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**Six Reasons Why Obama's Free Community College Is a Poor Investment**

Let’s get this straight. First, we are a nation with an $18 trillion debt that, five years into a business cycle upturn,  that still cannot come close to balancing the federal budget despite Obama-induced tax increases.  Second, we have a very significant problem of overinvestment in higher education that manifests itself in a large proportion (one-third to one-half) of recent college graduates taking jobs that usually go to high school graduates –they are “underemployed,” many of them still living with their parents and dependent on parental financial support. Third, and related to that, for every ten students that enter community college, only *three*graduate within three years.  Fourth, despite the first three points, President Obama wants to *encourage increased*community college attendance by making it costless to the consumer.

It is true that around State of the Union time the President usually makes pronouncements about higher education, and that, in the past, little has come of most of his proposals. Still, it is worth mentioning six reasons why this is a monumentally bad idea—and why he proposed it.

First, the federal system of government has worked well in our nation, with the central government doing some things like monetary policy and providing defense and homeland security, and, historically, the states handling other things, like providing highways and schools, albeit with some federal financial assistance. The diverse nature of U.S. higher education is one of its strengths –we have 50 different ways of providing postsecondary education, and the nation has benefited from having diverse approaches. New Hampshire and Massachusetts devote little public money to higher education, but have great private schools; Michigan and California more generously support public universities, and have several great ones. People migrate to the state whose public service provision fits their tastes.

Second, a significant portion of persons going to community colleges come from at least moderately affluent families, and subsidizing their education more than presently is a waste of resources. Truly low income students, for whom financial barriers to college access are real, already receive Pell Grants that typically cover virtually all of community college tuition. Related to that, the evidence is strong that students do better in college when they have “skin in the game,” that is, when they have to pay part of the cost. Thus, even controlling for other factors, students graduate in higher proportions from relatively more expensive private schools than public institutions.

Third, the recent post-graduation job experience is not very good for community college graduates, perhaps one reason why the popularity of these schools is in decline, with enrollments down significantly in the past four years. For many high school graduates, one year training in a certificated jobs program at a private career college, or perhaps at a community college, makes more sense than getting a two year associate degree.

Fourth, why should we give “free” education at public community colleges, while at the same time the Obama Administration, through highly discriminatory regulatory policies, has virtually declared war on for-profit higher education? While the evidence is perhaps mixed, there is a good deal of it that suggests that often students do well going to schools like the University of Phoenix, or Strayer or Ashford universities.

Fifth, as mentioned previously, the U.S. government’s finances are somewhat precarious, which has already led to its first credit downgrade in modern American history. The unfunded liabilities associated with Social Security and Medicare alone reach into the tens of trillions of dollars. We should be seeking ways to shrink those liabilities, particularly given the decline in the proportion of Americans who are working (itself probably largely a manifestation of the modern welfare state). The Obama proposal worsens an already serious fiscal problem.

Finally, the past large expenditures for federal student financial assistance, such as the Pell Grant and student loan programs, have contributed importantly to the tuition fee explosion. Community colleges have been less impacted by this, but it is likely the Obama proposal would lead to a fee explosion at the two year schools.

The Obama idea is probably dead on arrival in the Republican controlled Congress. The President almost certainly knows this. Then why is he proposing it? It is dangerous to impute motives, and I tend to be highly cynical of contemporary politicians. That said, I suspect the President is appealing to his Democratic base, telling them that the entitlement programs they love and want expanded depend on Democratic political control.  I think the President, always partisan, wants to be able to characterized Republicans as insensitive, affluent, selfish persons uninterested in the disadvantaged (a line he has used many times previously, with mixed success). Also, I suspect he wants to develop a historical legacy among liberal historians as the bold president who tried to bring to America the full manifestation of the European style welfare state.

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