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Free college will hike costs for taxpayers and make the system more opaque.

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“Free, free, free” is the Democratic presidential front runners’ proposed solution to many kitchen-table issues, including the high and rising price of college. Joe Biden indicated his support for 16 years of free public education in a 2015 statement. Sens. Bernie Sanders and Elizabeth Warren have made free college, as well as total or significant student debt “forgiveness,” part of their campaigns. However, prices give students and the public essential information, and we need to let the price system work with minimal distortions to help students tailor their best educational path.

Past federal attempts to increase higher education affordability — third-party payments of guaranteed private loans and direct federal loans and grants — contributed to non-transparent pricing and fueled rising prices. Free college would make things worse, while simultaneously transferring the entire burden to taxpayers. What American colleges need is more price transparency, not less.

It’s virtually impossible to know what four or more college years will cost at the time of admission. Prospective students and their families must face the daunting task of combining colleges’ listed price, possible institutional scholarships, government grants, loans, work study, and more to determine the true price. Now add the confusion of third-party payment, out-of-pocket vs. future student-debt payments, and various loan forgiveness programs, and the true price becomes even more obscured.

By having a high “sticker price” and adjusting the amount of aid (needs based or other) for some, colleges charge different prices to different students. Colleges can effectively “price discriminate” in terms of ability to pay, because they know exactly how much families earn. To qualify for financial aid, detailed financial records are required, including tax returns. Because only some students pay the listed price, schools can increase it, not worrying about losing applicants, and choose which students will pay based on their family’s capacity.

Students already have easy access to federal loans, which enable colleges to increase tuition knowing students have access to more debt. President Ronald Reagan’s then-Secretary of Education William Bennett famously explained this relationship in a New York Times op-ed: “If anything, increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions, confident that federal loan subsidies would help cushion the increase." A 2015 Federal Reserve Bank of New York study concludes that for every dollar increase in the subsidized loan maximum, tuition increases by about 60 cents.

Even with higher education's confusing finance system, students and families have a sense of the cost and some responsibility in making payments. "Free" — really taxpayer-funded — college would eliminate the existing transparency and remove families and students' incentive to consider the underlying costs. If all costs are paid by the government — eliminating tuition and fees amounts to about an $8,804 annual price drop for students looking at 4-year public colleges — then there could be an over-consumption of college. That would mean students enrolling in more classes for more years than will concretely pay off for them.

State per-student higher education spending grew 26% (2012 to 2017) following a 14% (2008-11) recession-induced enrollment surge. The enrollment surge resulting from a four-year $35,000 college subsidy would likely be much larger. Moreover, when someone (government) spends someone else's (taxpayers) money, they will neither economize nor maximize value.

Clear, accurate prices are necessary for households to make informed purchasing decisions. Policies should enhance clarity and help families make responsible decisions. Free college does neither. Fully government subsidized college wouldn't solve the problem of rising prices, it would simply hide it.

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