

Opinions

Obama's community-college gamble



By **Robert J. Samuelson** February 4

A presidential budget is more than an expression of policy. It's also an exercise in political brand management. It aims to project the president and his administration favorably. This is certainly true of President Obama's [fiscal 2016 budget](#), whose proposals are cast as instruments of "middle-class economics." The government is your partner. It will protect your middle-class status — or help you retrieve it, if it's been lost.

In the real world, it's not that easy.

Robert J. Samuelson writes a weekly column on economics. [View Archive](#)

Consider going to college. It has been a part of the middle-class gospel for decades. Jobs require more skills; workers need to acquire those skills. A high-school diploma no longer suffices. For years, government has provided subsidized loans and grants to college students. Now, Obama proposes further subsidies to make two years of community college free to students.

The record of existing college aid — grants and subsidized loans — raises questions about how effective this will be.

Certainly, millions of students have benefited from government help, earning degrees and finding good jobs. But college is no panacea. For starters, millions of students don't earn a degree. For one reason or another, they drop out. This is true of both four-year colleges and community colleges. About 60 percent of students at [four-year colleges](#) get a degree within six years; at [two-year schools](#), about a third get degrees.

Economists calculate college wage premiums — the pay gap between, say, college and high-school graduates — to show the worth of a college education. A [Pew study](#) puts the premium at about 60 percent; other estimates are higher. But they may overstate the economic value of going to college, says a [new paper](#) by economists Alan Benson of the University of Minnesota, Frank Levy of the Massachusetts

Institute of Technology and independent economist Raimundo Esteva. These estimates, the study argues, ignore differences in students' ability, delayed graduation rates and some graduates' lower labor-force participation.

It's not just that college doesn't work wonders for all students. It actually makes some worse off by loading them with huge debts. At more than \$1 trillion, [student debt](#) now exceeds both credit card and auto loan debt, says the New York Federal Reserve Bank.

The [debt burden has grown sharply](#), reports a study by economists Alexander Monge-Naranjo of the Federal Reserve Bank of St. Louis and Lance Lochner of the University of West Ontario. The share of 25-year-olds with government or private student debt rose from 25 percent in 2003 to 45 percent in 2013. And debt levels soared; among 22- to 25-year-olds with debt, the average amount went from \$10,600 to \$20,900 in inflation-adjusted dollars. Rapid tuition increases and a weak job market (which makes it harder to repay debt) seem probable causes. Delinquency rates are now 11 percent, says the New York Fed.

There's also evidence that low tuitions alone don't keep students in school. California has among the lowest levels of tuition and fees in the country, averaging \$1,472 a year, about half the national average, [write](#) Michal Kurlaender, an education professor at the University of California, Davis, and Jacob Jackson, a researcher at the Public Policy Institute of California, in The Washington Post. But retention rates are still less than half. Money is apparently not students' main problem; lack of interest or poor preparation may be.

As policy, free community college is a shot in the dark. We don't know how much, if at all, it will produce more workers with greater skills and higher — middle-class — incomes. No matter. It sounds great. As a bit of political branding, it's a winner.

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