

Tuition-Free College isn't Free—But it Does Have Some of the Makings of a Pyramid Scheme

Proposals to make public university and college attendance tuition free were floated by Democratic candidates during the 2016 presidential election primaries. [Bernie Sanders was and still is](#) one of its most ardent supporters. [Hilary Clinton advocated it](#) during the general election. For many Republicans—such as [New Jersey Governor Chris Christie](#) and [President Donald Trump](#)—it is a vision of socialist central planning, evoking the question: Who pays?

Is tuition-free higher education a distracting illusion? Is it simply smoke and mirrors, meant to curry votes or draw attention from initiatives to reform higher education (e.g. introduce more vocational and technical training)?

Under the leadership of Governor Andre Cuomo, [New York recently adopted](#) a free-tuition scheme. Here are the specifics:

- New York state residents receive free tuition at the State University of New York (SUNY), City University of New York (CUNY) and community colleges, so long as their parents make \$100k a year or less (in three years, to be extended to \$125k).
- The free-tuition recipients, called Excelsior Scholarship holders, are obligated to stay in New York and work for the same number of years they received free tuition; otherwise the scholarship converts into a

repayable loan.

- Excelsior Scholarship recipients must complete 30 credits of coursework every year (the equivalent of 10 courses or 5 per semester) if they are to remain eligible for free tuition.
- So that private colleges are not squeezed out, the state offers to also pay \$3k of private college students' tuition that must be matched by the institution and accompany a tuition freeze for the duration of the grant-in-aid period.

Besides the many eligibility requirements, a crucial issue is whether New York's free-tuition scheme is truly free. As [Bob Luebke of Civitas Institute notes](#), "Calling something free doesn't make it free. Nothing in life is free. It's simply a matter of who pays the costs." Ultimately New York's taxpayers will shoulder the financial burden.

[Rick Seltzer at Inside Higher Ed](#) explains what a hard sell tuition-free education is:

"Cuomo's critics...believe there is something to be said for highlighting the importance of higher education and putting new money into public colleges and universities after years of disinvestment across the country. But the argument also highlights their biggest problem with the governor's signature program: that students and parents attracted by the glamorous promise of free tuition might be let down by a tangle of fine print that runs from residency requirements to scholarship clawbacks."

In some ways, free-tuition schemes like New York's resemble [pyramid investment schemes](#), that is, businesses promising but never delivering great wealth to new investors. Instead, the initial investors—or those at or near the top of the

pyramid-benefit by recruiting new investors on the false pretense that they too will share in the abundant return on investment.

Specifically, here's how free-tuition schemes resemble pyramid schemes:

- Both systems rely on broad bases of financial support, but only a small percentage of contributors actually benefit.
- Both programs rely on the promise of future returns; costs are widely distributed, and those at the top of the pyramid face little risk.
- New investors tend to believe their actions will help everyone.
- Like pyramid schemes, the primary beneficiaries of free-tuition schemes are those at the top of the pyramid. (They are, one, politicians who spearheaded the tuition-free schemes and, two, executive-level higher education administrators who help sell free-tuition-for-all to students and their parents.)
- When/if the pyramid collapses, those at the top will have already reaped the benefits of the scheme.

What do you think? Is free tuition just smoke and mirrors? Or is it a policy proposal that you'd support?

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