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# History of Student Loans: The Free Tuition Movement



By [Richard Pallardy](#)

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There is near-universal alarm over the student debt crisis. The [\\$1.56 trillion](#) in loan debt owed by students at the end of 2018 will continue to grow as college costs continue to climb.

In response, a growing contingent has begun calling for free college tuition. The movement saw a substantial jump in support, particularly on the political left, after both Vermont Senator Bernie Sanders and former Secretary of State Hillary Clinton endorsed versions of a free-tuition plan during the 2016 presidential race. Sen. Sanders was particularly vocal in citing the fact that free tuition is not unprecedented in the United States or abroad.

He wasn't wrong, but the story of free tuition in the United States, at least, is a little more complicated than that. While

some institutions were free or low cost in the past, there was never a national mandate. And, as critics of the free-tuition movement have charged, European countries that offered free tuition have encountered complications. Nonetheless, the movement persists and an increasing array of state programs offers some version of free tuition to in-state students.

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## Was Tuition Free in the Past?

Institutions of higher learning founded in the early days of the American experiment were sometimes tuition free, though they did charge for room and board. Subjects of study were usually limited to education and religion, however, and enrollment was relatively low.

There were early rumbles of a more wide-reaching tuition-free policy. In his 1778 "[Bill for the More General Diffusion of Knowledge](#)," Thomas Jefferson proposed not only free primary and secondary school education, but also free advanced education for high-performing students. However, that version of the bill failed to garner sufficient support.

Education reformer Horace Mann took up the campaign for tax-funded primary school education following his 1837 appointment as secretary of the Massachusetts Board of Education as part of what was known at the Common School Movement. While this did eventually lead to subsidized primary schools by the latter part of the 19th century, Mann's subsequent calls for state-funded universities did not gain much traction.

Some progress was made with the passage of the [Morrill Act](#) in 1862 under President Abraham Lincoln. This act instituted a system of what were called land grant colleges, most of which were low cost and [some of which did offer free tuition](#).

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## Free Tuition at the State Level

Some states did attempt to realize free tuition at the university level, with varying levels of success.

- The [Indiana constitution of 1816](#) called for “... a general system of education, ascending in a regular gradation, from township schools to a state university, wherein tuition shall be gratis, and equally open to all.” However, this was never realized at the university level and a later iteration of the constitution signed in 1851 omitted that line.

More successful were Florida, California, and Arizona.

- Florida required that a certain number of students be admitted each year to its state institutions free of tuition under an [1869 law](#). Some seminaries and [normal schools](#) were also free of tuition. Following the 1905 consolidation of the state university system under the Buckman Act, no tuition was charged to state residents enrolled at the University of Florida or the Florida State College for Women.
- The 1868 [Organic Act](#) in California stipulated “...that as soon as the income of the University shall permit, admission and tuition shall be free to all residents of the State.” By 1921, a \$25 incidental fee was charged. At its founding in 1891, the privately endowed Stanford University charged no tuition, a policy that persisted until 1920. Community colleges remained free until [1984-85](#), when fees per credit were first assessed.
- The [1910 constitution](#) of Arizona stated that education at state universities should “...be as nearly free as possible.” A 1935 state Supreme Court case allowed for the assessment of fees. Though in 2003 the Supreme Court declined to address rising tuition costs, tuition in Arizona has remained relatively low.

By the 1970s, both Florida and California had begun charging tuition to in-state students.

In a notable example of a local free-tuition system, for much of its history the City University of New York did not charge students — though, for a period, only students with a certain GPA could avail themselves of the program. Free tuition at CUNY came to an end in 1976.

### **Increases in Tuition**

The 1944 Servicemen’s Readjustment Act, also called the [G.I.](#)

[Bill](#), allocated funds to pay for the education of returning servicemen. That bill, along with the [National Defense Education Act](#) of 1958, which sought to recruit greater numbers of students in the sciences and mathematics in order to compete with Russia, helped to facilitate massive increases in college enrollment.

Those numbers continued to climb in the 1960s, though by the [1970s had slowed](#) (see page 66). Nonetheless, enrollment rates continued to rise incrementally until around 2011, which saw the beginning of a decline. Increasing enrollment rates were paralleled by commensurate increases in tuition, which had been on the rise since the Great Depression, during which schools struggled to find funds.

In the past 50 years, average tuition rates have nearly tripled.

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## **The Contemporary Free-Tuition Movement**

Observers of the dual tuition and debt crises have not been idle. In 2013, the [Campaign for Free College Tuition \(CFCT\)](#) was founded to advocate for free tuition nationwide.

The recent groundswell of support for the free-tuition movement has been traced to the [America's College Promise proposal](#) issued by President Barack Obama in January 2015. The proposal called for two free years of community college nationwide, expanding on the American Opportunity Tax Credit which was enacted by the [American Recovery and Reinvestment Act of 2009](#). These sentiments were echoed in an April 2015 [resolution](#) introduced by Massachusetts Senator Elizabeth Warren and other Democrats who called for debt-free education at public institutions.

The [Million Student March](#) in November 2015 included the issue in its platform.

The cry was taken up during the 2016 presidential election by first Bernie Sanders and then an initially hesitant Hillary Clinton. Sanders believed that free tuition for all could be financed by a Wall Street financial transaction tax. Clinton, who adjusted her debt-free tuition stance after Sanders dropped out, aimed to

eliminate tuition at public universities for students coming from families that made under \$125,000 by 2021 by reducing tax deductions for wealthy citizens.

Sanders pointed to the fact that many other countries do indeed offer free tuition. [As of 2016](#), Denmark, Estonia, Finland, Norway, Poland, the Slovak Republic, Slovenia, Sweden, and Turkey didn't charge tuition at public universities. Germany also dropped tuition charges in late 2014 after massive protests. Currently, two dozen countries offer some form of free college tuition.

Following the election of President Donald Trump and a Republican Congress, it was thought that free tuition was unlikely to progress. Sanders nonetheless introduced a version of the [College for All Act](#) in 2017.

The Campaign for Free College Tuition estimated that some [two-thirds of Americans](#) supported the notion.

### State and Local Efforts

Ambitious national efforts aside, there have been some notable strides in pushing the free-tuition agenda on the state level, starting as early as 1990.

That year, Indiana rolled out its [21st Century Scholars Program](#), which sought to encourage college education starting in middle school by providing resources and ultimately, free in-state tuition to students falling in a certain income bracket.

The [Kalamazoo Promise](#) program inaugurated in 2005 took a unique approach to the issue. Private donors funded a program wherein all students attending the Kalamazoo Public School System would have their tuition paid for if they attended a public university in Michigan. The program was funded in perpetuity. In addition to the obvious benefits to students, the program was credited with bringing residents and businesses to the city.

The program inspired a range of other College Promise programs across the country. There are now [more than 400](#) nationwide. The programs vary in their extent, with some only funding community college and others providing a full four years of college tuition. Some are need-based and some are merit-based. And the some require all other forms of aid to be used first (last dollar), while others don't (first dollar). Since 2014, [some 36 states](#) have considered various forms of the

program.

Notable initiatives include:

- The [Tennessee Promise](#) program, initiated in 2014, is a last-dollar program that allows students to attend in-state community and technology colleges tuition-free.
- The [Arkansas Future Grant](#) program, initiated in 2016, funds two-year community college education for students in STEM fields provided that they agree to work in-state for three years following graduation. If they don't, the grant reverts to a loan.
- The [Oregon Promise](#) program, initiated in 2016, is a last-dollar program that funds two years of in-state community college for students who meet income and GPA requirements.
- The [Excelsior Scholarship](#) in New York state, initiated in 2017, is a last-dollar program that allows students to attend any public two- or four-year institution free of tuition. It was the first state to provide free tuition at public four-year colleges in addition to public two-year colleges. Students must work in-state for the number of years for which they received funding or the scholarship reverts to a loan.

Local programs have gained traction as well. California alone has [43 College Promise programs](#) in various cities. Other major cities that have adopted College Promise programs include [Pittsburgh](#) (2007), [Seattle](#) (2013), [Chicago](#) (2014), [Boston](#) (2016), [San Diego](#) (2016), and [Dallas](#) (2018).

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### Pushback and Criticism

While free-tuition programs have generally met with bipartisan support, there have been some dissenters who point to flaws in the system.

Critics note, for one, that students frequently don't finish their degrees within the stipulated time periods, leaving them to fund their own education after the two or four year terms are up, or to drop out. Even those who do finish in time are still saddled with room and board and incidental costs. Free tuition

also doesn't include free textbooks. Adult learners are excluded from many programs.

Skeptics also cite statistics from European countries with free tuition that indicate lower rates of graduation than in countries that require students to pay — the so-called “sunk-cost” effect.

They also point out that many students who fall below a certain income level already have their tuition waived or otherwise subsidized at most public institutions. Thus, low-income students do not receive much additional benefit beyond increased enrollment. Most of the financial benefit is realized by middle-income students.

Others worry that funding won't be able to keep up with demand, citing the example of the United Kingdom. Until 1998, tuition was free in the UK, but increasing college enrollment put unsustainable strain on the university system and the government ultimately had to cap enrollment.

Nonetheless, momentum continues to gather for the free-tuition movement and while national efforts may be temporarily stalled, it is reasonable to expect significant expansions on the state and local levels. Free tuition is a powerful marketing message.

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