

ORANGE COUNTY REGISTER

What should Obama tell UCI grads?

EDITORIAL

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President Obama is set to round out the commencement speech circuit Saturday, in between a fundraising stop in Laguna Beach and a Palm Springs getaway, by speaking to the graduating class of UC Irvine.

It seems an unlikely coincidence that the event, held at Angel Stadium in Anaheim, culminates a weeklong push by the president to make college more affordable. Undoubtedly, the president will use his speech to an institution of higher learning to tout his recent executive order expanding the current cap on federal student loan payments to an increasing number of students straddling mountains of debt.

The sentiment for a more affordable college education is certainly shared. According to a recent article in Forbes, the cost of college has tripled over the past three decades, while the average family income over the same span has risen 16 percent.

However, while the president should be lauded for his intentions, his policy will have precisely the opposite effect. Though the president's plan ostensibly aims to try to reduce student debt, Mr. Obama will likely only encourage students to incur more debt.

Currently, the only thing holding closed the flood gates on the student loan crisis is a student's ability to repay. However, under the president's proposal, he is expanding the number of students whose loan repayments are capped at 10 percent of their incomes, and only for 20 years. The remaining balance is forgiven, but not forgotten, as taxpayers will be expected to make up the difference.

But the rising cost of tuition is predicated on a student's access to easy – and nearly limitless – credit. By mitigating the only risk associated with those debts – the cost of paying them back – the nation's universities will only continue to raise tuition rates, knowing students are ready and able to pay with someone else's money.

For example, despite ever-rising tuition, the number of college-educated people in this country continues to rise. To put that in perspective, the Cato Institute's Neal McCluskey notes, "from 1971-2001, the percentage of 25- to 29-year-olds in the United States holding at least a bachelor's degree rose 71 percent."

“A student will ‘purchase’ education at a price he can afford. Extra education money enables him to pay a higher tuition. In the aggregate, multiple billions in student aid artificially inflate demand – and average tuition – as students who might not have gone to college do, and others attend more expensive institutions than they otherwise would have,” Mr. McCluskey writes.

When Mr. Obama addresses UCI’s graduates, he would be well-advised to instruct them that hard work and personal responsibility – not government subsidies – are the keys to success, and refrain from promoting solutions that will only compound the student debt problem.