



QUICK READ: THE FOLLY OF FREE COMMUNITY COLLEGE FOR ALL

How federally-funded free community college puts tax payers on the hook without ensuring better educational and job outcomes for students

Calls for universal free community college have once again consumed the D.C. policy arena. The Biden Administration's American Families Plan includes a \$109 billion proposal for free community college for all that is likely to be included in the pending reconciliation package. The plan aspires to resolve workplace inequality and increase wages for low-income families but merely throwing money at the problem does nothing in the way of addressing the drivers of degree non-completion and default. While this large spending plan may keep the institutions afloat and encourage an influx of student enrollment, there is little indication that it will resolve shortcomings related to lack of college preparation, low quality education amongst some community colleges, and cases of misalignment between curriculum content and workforce needs of employers. Despite its superficial allure, free community college for all is essentially guaranteed to fall far short of promises and fail to be the remedy that addresses America's urgent educational and workforce needs. While proponents resort to ill-conceived analogies between taxpayer-financed K-12 education and their vision for government-controlled higher education, numerous studies highlight the shortcomings of such a one-size-fits-all, myopic, money-centric approach. For example, [one study](#) finds that increasing college subsidies stimulates a larger enrollment response from youth coming from wealthy families than those coming from families of more modest means, concluding that a universal subsidy would magnify earnings inequality rather than shrink it. [Another study](#) emphasizes the importance of college preparedness, pointing out that college subsidies come too late in life to help low-income students. As is often the case, the government stepping in to make something "free" can lead to a proliferation of serious problems and a failure to solve the problem that motivated the intervention originally.

DISPELLING COMMON MISCONCEPTIONS AND FALSEHOODS

The case for free community college is too often made using rhetoric built on shaky foundations. The evidence and data below support some of the frequently mentioned misconceptions about free community college for all.

FALSE: U.S. higher education funding and attainment are below that of other developed countries.

The United States spends more than any developed country on higher education. In the 2018–2019 school year, the United States [spent \\$632 billion](#) on higher education. In 2017, America spent the second most per full-time equivalent student on postsecondary education among all Organisation for Economic Co-operation and Development (OECD)

nations (behind only Luxembourg) at \$34,500 compared to the OECD average of \$17,100. As a share of the economy, this [spending amounts](#) to 2.6 percent of gross domestic product (GDP) in the U.S. versus only 1.4 percent for the OECD average. Much of this funding comes from public sources, with states allocating about one-third of their budgets to higher education. Public funding is already dominant at the [community college](#) level, with 70 percent of two-year college revenues from federal, state, and local governments and only 30 percent coming from tuition. Among the different levels of government, the [local level](#) contributes the most to community colleges.

The U.S. also has higher postsecondary attainment than many other countries, with 48 percent of Americans aged 25-to-64 possessing a postsecondary degree compared to the OECD average of 38 percent. Moreover, only [five countries](#) in the [OECD](#)—Korea, Israel, Japan, Luxembourg, and Canada—have rates above 50 percent.

FALSE: Free community college is a cost-effective fix to the college debt crisis.

Many act as if free college is a cure-all to the student debt crisis. However, swapping private [student debt](#) for higher taxes or greater government debt does nothing to address underlying shortcomings in the higher education system and fails to put the United States on sounder financial footing. High dropout rates and poor labor market outcomes are some of the most important drivers of default. Without reforms to meaningfully improve education quality, taxpayers will be on the hook for paying the [higher education bills](#) of college dropouts, and the U.S. may see little change in [educational attainment](#).

FALSE: Free community college is a guaranteed way to increase quality and educational attainment.

Community college is already an inexpensive gateway to receiving an education beyond high school. The dilemma is primarily not bringing down costs but improving quality that drives graduation rates and post-graduation labor market success. Research indicates that free community college can *reduce* 4-year college completion rates by diverting students into lower-quality institutions. Instead, programs like Tennessee Promise demonstrate the importance of mentorship and providing students with a sense of ownership over their education. Giving students some skin-in-the-game can increase this sense of ownership. The success of [England](#)'s recent moves away from free higher education exemplifies this point. In response to the introduction of tuition, fees, and an income-contingent loan system, higher education in [England](#) has seen increased per-student funding, higher enrollment, and a shrinking participation gap between advantaged and disadvantaged students.

FALSE: Federally-funded free community college would treat states equally.

Community college tuition varies widely across the states, implying that any federally-funded free community college effort would likely entail wide disparities in the number of federal taxpayer dollars distributed to each state. For example, California has the Nation’s largest community college system, which is already affordable to a broad range of students. Because of taxpayer-financed state subsidies, students pay \$552 per 12-credit semester while low-income students face zero tuition costs. On the other hand, Vermont has a more expensive community college tuition rate of \$3,360.

Under the [America’s College Promise Act](#) led by Wisconsin Senator Tammy Baldwin and California Representative Mike Levin, the federal government would match state spending on community colleges on a \$3-for-\$1 basis. However, to get the funding, states must eliminate community college tuition. Thus, states like California that already heavily subsidize community college tuition would get dramatically more federal money than Vermont and other states with above-average tuition. In particular, while California would get the full \$3 for every \$1 they commit in state funding, Vermont would only receive 23 cents.

FALSE: Free community college is necessary to effectively promote family-sustaining careers.

“As the workforce engines of their communities, community colleges have important roles to play in drawing more explicit connections between education and the workforce to equip students with the skills the 21st-century demands.” – [American Association for Community Colleges, 2018](#)

Historically speaking, community colleges have provided non-traditional, alternative, or career-oriented programs for students seeking a broad range of job prospects. Traditionally, community colleges have focused on providing certificates or associate’s degrees, but the growing prominence and appeal of apprenticeships over the past few years have drawn community colleges into taking on a larger role in providing technical skills necessary for many in-demand careers. To get a sense of scale, in 2018, over 30 million [good-paying jobs](#) were available that did not require a bachelor’s degree. This may be emblematic of the disconnect between skills taught at colleges versus those required by employers, as confirmed by a [survey](#) from New America. Similarly, the National Federation of Independent Businesses found that 89 percent of their surveyed employers had major labor quality hiring issues in 2018.

Without succumbing to the false promise of free college, the Trump Administration took on the challenge of addressing the skills gap by championing several efforts in the public and private sectors to boost skills-based hiring conducive to family-sustaining careers.

PRACTICAL STEPS TO IMPROVING COMMUNITY COLLEGES

Efforts like these pave a practical pathway to improving community colleges. Rather than upending the whole community college system with experimental progressive policies, leaders would do students and communities a service by advancing evidence-based priorities that build on the strengths already present in the community college system—its accessibility, affordability, and flexibility to address the evolving economic needs of the private sector. Below are some priorities states should keep in mind when pursuing reforms and allocating funding:

- Workforce development programs should leverage industry leaders in the private sector to advise and provide the best tools and curriculum that are applicable to the jobs that exist in their state and communities.
- Programs should provide meaningful on-the-job training opportunities that could lead to full-time employment.
- Programs should provide the necessary technical skills and training that prepare students for the workforce and remain innovative to keep up with existing jobs.
- Academic courses should prepare their students to pursue a degree beyond community college.