

The biggest college scandal of all

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By [Stephen Moore](#) and Adam Andrjewski - - Sunday, March 31, 2019

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ANALYSIS/OPINION:

The seething anger that Americans feel over the college admissions scandal with wealthy and well-connected families using money, influence and cheating to bump their kids up in line so they get accepted into elite schools is well-justified. Yet this scheme is small potatoes compared to the real scandal on college campuses from coast to coast. That scam is how much universities are charging families once they do get in.

College tuition, room and board costs can now exceed \$50,000 to \$70,000 a year. This is a massive financial hardship of the families that actually pay out-of-pocket the \$200,000 to \$300,000 tab for a four-year degree and for those who get loans. The debt for a 22-year-old graduate can easily exceed \$100,000. Meanwhile, the size of the student loan debt nationwide has reached some \$1.7 trillion.

As one solution, leading voices in the Democratic Party — ranging from Sens. Bernie Sanders to Kamala Harris to Rep. Alexandria Ocasio-Cortez — are touting “free college” or even more guaranteed student loans for families. The worst idea of all is student loan forgiveness of up to \$1 trillion. This would only shift the costs of expensive colleges onto the back of taxpayers — many of whom never even went to college.

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There are two glaring problems with free college.

First, instituting free college tuition does nothing to incentivize college administrators to lower costs. Instead, it simply transfers the burden of paying for higher education from kids whose families have relatively high incomes to general taxpayers, many of whom didn't go to college at all. As education economist Richard Vedder of Ohio University has pointed out, “free college” would be one of the most regressive public policies of modern times.



Second, we know from other industries, such as health care, the bigger the government role, the more costs escalate.

There is a much more equitable and practical solution to lowering the high cost of universities — especially at the most expensive and elite schools. The federal government could incentive colleges with high tuitions to lower their costs by tapping into their tax deductible massive endowments.

It turns out that endowments have exactly the opposite effects on tuition that one might expect: The higher the endowment, the higher the tuition.

The feds have the leverage to reverse this.

The latest analysis at [Openthebooks.com](#) has discovered that the 25 colleges with the largest endowments in the nation pulled down \$7 billion in federal student aid last year. These universities hold a quarter-trillion dollars in existing assets, collectively.

Notre Dame, Princeton, Yale, Harvard and other elite schools like Duke and USC can't make a plausible case for the need for billions of dollars annually in federal subsidies when these schools' bank accounts hold hundreds of millions and in many cases billions of dollars of funds.

Without any new gifts, most if not all Ivy League endowment could fund full-ride scholarships for all financially needy undergraduate students for the next half-century. With continued gifts to universities, tuition could practically be free to students forever without the endowments running dry.

The way to cut tuitions, starting with the most expensive colleges, is to require these schools to lower their tuitions each year by 5 percent to 10 percent and make up the difference by either cutting costs (that's easy) or using their endowments to subsidize the out-of-pocket costs paid by students and/or taxpayers.

We are not fans of price controls. But if universities are going to rely on taxpayers to subsidize their exorbitant costs, it makes sense for the public to hold these schools to the high standards they say they hold their students to. If they don't take federal money, they can do as they wish.

Lower college tuitions are easily achievable for every family in America, and unlike our failed multi-billion-dollar student loan programs, or populist slogans like "free college tuition," this strategy won't cost taxpayers a dime.

• *Stephen Moore, a columnist for The Washington Times, is an economic consultant with FreedomWorks. He served as a senior economic advisor to the Trump presidential campaign. Adam Andrjewski is president of Openthebooks.com.*

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