

## Free College is Far Less Costly than the Student Loan Program

A free college education for everyone (paid by federal, state and/or local governments) is highly realistic, as explained below. Tuition per student should be about \$2,000/year, to be described more fully below.

First of all, you have to know that I am a high school dropout, and graduated *magna cum laude* from LIU and graduated from Harvard Law School.

I have been in business for 73 years (starting with my paper route in North Platte, Nebraska).

I created a career field (paralegal) by creating, paying for, managing and teaching in a proprietary vocational school in New York State, taught by attorneys at the post-graduate level to college graduates, until competition required my school to admit high school graduates. The school was licensed, accredited and had federal student loans. The school lasted for 18 years, until the amount of regulation forced the school to close its doors.

I have a total of 20 years as a student (K-12, + 4 college + 3 law school), and 18 years owning, running and teaching in a proprietary school – a combined 38 years of school activity.

The only statute that needs to be enacted is a federal statute that permits colleges to be created anywhere in the United States without any state licensing, and as part of the statute to emphasize that if the school defrauds its students a lawsuit can be brought by the attorney general of the state (or the local Department of Justice) to obtain an order stopping the fraud or, if warranted, putting the school out of business.

There is no need for student loans, which means that there is no need for accreditation, which is required by a licensed school to be part of the federal student loan program of the U.S. Department of Education.

With the three requirements of state licensing, accreditation and federal student loans, tuition and other costs for many colleges and universities range from \$20,000 to \$75,000 per year, and has resulted in student loan slavery (i.e., no bankruptcy relief), reduced ability to obtain employment (because of poor credit rating and garnishment of wages), and \$1.5 trillion in outstanding student debt (most of which won't be paid off),

If, on the other hand, a student lived at home and commuted each day to school by car with free parking, and if teachers were paid \$20/hour, and the class size is 30 students, the economics of the school are:

### 20-Classroom

Assuming a 20-classroom college, operating 72 hours each week (from 9 am to 9 pm Monday through Saturday), and assuming each student is to attend 500 hours per year (which means that the student is paying \$4/hour for instruction), the total income per week is  $30 \times 20 \times 72 \times \$4 =$

**\$172,800** and the total weekly teaching expense is  $20 \times 72 \times \$20 = \$28,800$ . The difference, available for rental and management is **\$144,000** (weekly) or **\$7,200,000** (for a 50-week year).

### **10-Classroom**

Assuming a **10**-classroom college, operating **72** hours each week (from 9 am to 9 pm Monday through Saturday), and assuming each student is to attend 500 hours per year (which means that the student is paying **\$4**/hour for instruction), the total income **per week** is  $30 \times 10 \times 72 \times \$4 =$  **\$86,400** and the total weekly teaching expense is  $10 \times 72 \times \$20 = \$14,400$ . The difference, available for rental and management is **\$72,000** (weekly) or **\$3,600,000** (for a 50-week year).

### **Student Loan Cost**

Today, outstanding student loan debt exceeds \$1.5 trillion (\$1,500,000,000,000), 2<sup>nd</sup> only to outstanding mortgages (which are secured by real property and more likely to be paid).

Assuming that 1/10<sup>th</sup> of the total is the annual cost of federal student loans to the U.S. government, this amounts to \$150 billion (\$150,000,000,000).

According to the US Census report, there are about 16 million students enrolled in colleges across the United States (US). If 50% of these students (i.e., 8,000,000) attended the unlicensed colleges and the students' tuition were paid by the U.S. government, the annual cost would be \$16 billion (\$16,000,000,000) or about 10% of the annual cost of student loans. Thus, it is a fairly simple way to provide a free college education to anyone who wants it.

### **Why Existing Colleges Charge So Much**

Colleges lack competition (because of state licensing requirements) which enables them to charge more than if there were competition.

College professors and others in colleges are given tenure or sweetheart contracts paying far more than a competitive market would pay them, which requires higher tuition.

State higher education excessively regulates for-profit schools to make it difficult for them to operate, so that the competition is reduced for colleges. This excessive regulation takes place because private for-profit schools generally have better instruction (at a lower cost) and more convenient entry dates (I established a "rolling admission" policy, which kept the seats full); and for-profit schools are better at marketing. Also, the excessive regulation occurs to try deliberately to put for-profit schools out of business because they are taking away student loan money from the less effective colleges and universities, which results in higher taxes to pay for the under-performing state colleges and universities.

### **Summary**

A federal law is needed to enable unlicensed colleges and universities to operate in any state, with \$2,000 in paid to each student for full-time attendance to cover their tuition. State attorneys

general would have the right to sue the unlicensed colleges and universities to stop any fraudulent activities and even put them out of business for fraud.