

# FREE COLLEGE

BENJAMIN FRANKLIN once said that investment in knowledge pays the best return. But the escalating cost of college is a frightening hurdle for many. Total student debt exceeds one trillion dollars, and as the volume of debt mushrooms, defaults are on the rise. Our student loan program is costly to student borrowers and has unwittingly contributed to the skyrocketing cost of college. Just as easy credit leads to unrealistically high home prices, easy credit allows students to accept tuition rates that are too high.

While student borrowers would benefit from the reduced cost of student loans under Banking 2.0 as proposed in *The Economist's Tale*, we must be careful not to let the lower cost of credit fuel even higher tuition rates. It would be wise to implement a parallel program to the student loan program—one that would encourage the development of lower-cost post-secondary options for students. I think the program should be called the Challenge Program because it should challenge students and educators to re-think education.

With the implementation of the Payments Tax, we could actually afford to give students a free college education, if we build in the right incentives. The Challenge Program ought to offer qualified students a free education if they can find a college or vocational school offering a full year's tuition at a cost of \$10,000 or less. With these qualifiers in place, the Challenge Program would

send a powerful message to both students and colleges.

- Students would choose between taking out loans for a conventionally priced education or a free ride for an efficiently priced education.
- Colleges would be incentivized to deliver a year's education for only \$10,000 in order to attract an abundance of students.

The Challenge Program should encourage shorter-term programs designed to prepare students for jobs like programming. We need to break the mold on the idea that a four-year liberal arts education is a one-size-fits-all solution and create more cost-efficient programs that prepare students for careers.

There are 24 million college and vocational students in our nation. If all of them were to elect the Challenge Program, the annual bill would be \$240 billion. With the Payments Tax, a family earning \$100,000 would pay just \$5 per year for a free college education.