

The Economic and Social Case for Reducing College Tuition in the United States

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Abstract: The escalation of tuition fees in the United States has become a significant concern, leaving many individuals burdened by debt. In response, the United States has implemented a range of strategies, including grants and financial aid, to alleviate the financial burden of tuition. These measures have proven insufficient in curbing the persistently rising costs of tuition. The persistently increasing cost of higher education in the United States is a prime example. This article delves into the economic impact of reducing higher education tuition fees, discussing how affordable higher education can foster a more skilled and competitive workforce. It explores the potential for increased innovation and technological advancement resulting from greater access to affordable education. Furthermore, the paper scrutinizes the social benefits of lower tuition fees, such as mitigating student loan debt and enhancing socioeconomic mobility. A comparative analysis with China, a rapidly developing nation, provides invaluable insights into alternative approaches to achieving educational equity and minimizing tuition costs. By analyzing China's strategies for enhancing access and affordability, readers can better understand potential solutions for the U.S. education system. This article proposes practical solutions for reducing the cost of higher education in the United States, which include increased government intervention, private sector participation, and innovative financing models. By presenting these insights, this paper aims to contribute to the ongoing discourse on making higher education more accessible and affordable for all.

Keywords: College Tuition Reduction, Student Debt Crisis, Educational Equity, Comparative Education Policy

1. Introduction

Education at the tertiary level holds a pivotal role in contemporary society, significantly influencing individuals' personal development and career trajectories. Higher education has long been recognized as a cornerstone of societal progress and individual success in the United States, one of the world's most advanced nations. Bowen and McPherson posit that higher education significantly contributes to economic growth by cultivating a skilled workforce, with its social rate of return substantially exceeding individual benefits [1]. The American higher education system is globally renowned for its quality, innovation, and influence, attracting scholars and students from diverse regions worldwide. The diversity and inclusivity of the U.S. academic environment are key factors that contribute to its appeal. Students from various cultural backgrounds come together, fostering cross-cultural understanding and collaboration [2]. This multicultural setting helps students develop a broader perspective and a more nuanced understanding of global issues, preparing them to thrive in an

increasingly interconnected world. Moreover, the American higher education system boasts a wealth of esteemed faculty members who are leaders in their respective fields. These scholars bring cutting-edge knowledge and innovative ideas into the classroom, ensuring that students are exposed to the latest developments in their areas of study. Many students benefit from opportunities to engage in real-world research, collaborating with these experts to advance knowledge and contribute to groundbreaking discoveries. These strengths have cemented the reputation of American higher education as a leader on the global stage.

However, the rapidly increasing cost of higher education has emerged as a critical challenge for students and families, as it imposes a considerable financial burden and exacerbates inequalities. The principles of neoliberalism, which have dominated economic policy since the 1970s, have further strained the system by advocating reduced government intervention and privatization. At the same time, the value of education as a public good cannot be overlooked. According to Schulz's introduction to human capital theory, investing in education yields higher returns than investments in other sectors [3]. Education plays a vital role in shaping individuals and contributing to the overall development of a nation. Reducing the cost of college tuition is, therefore, a key strategy for promoting equal access to education and alleviating the student debt crisis. By making higher education more affordable, individuals from all socioeconomic backgrounds would be afforded greater opportunities to pursue their academic aspirations without being hindered by financial constraints. Overall, addressing the issue of rising college costs is essential not only for individual students and families but also for fostering a more equitable and inclusive society.

2. Methods

This project uses in-depth qualitative approaches using the data from three sources: Federal Reserve, College Board, and National Center for Education Statistics. We conducted a quantitative analysis of these datasets [4]. In this paper, correlation analysis is used, that is, two or more variable elements with correlation are analyzed to measure the degree of close correlation between two variable factors. This paper analyzes the American higher education tuition fee (x), the number of Americans receiving higher education (y), and the American social debt ratio (z) and finds that x is negatively correlated with y , and x is positively correlated with z .

3. Current Trend of Rising Tuition Cost

3.1. Rising Tuition Costs in the U.S.

Over the past few decades, the overall cost of college tuition in the United States has escalated faster than the inflation rate, family income, and other living expenses. As shown in figure 1, while there was a slight dip between 2023 and 2024, tuition fees have exhibited a steep upward trajectory over the past ten years. In the last decade, the average tuition fees of colleges and universities have surged by 5%, escalating from 39,550 dollars to 41,540 dollars. In stark contrast to the soaring tuition fees, the real income of ordinary families in the United States has experienced sluggish growth and, in some cases, a downward spiral. The empirical study conducted by Deming & Walters reveals that over the past decade, the growth rate of tuition fees in American public universities has tripled the median household income growth, thereby exacerbating the financial burden on middle- and low-income families [5]. Furthermore, the disparity in social income distribution has widened rapidly since the mid-1980s. As tuition fees soar, financially disadvantaged yet talented students face significant barriers to accessing higher education. The rising costs not only increase the likelihood of accumulating debt but also deepen educational inequality, effectively reinforcing social stratification and reducing upward mobility [6].



Figure 1: Published Tuition and Fee in 2023.

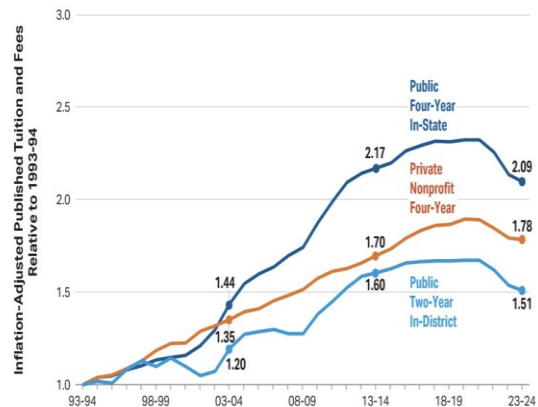


Figure 2: Inflation-Adjusted Published Tuition

Academic Year	Tuition and Fees in 2023 Dollars						Tuition and Fees and Housing and Food in 2023 Dollars			
	Private Nonprofit Four-Year	10-Year \$ Change	Public Four-Year	10-Year \$ Change	Public Two-Year	10-Year \$ Change	Private Nonprofit Four-Year	10-Year \$ Change	Public Four-Year	10-Year \$ Change
1993-94	\$23,300		\$5,380		\$2,650		\$33,440		\$13,140	
2003-04	\$31,500	\$8,200	\$7,730	\$2,350	\$3,170	\$520	\$43,310	\$9,870	\$17,500	\$4,360
2013-14	\$39,550	\$8,050	\$11,670	\$3,940	\$4,250	\$1,080	\$53,770	\$10,460	\$24,130	\$6,630
2023-24	\$41,540	\$1,990	\$11,260	-\$410	\$3,990	-\$260	\$56,190	\$2,420	\$24,030	-\$100

Figure 3: Average Tuition and Fees and Housing and Food in 2023 Dollars

3.2. Impact of Rising Tuition on Debt

While the U.S. government has implemented measures such as grants, the Federal Work-Study (FWS) program, federal loans, and federal tax incentives to mitigate the financial burden of tuition, these approaches are far from sufficient. Federal loans account for about 92% of all student debt, with 55% of students at public four-year colleges relying on loans to finance their education. The total student loan debt in the United States has exceeded \$1.7 trillion, surpassing both credit card and auto loans combined. More than half of American college students leave campus with debt, with the average debt exceeding \$38,000 and some students with debt exceeding \$100,000 [7]. Those who are unable to secure stable, well-paying jobs face severe repayment challenges, further compounding the financial strain. The repercussions of student debt extend beyond individual borrowers. Repayment difficulties delay major life milestones such as purchasing homes, marriage, and starting families. On a macroeconomic level, student debt suppresses the spending power of borrowers, reducing consumer demand and limiting the capacity of lenders to issue new loans. This ripple effect undermines broader economic growth and exacerbates financial instability for entire demographic groups.

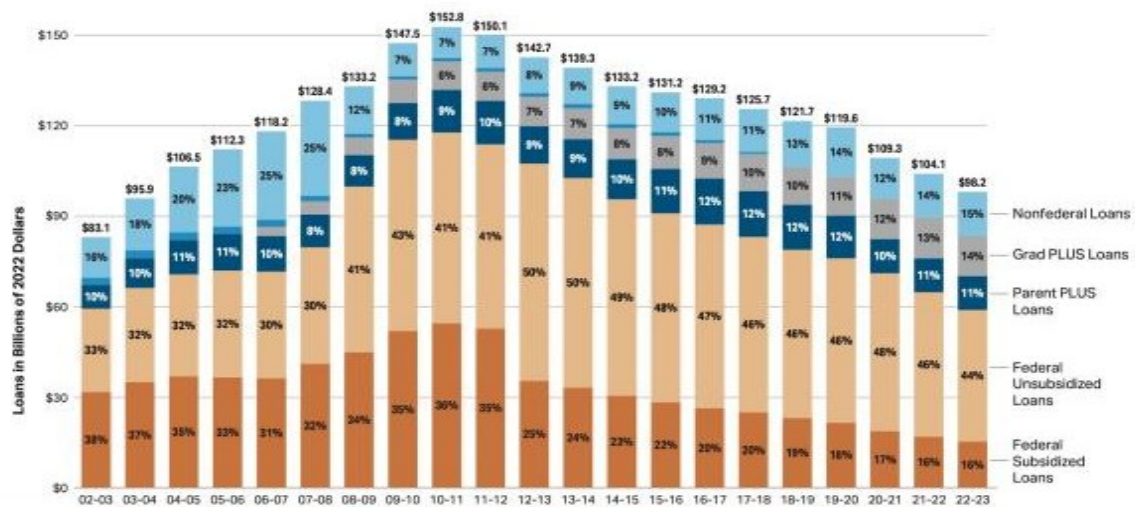


Figure 4: Total Federal and Nonfederal loans in 2022 [2]

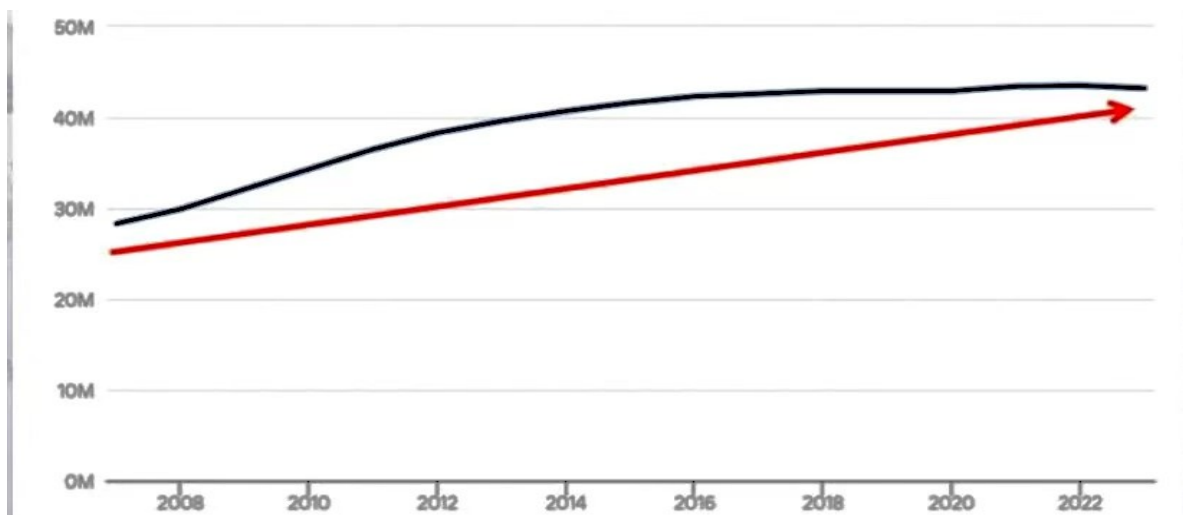


Figure 5: Federal student loan Borrows by Year 2007-2023

4. Comparative Analysis between the U.S. and China

4.1. Higher Education Financing in the United States

Education is a crucial foundation for the growth and development of a nation and its citizens. As one of the most advanced countries globally, the role of educational assistance in the United States cannot be overlooked. Since the 1970s, the philosophy of neoliberalism has lobbied for a reduction in government interference in the economy, aiming to lower the costs of public services and maximize privatization. In the United States, this has led to a transformation in the approach to higher education financing, shifting from federally provided grants to student loans to the utilization of tax revenue to underwrite higher education costs. However, as the Chinese proverb aptly states, "*the wool comes out of the sheep*," illustrating the inequities in the U.S. system. While the government collects taxes from low- and middle-income families, the beneficiaries of this financial support are primarily middle- and upper-income students attending public universities, exacerbating the existing education and income inequality. Following Schulz's overview of human capital theory, education holds significant importance for a country, and the return on investment in education far outweighs that of other forms

of investment. Reducing university tuition fees can enhance educational opportunities' equality, elevate the workforce's caliber, and boost employment competitiveness. Consequently, tuition reform is the sole path towards further advancement of technology and the economy in the United States.

4.2. China's Investment in Higher Education

China, as a rapidly developing nation, has demonstrated the transformative power of substantial investment in education. Over the past few decades, the Chinese government has implemented policies that prioritize education as a driver of economic and social development. Several strategies have proven instrumental in addressing educational inequality and ensuring access to affordable higher education.

Firstly, the Chinese government provides financial subsidies to renowned universities, such as Tsinghua University and Peking University. These subsidies bolster infrastructure, enhance research capabilities, and allow universities to offer tuition assistance. By reducing the financial burden on universities, these subsidies enable universities to levy lower tuition fees and cultivate a diverse range of talents. The empirical research conducted by Deming & Walters indicates that the growth rate of tuition fees at public universities in the United States over the past decade has been three times that of the median household income growth, thereby exacerbating the economic pressure on middle and low-income families [8].

Secondly, China is dedicated to improving the equity of education. By implementing the inclusive education strategy and the nine-year compulsory education policy, China ensures that every child, regardless of location or economic status, has access to education. Special attention is given to rural and impoverished areas, where students receive free educational resources. By 2020, the number of students dropping out of compulsory schooling nationwide had significantly decreased from 600,000 to just 682 individuals [9].

4.3. Comprehensive Educational Assistance System

China has also established a robust educational assistance system that supports students from low-income families. This system encompasses a grant system and a tuition waiver system, ensuring that children from low-income families are granted equal opportunities to pursue higher education and sit for the college entrance examination, just like their counterparts from ordinary families.

In 2012, China embarked on an ambitious initiative to enhance access to higher education through a comprehensive college enrollment program. This program was designed to provide financial support to students throughout their academic journey, from the initial application process to their eventual graduation. Over the years, the scope and reach of this initiative have steadily grown, reflecting the government's commitment to making higher education more accessible and affordable.

One of the most significant outcomes of this program has been the substantial increase in the number of National Inspirational Scholarships awarded to students. Initially, these scholarships were available to only 0.3% of the student population, but by recent measures, this figure has risen to an impressive 3%. This growth underscores the government's dedication to recognizing and rewarding academic excellence and highlights its efforts to encourage and support talented students from diverse backgrounds [10].

Additionally, the percentage of students benefiting from State grants has dramatically risen, from a modest 3% to a notable 20% [11]. These grants are crucial in alleviating the financial burden on low-income families, ensuring that economic constraints do not hinder educational aspirations. By expanding the scope of financial assistance, China has taken significant steps towards creating a more equitable and inclusive higher education system.

4.4. Outcomes of China's Approach

The impact of these financial aid programs is evident in the increased enrollment rates and the broader participation of students from underprivileged backgrounds. This initiative has improved access to higher education and contributed to social mobility and the overall development of human capital in China. By nurturing a well-educated and skilled workforce, China is better equipped to meet the challenges of the 21st century, driving innovation and economic growth. These achievements highlight the potential benefits of prioritizing educational investment, offering valuable lessons for the United States as it seeks to reform its higher education system.

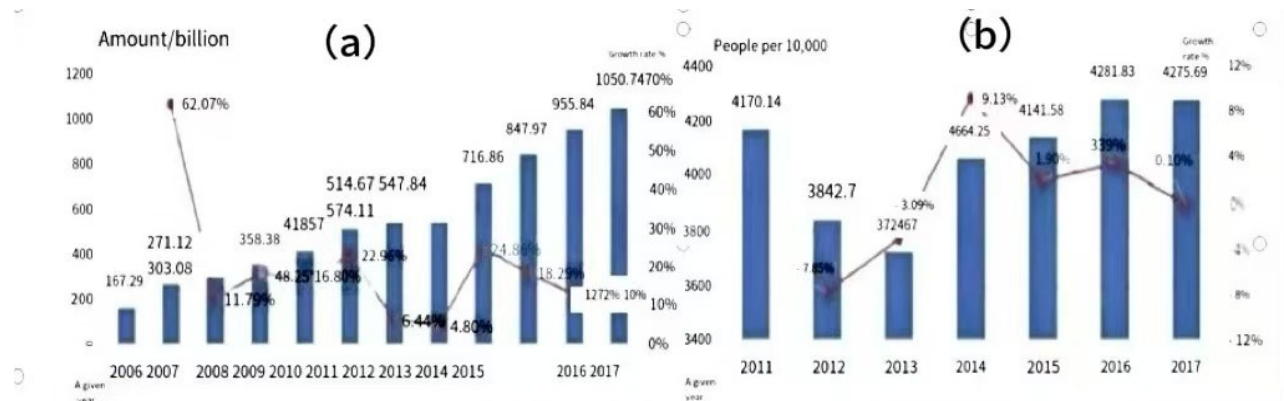


Figure 6: (a) Total funding for general higher education.
(b) Total number of people funded by general higher education from 2011-2016 [12]

5. Proposed Solutions for Reducing Tuition Costs

To address the challenges associated with rising tuition fees, the following measures are proposed:

5.1. Increase scholarships and bursaries

The government should expand coverage of the financial aids. Besides increasing the government's financial investment in scholarships and bursaries, funding sources can be diversified through social donations, corporate sponsorships, and philanthropic initiatives. This will enable more students to benefit from financial assistance. Special attention should be given to students with excellent academic performance but limited financial resources, ensuring they can access opportunities for higher education.

Also, the management of financial aid shall be refined. A transparent and equitable review system should be established to ensure that financial aid reaches students who genuinely need support. This includes but is not limited to multidimensional considerations such as verifying family income and assessing academic performance to avoid waste or improper use of resources.

Dynamic adjustment is also necessary. Based on changes in economic conditions and the evolution of social needs, the standard and number of scholarships and grants are regularly adjusted to meet the needs of students at different stages.

5.2. Reasonable regulation of tuition fees

The government can encourage colleges and universities to set tuition fees reasonably by formulating or amending relevant laws and regulations to avoid unnecessary financial pressure on students caused by excessive fees. For example, schools could be incentivized to lower their fees through tax incentives.

Universities should also actively seek ways to control costs, such as improving teaching efficiency and reducing unnecessary administrative expenses, to create space for reducing tuition fees. Such measures would create room for lowering tuition fees while maintaining educational quality.

To reduce reliance on tuition income, universities should explore alternative revenue streams. This might include industry-university-research cooperation and the transfer of scientific and technological achievements to reduce their dependence on tuition income and thus achieve a moderate reduction in tuition fees.

5.3. Promote the optimal integration of educational resources

The quality of education can be further improved. By strengthening teacher training and introducing advanced teaching methods and technical means, we will continuously improve the quality and effect of education and teaching and attract more students to stay on campus to study. Building an inter-school cooperation and resource-sharing platform can also promote curriculum selection, credit recognition, teacher exchange, and other activities to maximize the use of high-quality educational resources. Especially for schools in remote areas or with relatively scarce resources, the lack of hardware facilities can be compensated through distance education and other means.

In addition to financial assistance, students from poor families should also receive more guidance and support in psychological counseling, career planning, and other aspects to help them better integrate into campus life, complete their studies, and enter society. These measures can help disadvantaged students integrate into campus life, complete their studies successfully, and transition into society more effectively. Tuition reform is a systematic project that requires the joint efforts of the government, schools, and all sectors of society. Only through multifaceted collaboration and innovation can we truly achieve educational equity so that every child can receive a high-quality education.

6. Conclusion

The escalating cost of higher education has not only emerged as a mounting issue but has also imposed a considerable financial burden on students and their families. This burden often results in elevated levels of student debt, making it challenging for graduates to embark on their careers without the added stress of loan repayment. The neoliberal agenda of minimizing government intervention in the economy has privatized public services, including education. However, as Schulz's introduction to human capital theory suggests, investing in education is vital for a country's development. Education equips individuals with invaluable skills and knowledge, fostering economic growth and innovation.

Eliminating the financial barriers to higher education in the United States is crucial for ensuring equal access to education. Exorbitant tuition fees can erect obstacles for low-income students who may lack the financial resources to pursue higher education. By making college more affordable, we can guarantee that all individuals have an equal opportunity to advance their education and pursue their career aspirations. Moreover, alleviating the financial strain on students can yield positive outcomes, such as enhanced graduation rates and reduced levels of student debt. This would ultimately benefit society by cultivating a better-educated workforce and mitigating economic inequality.

As the debate over tuition reform continues, ethical considerations must guide the development and implementation of solutions. Policymakers, researchers, and stakeholders involved in these efforts must uphold the highest standards of integrity and equity. Informed consent is critical in studies involving participants, ensuring they are provided with clear information about the purpose, process, risks, and benefits of research. Participants must voluntarily agree to participate, with ample

time for decision-making. Preservation of personal privacy is equally important. Safeguards must be in place to securely handle and store participants' data to prevent the disclosure of personally identifiable information. Finally, the publication of findings related to tuition reform must adhere to academic norms, ensuring that results are reported truthfully and transparently without falsification or misrepresentation. By integrating these ethical principles, the pursuit of affordable higher education can proceed with fairness and accountability, safeguarding the interests of students, families, and society at large

In conclusion, tackling the rising cost of college tuition ensures equal access to education and reduces financial stress on students and families. Addressing these challenges through ethical and innovative approaches requires collaboration between governments, educational institutions, and broader society.

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