public colleges increased by 40 percent and by 33 percent at four-year private colleges and universities.²⁰
- ❑ From 1992 to 2001, tuition at four-year public colleges rose faster than family income in 41 states.²¹

On average, public institutions cost less than private ones,²² as shown in the following chart. However, the costs of attending many public institutions rival the costs of private schools. For example, the average annual cost (tuition, room and board) of attending a four-year public college in Vermont is \$12,836, almost \$12,000 in New Jersey and over \$11,000 in Pennsylvania, Rhode Island and New Hampshire.²³

Average Yearly Costs of Post-secondary Education 2000-2001			
	TUITION & FEES	ROOM & BOARD	BOOKS & SUPPLIES
2 year public	\$1,705	\$2,426	\$633
4 year public	\$3,510	\$4,960	\$704
2 year private	\$7,458	\$4,736	\$661
4 year private	\$16,332	\$6,209	\$730

“Shrinking [state] budgets coupled with increasing tuition could close the doors to college for 110,000 students.”²⁴

Tuition costs have been rising faster than inflation and are projected to skyrocket. Due to cutbacks in state funding (the primary revenue source for public colleges), many public colleges are projecting tuition increases in the double digits and cuts in need-based financial aid programs. All but seven states are experiencing some budget shortfall in 2002.²⁵

When states look for ways to cut their budgets, they often turn first to higher education which is the largest discretionary item in most state budgets. A recent study by the National Center for Education found that decreasing revenue from



state appropriations was the most important factor associated with tuition increases at public four-year institutions.²⁶ If access to college without tuition charges was available to those who qualified, fights over state budgets would be significantly reduced. States contribute almost 36 percent, over \$46 billion, of total revenues of public colleges and universities.²⁷

Although the sentiment that “college should be affordable to all students,” is politically popular, the equally popular prescription that colleges should assume the main responsibility for controlling costs results in students and their families picking up the tab when states experience budget crises. Unfortunately, the steepest tuition increases in public higher education have occurred during recessions.²⁸ As a vice-president of the National Center for Public Policy and Higher Education said, “When state revenues go down—which is the hardest time for students and parents to pay because unemployment is the highest—we sock it to students and parents.”²⁹

Double-Digit Tuition Increases

As states face budget deficits, colleges are responding with hefty tuition increases. The University of Iowa anticipates a 19 percent tuition increase, to \$4,191, for in-state students. Pennsylvania State University’s campus at University Park is considering an increase of 10 percent, pushing up in-state tuition to more than \$7,700. The University of North Carolina at Chapel Hill will raise its tuition 21 percent to \$2,814—a move somewhat at odds with the state constitution which guarantees free tuition “as far as practicable.”³⁰

The University of Wisconsin-Madison announced an 8 percent increase in in-state tuition and a 23 percent increase in out-of-state tuition. In addition to increasing tuition, the University said it would stop processing applications because they didn’t want to accept students they feared they could not afford to educate. Over

11,000 applicants were left hanging. Administrators said they would rather reduce admissions than go back to the crowded campuses of the 1980s when students had to wait three semesters for required classes and attend labs held at 4 a.m.³¹

Some universities are establishing a tiered plan whereby each new class will be charged a higher tuition. The University of Illinois system and some public institutions in Indiana, Kansas and Ohio are planning to implement this approach. The University of Kansas is considering raising tuition 16 percent for all students, and 62 percent for freshman.³² At Ohio University at Athens, tuition is projected to rise by almost 10 percent for current students but rise to 15 percent for new students. A student-government representative at this university said, "Next year's freshmen aren't students yet, so we can't represent them. But they will be subsidizing, and they should raise holy hell."³³

At the City University of New York (CUNY) non-documented immigrants now must pay the higher out-of-state tuition which doubles their costs. Julius Edelstein, former senior vice chancellor of CUNY says, "It's the wrong thing to do...It's not what City University should be in the business of doing. We're the educator of the disadvantaged."³⁴

Back-door Tactics

In addition to raising tuition, colleges are using other tactics to increase their revenues. For example, CUNY recently adopted a \$75 technology fee and the University of Texas imposed an "infrastructure" fee of \$150 per semester. An official at the American Association of State Colleges and Universities says that because of legislators' penchant for less funding and lower tuition we will see universities using more "back-door" tactics to raise revenues.³⁵

Wealth Determines Access to College

Today, a student's chance of entering college continues to be tied to family income. The financial aid system put in place thirty years ago was supposed to address this inequity. It hasn't. As the table below shows, **the gap between the rates at which lower-income students attend college, compared with high-income students, remains almost as wide as thirty years ago.** While 86 percent of high school graduates from families with incomes above \$80,750 go to college only 57 percent of graduates from families earning less than \$33,000 do so.³⁶

College Participation Rates by Family Income

For high school graduates, 18-24 years old

YEAR	BELOW \$33,003	\$33,003 TO \$57,024	\$57,025 TO \$80,750	ABOVE \$80,750
1970	46%	56%	64%	79%
1975	47%	54%	63%	75%
1980	42%	54%	63%	69%
1985	41%	53%	67%	76%
1990	48%	61%	70%	79%
1995	56%	68%	76%	90%
1999	57%	70%	77%	86%

One of the causes of this "access problem" is that the share of family income required to pay for rising tuition is increasing for all families, except the wealthiest. As the following table shows, the cost of attending a four-year public college (as a percent of real family income) increased most for low-income families, but almost doubled for middle-income families as well.³⁷

Percent of Family Income Spent on Public, Four-Year Colleges		
	1980	2000
Low-income families	13% of income	25% of income
Middle-income families	4% of income	7% of income
Wealthiest families	2% of income	2% of income

Financial Aid: Not Nearly Enough

By looking more closely at lower-income families, we can see that paying for college is really a struggle for those families with incomes of less than \$50,000 per year. And for families at the lower end of the income scale, it is nearly impossible.

A common misconception is that financial aid makes it easier for students in lower-income families to attend college. This just isn't true.

The real price of college is the amount of money a family must come up with each year after all federal, state, and institutional grants have been received. **For families with incomes of \$25,000 and less, the real price of attending a four-year public college is \$7,528 per year, on average.**³⁸ This money has to be made up through extra work and loans, and represents a huge chunk of yearly income. For example, for a family earning \$24,000 per year, the real price of college (\$7,528) amounts to over **31 percent** of their annual income.

The situation is not much better for students in families earning between \$25,000 and \$50,000 per year. After receiving all grants, these families must come up with an extra \$8,641 per year, which is their real cost of enrolling in a four-year public college. For a family earning \$40,000 per year, the real price of attending a four-year public college equals more than 21 percent of their annual income.

The Real Yearly Costs of Attending a Four-Year Public College (After all Federal, State, and Institutional Grants are Received)		
INCOME	REAL ANNUAL COSTS	PERCENT OF INCOME*
0 to \$24,999	\$7,528	31.41%
\$25,000 to \$50,000	\$8,641	21.6%

*Percents based on family incomes of \$24,000 and \$40,000

The Erosion of Pell Grants

Three decades ago, a financial aid system was established for the purpose of breaking down the financial barriers to post-secondary education primarily for low- and moderate-income students. Pell Grants, the back-bone of this system, guaranteed lower-income students access to public colleges, and, in some cases, to private ones. Although millions of Americans earned college degrees as a result of this program, today it falls far short of its initial purpose.

Pell Grants are the most widely used of need-based federal aid which does not have to be repaid. However, Pell Grants represent only 10.7 percent of all sources of student aid, whereas Federal loans account for almost 50 percent of all student aid.³⁹ Most importantly, Pell Grants have decreased in value. Although Congress raised the maximum Pell grant from \$2,300 in 1993 to a current \$3,700, its buying power remains below what it was twenty years ago. In 1975, the maximum Pell grant covered 84 percent of costs at a four-year public college. Today, a Pell grant covers only 39 percent of costs.

Pell Grants Have Decreased in Value	
YEAR	PERCENT OF COLLEGE COSTS COVERED BY PELL GRANTS
1975-76	84%
2000-01	39%

It has been estimated that Congress would have to raise the maximum Pell Grant to more than \$7,000 to equal the buying power it had in the 1970s.⁴⁰ Another big problem is that federal spending for Pell Grants is reconsidered every year by Congress. Thus, any increases in the Grants are not locked in and are in jeopardy from year to year. Such uncertainty would be eliminated with free public college education.

Merit-based Aid Is Replacing Need-Based Aid



Over the last fifteen years, merit-based aid (scholarships based on high-school grades) has been replacing need-based aid programs, like Pell Grants.⁴¹ Financing for merit programs has increased by 336 percent since 1993, while monies for need-based programs have risen by only 88 percent.⁴² In 1981, 91 percent of state financial aid was allocated on the basis of need. In 1999 only 78 percent of state aid considered need when distributing monies.⁴³

Why is this an important shift? Merit-based aid funds many students who would attend college even without such aid. A shift to merit-based aid means that many students without demonstrated financial need are getting monies—possibly preventing other students with financial need from going to college at all. Merit-based financial aid programs have been growing at the expense of need-based aid because they appeal to a broad range of legislators and their political con-

stituents. Such programs pander to the popular but socially disastrous notion that those students with the best high school grades should receive the most financial aid. Such programs tend to pit financially strapped middle income families against the even more financially strapped low-income, when all would benefit from free public colleges. Universal access to public colleges would allow middle income families and lower-income families to advocate together for educational goals rather than fight over limited financial aid monies.

If the economy takes a tumble, it is the more politically popular merit-based aid that will be protected, while the need-based aid will face cuts, seriously jeopardizing college access for the most needy. As a result of merit-based aid, at private colleges, the average grant for middle-income students (\$3,830) is larger than the average grant for low-income students (\$3,473).⁴⁴

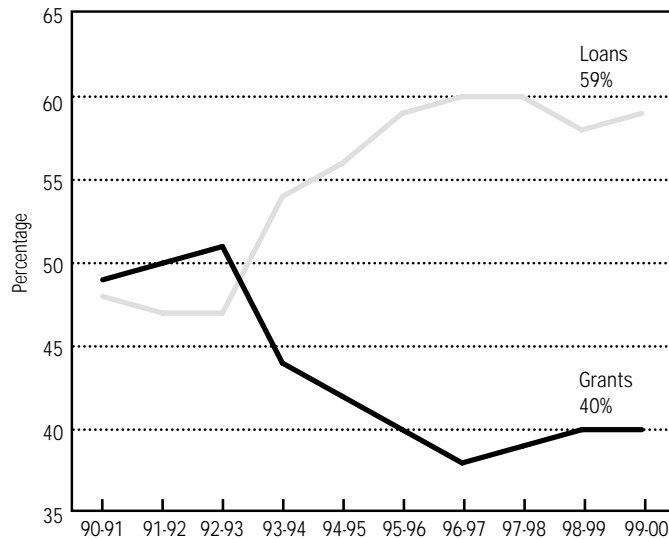
The Advisory Committee on Student Financial Assistance urges policy goals supporting the view that **it is lack of finances, not inadequate preparation, that is the primary obstacle to lower-income students entering and remaining in college.**

- ❑ The Advisory Committee estimates that 170,000 college-qualified students from families with incomes of less than \$50,000 are not enrolling in college because their families cannot afford it.
- ❑ Only fifty-two percent of college-qualified high school graduates from families with incomes less than \$25,000 enroll in four-year colleges, compared with 83 percent of high-income graduates (family incomes of \$75,000 and above).⁴⁵
- ❑ Even if students are not fully prepared for college, students who take remediation courses while in college graduate at rates similar to students who do not require such classes. Most low-income students who need remediation need to take only one or two courses to have comparable graduation rates to students not requiring such courses.⁴⁶

**Loans Are Replacing Grants.
The Result: Student Loan Debt**



Grants and Loans as a Percentage of Total Financial Aid



The most significant trend in student aid is a growing reliance on borrowing.⁴⁷ Over the past twenty-five years, federal student aid has shifted from being a grant-based to a loan-based system, forcing students and their families to take-on unmanageable levels of debt. As the graph shows, today, **59 percent of federally financed aid is in the form of loans, compared to 48 percent 10 years ago.**⁴⁸ This signifies a dramatic shift in student aid from a needs-based system to a non-needs based system. This shift represents a significant loss for students and their families and a huge benefit for lending institutions.

Types of Student Loans

There are two types of student loans—subsidized and unsubsidized. Federal student loan programs, amounting to \$38 billion, include both types.

- ❑ Subsidized loans are need-based and the federal government pays the interest while the student is in school. Students borrow directly from the federal government through their colleges or from private lenders guaranteed by the government. Subsidized loans have leveled off, while unsubsidized loans continue to grow.
- ❑ Unsubsidized loans are available to all students. For unsubsidized loans, all in-school interest charges are added to the total cost, making these loans considerably more expensive. Students often take on both subsidized and unsubsidized loans. Unsubsidized loans by students (Stafford Unsubsidized) and their parents (PLUS) account for more than \$18 billion, almost half of all federal loan monies.⁴⁹ Because PLUS loans allow parents to borrow all the costs of a college education with no collateral, they can be viewed as either a blessing or a black-hole. The average family's PLUS debt was \$15,836 and 12 percent of parents have taken out these loans.

Parents Falling Behind on Tuition Bills
Must Resort to Loans



Academic Management Services, a for-profit company employed by colleges, mailed brochures to the parents of students at 1,500 colleges asking them if they were having trouble paying for college tuition. The company received a huge response—17,000 more requests for assistance than in the same month in the previous year. An upper-middle income family in which the husband and wife recently lost their jobs was advised to take out a \$10,000 PLUS loan, leaving them \$2,300 short which they considered making up with credit cards. Another father arranged to divide his daughter's tuition into 12 monthly payments, but his business took a dive and he too was forced to take out a loan of \$10,000. The parents not only had to repay the loans; they were required to pay a fee for the advice and assistance.⁵⁰ Much stress could be avoided and much money could be saved (and less diverted to for-profit companies) if we had free higher education at public colleges.

Most Students Graduate With Loan Debt of \$17,000

Today, the majority of students are graduating with student loan debt. As the table below shows, 64 percent of students today are graduating with an average loan debt of almost \$17,000—up significantly from \$9,188 in 1993.

The Majority of Students Graduate With Loan Debt

YEAR	PERCENT OF STUDENTS WITH FEDERAL STUDENT LOANS	AVERAGE CUMULATIVE FEDERAL STUDENT LOAN DEBT
1992-93	42%	\$9,188
1995-96	59%	\$13,327
1999-2000	64%	\$16,928

- The average loan debt at four-year public colleges is \$16,243 and at four-year private institutions it is \$17,613.

Not only are most students graduating with loan debt, but an estimated 39 percent of all student borrowers graduate with unmanageable student loan debt—meaning that their monthly payments are greater than 8 percent of their monthly incomes.

Students who have the most difficulty financing college often face the most unmanageable debt. In 1999-2000, 71 percent of students from families with incomes less than \$20,000 graduated with debt, compared with 44 percent of students from families with incomes greater than \$100,000. The expected influx of students over the next ten years, many from low-income families, will only make the debt burden problem worse, defining a society whose new entrants into the workforce can do little more than pay back their school loans.

Washington can take significant blame for contributing to the growing loan debt among students. Rather than acknowledging that the costs of college were getting out of hand and that something creative needed to be done (like advocating for free public higher education), the Reauthorization of the Higher Education Act, passed in 1992, made unsubsidized loans available to all students and increased the loan limits for subsidized loans—thus, increasing loan debt for the majority of students and their families.

The shift away from need-based financial aid is also evident in more financial aid being available through changes in the tax code introduced as part of the Taxpayer Relief Act of 1997. Tax credits and tax deductions cannot be used by all families. The wealthier benefit most. Students from families with incomes too low to pay taxes cannot use tax credits and tax deductions at all. Families who owe little taxes will have the value of their tax credit reduced so that it doesn't exceed what they owe in taxes. Also, any scholarship or grant awards reduce the amount of the tax credit or deduction. This affects low-income students who receive Pell Grants. Their families will most probably not be eligible for the maximum tax credit or deduction.

In general, the value of a tax deduction increases with income. Overall, tax credits and deductions do little to help pay tuition costs when they are due; they don't cover living expenses (estimated to be more than \$8,000 per year); it is difficult to figure out in advance the value of a tax credit; and tax credits and deductions can't be relied on as a firm source of funding. And, they add another layer of bureaucracy and complexity to the already difficult financial aid process. In general, tax code based financial aid has no impact on getting lower-income students into college.

Replacing a Grant Program With Loans

The New York State Tuition Assistance Program (TAP) provides up to \$5,000 in tuition aid to New Yorkers who are just above the poverty line who attend public or private colleges within the state. Millions of students owe their college education to TAP. Governor Pataki now wants to cut this successful program. He proposes to withhold a third of a student's aid—requiring students to take out loans in the meantime—and pay out the final TAP grant only after the student graduates. He claims that it will “encourage” students to graduate faster. However, students now can only receive TAP aid for eight semesters no matter how long it takes to graduate. The loan requirement could push out poor and immigrant students whose families lack knowledge of the banking system and are fearful of taking on any debt. Also, if working adults must take time off from courses, they risk being declared in default and being required to pay back their loans prior to finishing college.⁵¹

Students With Unmet Financial Need Are At Risk

Not only does unmet financial need drive students to take out loans and face unmanageable debt, it also forces students to work long hours, attend school only part time, and affects career choices. Such responses to financial need seriously jeopardize remaining in school, completing a degree, and engaging in a full, enriching college experience.

- ❑ Seventy-four percent of all full-time students work while attending school. One in every five working students works full-time. Students report that working long hours has a negative effect on their grades and limits their choice and number of classes.⁵² Some students may work more hours “than they need to” to support a desired life-style. However, for most students, it’s not possible to work the number of hours needed to cover college costs without hurting their academic performance and jeopardizing future grant awards.⁵³
- ❑ Twenty-nine percent of low-income students work more than 35 hours per week. Fifty-three percent of low-income freshman who work more than 35 hours per week do not remain enrolled and do not receive a degree. Contrast this with low-income freshman who work fewer hours—one to 14 hours per week. While still not desirable, only 20 percent do not receive a degree.⁵⁴
- ❑ Not only does unmet need impact students, but it also has consequences for society. Faced with repaying unexpected huge loans, students often must rethink their career plans. Lower-paying occupations in teaching, social services and health care, for example, may suffer if students are forced to seek more lucrative jobs to repay loans.

Teacher’s Pay Not Enough to Pay Back Loans

John graduated from a state college with about \$17,000 in student loan debt. He became a teacher in a low-income urban area, earning about \$25,000 a year, \$17,000 after taxes. After paying his living expenses (\$700 for rent, \$120 for utilities, \$300 for car and insurance, \$300 for food) and his loan, he had about \$30 left. He could save no money. So he was forced to give up his teaching job—the reason he went to college—and take another, more lucrative job simply to repay his loans.⁵⁵

PART III.

The G.I. Bill of Rights: A Blueprint for Free Higher Education

Because the benefits of higher education have become part of our societal view, colleges’ response to state budget problems—such as limiting enrollment, tightening transfer requirements, moving up application deadlines in order to downsize enrollment—are unacceptable. But most importantly, we cannot tolerate the states’ primary response to budget deficits—raising public colleges’ tuition. We cannot accept being denied access to college. We cannot afford to keep paying rising tuition costs, particularly when our government can provide free education at public colleges and universities for those who qualify.



We already have a blueprint for free higher education at public colleges and universities for those who meet admissions criteria—the **G.I. Bill of Rights**, formally titled the American Servicemen's Readjustment Act of 1944. For many, it was seen as "government at its best" and it has been heralded as one of the greatest pieces of social legislation by virtually every president. The G.I. Bill paid for the education of almost 8 million soldiers returning to civilian life after World War II. The Bill provided for full tuition, fees, and family living stipends. Students could receive up to \$1,440 (\$14,136 in 2001 dollars).

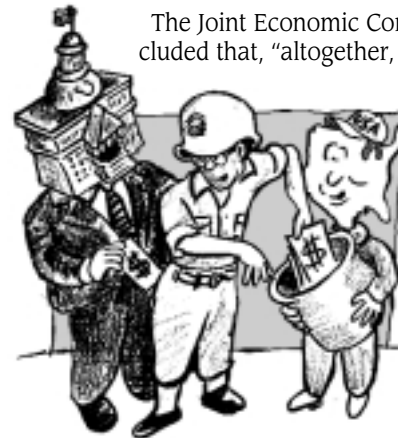
The G.I. Bill was secured because people fought for it—over a period of two decades. After much letter-writing and lobbying, frustrated World War I veterans marched on Washington in 1933 demanding their pensions—as they had been promised by political leaders. They were dispersed after a bloody clash with the Army. The veterans changed tactics. They organized a broad grassroots movement to pressure both the Roosevelt administration and Congress to provide decent benefits for returning World War II veterans. The G.I. Bill was the result.

There were critics of the Bill. Robert Maynard Hutchins, President of the University of Chicago, was representative of those who felt that "colleges and universities will find themselves converted into intellectual hobo jungles."⁵⁶ However, the Bill was wildly successful, benefiting every segment of society. It provided opportunities for careers and more financially stable and secure life styles to a whole generation, who, in turn passed on positive attitudes about education to their children. A study by The Joint Economic Committee concluded that no more than 40 percent of returning vets would have gone to college without the G.I. Bill.

The G.I. Bill Paid Off

The Congressional Subcommittee on Education and Health of the Joint Economic Committee concluded that the Bill had "an extraordinarily large pay-off for the nation."⁵⁷

- ❑ The Committee determined that by 1987, those attending college were earning an extra \$19,000 yearly.
- ❑ The college attendees, by 1987, increased the nation's output of goods and services by \$312 billion (in current-year dollars).
- ❑ The college attendees, by 1987, paid additional taxes totaling \$67.7 billion (in current-year dollars). The additional taxes alone more than paid for the cost of the program.
- ❑ Overall, the study estimated that the government and the economy received at least \$6.90 for every dollar spent on the GI's higher education (more than \$318 billion in 2001 dollars).



The Joint Economic Committee study concluded that, "altogether, the extraordinarily

high ratio of benefits to costs that this analysis found for the G.I. Bill program suggests that post-secondary education has been, and probably remains, a highly productive form of government investment for the nation."

**The G.I. Bill changed
thousands and thousands
of American lives.⁵⁸**

Harry Belafonte, singer and actor, credits the success of his career to the opportunities provided by the G.I. Bill. He says that there would be “no Banana Boat song without the G.I. Bill.” He says that before the War he was a drop-out, that he had no desire to read and that a thirst for knowledge didn’t exist for him. He says that most of the men in his unit were Black and that they had little schooling, were unskilled, and didn’t know how they would compete for jobs without training. For them, the G.I Bill became “a godsend.” He says that for Blacks the G.I Bill was the “single most important thing in our lives,” because it provided a subsidy to go to school—that without that subsidy there was no other resource and that this was “a classic fact of history.”

Some legislators refused to vote for the Bill because it gave African-American veterans the same benefits as White veterans. The Bill passed and, as a result, about 70,000 African-American veterans attended college.

Martin Perl, Nobel Prize Laureate in Physics, says that immigrant groups were restricted to certain jobs in the civil service. The Irish could get jobs as policemen or firemen, the Italians got sanitation jobs and the Jews could hold city clerk jobs. Nursing and

**We did it before.
We can do it again.
Free For All!**

teaching were other options. But there were no jobs for Blacks. Mr. Perl said that “they” (White, Anglo-Saxon men) went to college to become lawyers or doctors or to get degrees to work in corporations. He said, “The rest of us didn’t go to college.” But then the G.I. Bill came along and all veterans were eligible for higher education—it was totally democratic. Mr. Perl says because the world is so complicated, higher education is essential for everyone.

Walter Matthau, actor and comedian, says that the G.I. Bill “sent me off into territory appropriate for what I was going to do in life.” He says that without the G.I. Bill he couldn’t have afforded to go to drama school, “not in a million years.”

Dan Herman, NASA engineer, says that the “G.I. Bill produced the engineers and scientists who gave back to the country the capability to explore new worlds.” He says that without the G.I. Bill he would not have been able to pursue an advanced degree.

For the cost of the G.I. bill, U.S. society was “repaid” with some 450,000 engineers, 150,000 scientists, 360,000 schoolteachers, 240,000 accountants, 180,000 doctors and nurses, and thousands of other professionals.

PART IV.

The U.S. Can Afford Free Higher Education at Public Colleges For Those Who Qualify

The conclusions of the Joint Economic Committee about the benefits of government financed higher education (as represented by the G.I. Bill) are echoed today:

- "...narrowing the gap in the college participation rate (between the wealthy and the low-income) would add 250 billion dollars in gross domestic product and 85 billion dollars in tax revenue."⁵⁹
- "Several researchers conclude that education alone accounts for about 15 to 20 percent of the growth in national income, with about a quarter of that stemming from higher education."⁶⁰
- "Public colleges particularly have seen a significant rise in the percent of per student cost covered by tuition. This in turn has led to a complex financial aid apparatus. This is a more costly solution overall than maintaining tax-supported education available to all..."⁶¹

Other countries fund post-secondary education primarily from tax-dollars. As the next table shows, out of 24 OECD countries, in only three—the United States, Japan and Korea—is post-secondary education above 50 percent **privately** funded. In the remaining twenty-one countries, higher education is above 55 percent **publicly** funded.⁶²

Most Countries (except the U.S., Korea and Japan) Pay Most College Costs From Public Revenues

Above 50% privately funded	United States, Korea, Japan
70% to 90% publicly funded	Austria, Czech Republic, Denmark, France, Germany, Hungary, Iceland, Ireland, Italy, Mexico, Netherlands, Norway, Portugal, Spain, Sweden, Turkey
55% to 69.9% publicly funded	Australia, Canada, United Kingdom

Data not available for other OECD countries: Belgium, Greece, Luxembourg, New Zealand, Poland

Similar to other countries, the United States can afford free higher education at all public colleges and universities for those who meet admissions standards. **Today, the tuition and fees at all public degree-granting institutions is approximately \$24.7 billion.⁶³ This is a relatively small amount, equal to approximately 1.3 percent of current federal budgets.** Even if increased access to college doubled the number of students attending, the increased tuition costs of \$50 billion annually could easily be absorbed within the Federal budget.

There are abundant ways to finance free higher education at public colleges. The following section summarizes some of the most glaring examples of how the political and corporate elite structure legislation to protect their own interests, at the expense of social programs. Redirecting some of the money from each or any one of these programs could finance free public higher education at public colleges for those who meet the standards. If the economy can offer tax breaks to the rich, then surely there must be a commitment to educate our children.

Pick Your Favorite Tax Giveaway as a Source of Funds for Free Higher Education

The \$1.3 trillion tax cut over 10 years. We need look no further than the administration's recent tax cuts. Most of the tax breaks to come after 2002 will benefit the wealthiest. Sixty percent of the breaks go to those with income of \$500,000 or more—less than 1 percent of taxpayers. These wealthiest will receive an average of almost \$45,000 per year in tax cuts—reductions amounting to hundreds of thousands of dollars over the next decade. The bottom 60 percent will receive an average tax cut of \$95 per year.⁶⁴ For most of us, this "tax relief" will have huge costs—particularly reduced sources of money that could be contributing to a generation's college education.

Corporate tax breaks. A source of free higher education funds can be found in the new corporate tax breaks enacted in the "stimulus" bill just passed by Congress and signed by President Bush. This bill will cost the American public more than **\$170 billion over the next two years in lost corporate taxes.** Corporate income taxes will be down to only 1.3 percent of the gross domestic product—the lowest level since the early 1980s and the second lowest level in at least six decades.⁶⁵ Tax breaks include items like stock options and offshore tax shelters in places such as Bermuda and Barbados. Over the last two years alone, just ten companies (including Microsoft, General Electric, Ford, IBM, General Motors, Enron) received \$29 billion in tax breaks. These same companies enjoyed a total of \$50 billion in tax welfare from 1996 through 2000. Overall, tax welfare for the rich and corporations are expected to cost the federal government \$3.7 trillion from 1996 to 2002.⁶⁶

Repeal of the estate tax. If the estate tax is repealed it will remove well over **\$50 billion from public revenues in 2010**—money that could be directed towards free, public post-secondary education. An analysis by the U.S. Treasury says that only families in the top fifth of the income distribu-

tion (but mostly those in the top 1 per cent with average incomes over \$1 million) would "benefit" from the repeal.⁶⁷

The defense budget. President Bush is requesting **\$396.1 billion for the military in 2003** and plans to spend \$2.1 trillion over the next five years. This is an increase of \$45.5 billion above current levels. The past has shown us that billions of defense dollars are wasted and misspent. The money that the U.S. spends on defense, compared with the rest of the world, is staggering. At \$396 billion, it is more than 26 times as large as the combined spending of the seven countries identified as our most likely adversaries—Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria.⁶⁸

The Money Is There

The money is there. But even if it weren't, the G.I. Bill has already demonstrated that universal access to higher education benefits the individual, society, and the nation in increased production of goods and services and in increased tax revenues. (Remember, the additional taxes generated by the veterans more than paid for the G.I. Bill's educational program and, current research shows that \$85 billion in tax revenue would be added if more middle- and lower-income students had access to college.) Even if we need to jump-start universal higher education at public colleges with deficit spending, it will more than pay for itself.

Like the returning veterans of World War II, we need to build a broad movement for free higher education at public colleges for those who qualify. Now it is up to the political will of the people to demand that our government act responsibly by providing access to higher education and the opportunities it provides to enrich the lives of all of society.

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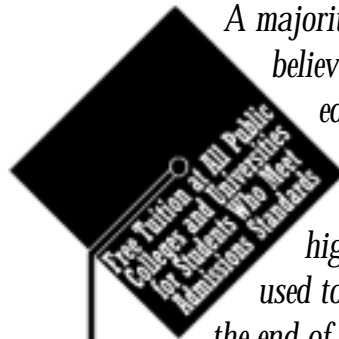
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A majority of Americans believe that a college education has become as important as a high school diploma used to be. However, by the end of the decade, as many as 4.4 million college-qualified high school graduates will be unable to enroll in a four-year college, and 2 million will not go to college at all, because of financial barriers.⁶⁹ Shouldn't all of those who qualify, not just those who can afford it, be given the opportunity to participate fully in society through access to a college education?

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