HILDRETH INSTITUTE

EQUITY IN HIGHER EDUCATION:
A PROMISE UNFULFILLED BUT STILL ACHIEVABLE

A White Paper on Creating
Equity in College Affordability.

BAHAR AKMAN IMBODEN, Ph. D.

This report was funded in part by the Michelson 20MM Foundation's Spark Grant.

JUNE 2020

ADDRESS
561 Boylston Street
4th Floor
Boston, MA 02116

CONTACT
P: (617) 423-0331
E: info@hildrethinstitute.org
W: hildrethinstitute.org

ACKNOWLEDGMENT

The motivation for this report originated from ongoing meetings and consultations with a broad array of progressive organizations and advocacy groups in Massachusetts, representing students, families, faculty & staff, as well as labor, community and faith organizations. We would like to particularly thank the Massachusetts Teachers Association, the Massachusetts Budget and Policy Center, the Public Higher Education Network of Massachusetts (PHENOM), and members of the Raise Up Massachusetts Grassroots Committee for their valuable insights informing the content of this report. We would like to also thank our sister organization Inversant for sharing their unique knowledge of the various financial and non-financial obstacles preventing students from low-to-moderate-income households from reaching their higher education goals.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- The COVID-19 pandemic exposed how financially vulnerable our country is.
- As we emerge from the pandemic and start to rebuild our economy, we must use education's potential to be the powerful engine of upward mobility.
- An affordable high-quality higher education must be part of the rebuilding efforts. A better educated nation raises productivity, innovation, entrepreneurship, competitiveness and civic engagement.
- Following decades of states disinvestment in higher education, our public post-secondary degree has become prohibitively expensive. The lack of affordability and the resulting heavy student debt burden have perversely widened opportunity gaps, which resulted in larger achievement gaps.
- As this crisis fleshes out the deep inequalities embedded in our system, we must seize the opportunity to rethink the distributional effects and equity impact of how we finance our higher education and our student financial aid system.
- The current financial aid system relies heavily on student loans to finance higher education. Loans, unlike grants, have to be repaid. The need to repay student loans, both principal and interest, exacerbates existing economic and racial inequalities.

» States' renewed interest in tuition-free college as a means of addressing students' financial challenges is encouraging. Tuition-free alone, however, cannot counteract the inequities inherent in our educational and economic systems.

» Our analysis of the twenty-two state-wide tuition-free programs established in the last decade show that most are designed as "Last-Dollar" scholarships with stringent eligibility requirements. This makes them regressive and inaccessible to those with most need.

» Tuition-free programs are limited in focus. They cover only tuition and fees, not the total cost of attending college. As such, they do not address all financial and non-financial barriers preventing students from pursuing higher education.

» Here we propose a bold and ambitious, yet urgently needed, reinvestment in higher education guided by the universal goal that, regardless of their background, all should have the same opportunity to reap the economic and social benefits of a high-quality higher education.

» We propose Zero-Debt College: an equitable method of allocating funds, with the ultimate goal of drastically reducing, if not entirely eliminating, the need to borrow for education.

» We conclude by assessing the equity implications of various eligibility requirements attached to grant programs. We inform this discussion with existing evaluations and scholarship.

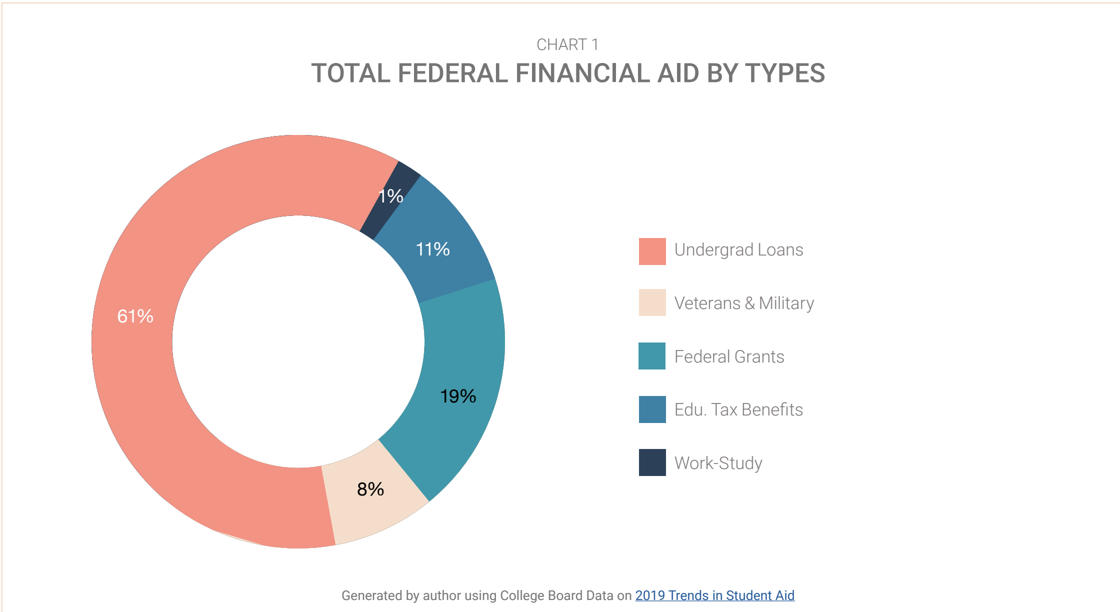
EQUITY IN COLLEGE AFFORDABILITY

The COVID-19 pandemic has exposed how financially vulnerable our population is to economic shock. Furthermore, it has revealed how inequities and biases deeply-embedded in our society trap households in poverty. Before the crisis, forty percent of US households were liquid asset poor.[1] That is, they lacked the savings needed to meet their basic needs for three months of unexpected income interruption. For Black and Latinx households, this vulnerability was roughly twice that of White households[2], highlighting structural inequalities in our society. Now, recent data on health, income, job, and food security indicate that the adverse impact of Covid-19 outbreak is further deepening existing economic and racial inequalities.[3]

Rebuilding a healthy, just, and strong economy will require equitable labor force participation. Upward social mobility can occur when labor forces prepare for greater economic opportunities. For generations, the US has regarded its higher educational system as a powerful engine of upward mobility. But is it? Does higher education "level the playing field" for a socioeconomically diverse workforce? Consider how unaffordable college has become. Think about the debt burden students now assume. For decades, US states have disinvested in public higher education. This disinvestment shifted the cost of higher education to students and their families, producing two uncomfortable realities. First, the US public higher education system is prohibitively expensive. Second, as the opportunity gaps in accessing higher education are widening, existing achievement gaps are growing.

- 11 percent of low-income first-generation students graduate with a bachelor's degree after six years versus 55 percent of their wealthier peers.[4]
- Bachelor's degree holders from low-income backgrounds earn about two-thirds as much as peers from wealthier backgrounds at the start of their career.[5]
- This ratio declines to one-half by mid-career.[6]

The lack of college affordability and the resulting heavy student debt burden are at the center of the problem. As public funding for higher education dwindled, the price of college rose, increasing the need to borrow. Student loans have replaced grants as the main financial aid to students: they now account for 61 percent of total student aid (see graph below). In turn, students' easy access to federal loans gave little incentives for states to re-invest in public higher education.



A growing body of research shows that this system disproportionately burdens low- and middle-income households, Black and Latinx communities, and women. Borrowers of color and those coming from financially vulnerable households are experiencing higher debt burden, higher delinquency, and default rates. Financing college through loans, rather than grants that do not have to be repaid, has reproduced, if not exacerbated, existing economic and racial inequalities, which are often, but not always, intertwined. Now, with the economic crisis induced by the COVID-19 outbreak, we are witnessing, first-hand, the financial insecurity that debt imposes on already financially vulnerable households when a crisis erupts. Hence the extensive student debt relief included in the government's stimulus bill, which is likely to be further extended with next stimulus packages to include some forgiveness as well.

Hildreth Institute is a research and policy center dedicated to restoring the promise of higher education as an engine of upward mobility for all. We argue here that we can no longer rely on a financial aid system that depends primarily on student loans. We have a historic opportunity to re-invest in higher education in a way that counteracts established inequities. It is time to rethink the distributional effects and equity impact of our financial aid system and of recent efforts to increase affordability. Champions of free-tuition programs describe them as effective strategies to increase low-income college access and success. Our analysis shows, however, that free tuition alone cannot counteract established inequities existing within our educational and economic systems.

Here we propose a bold and ambitious, yet urgently needed, reinvestment in higher education guided by the universal goal that, regardless of their background, all should have the same opportunity to reap the economic and social benefits of a high-quality higher education. We argue that financial aid delivery should, first and foremost, be designed to decrease opportunity gaps and to address the obstacles that prevent low-income students from completing a post-secondary credential. It is important to recognize that, even when created with the best intentions, poorly designed programs can inadvertently exacerbate existing inequalities and fail to benefit those who are most in need. Moreover, it is critical for college affordability and access/success programs to focus on barriers other than the cost by including wrap-around services to ensure that students are equipped with the assistance they need to stay on track and graduate with a degree.

This report is organized in two parts: the first part includes an analysis of the existing tuition-free programs and the distributional impact of their award calculation methods, which concludes with our proposal for an equitable reinvestment in public higher education. The second part discusses various eligibility requirements of the recent affordability initiatives, referring to the growing body of research and evaluations focused on them.[7] For this study, we have compiled a list of state-led tuition-free programs enacted in the last decade and their various designs and eligibility requirements (see appendix for a table comparing these programs).[8]

PART I
EXPAND OPPORTUNITY - CLOSE GAPS

A WAVE OF STATE-LED TUITION-FREE PROGRAMS

The high cost of higher education and heavy levels of student debt do not only burden the prospects of individuals. They also burden the entire community, as our economies increasingly rely on a well-educated workforce to grow and prosper. An affordable high-quality higher education helps build skilled workers and a stronger middle class. Reduced student debt burden means more growth, more innovation, and more of the entrepreneurship that is essential for state economies.[9]

States have sought to build a workforce ready to contribute to their economies by enacting 'tuition-free' programs. Twenty-two such programs have been established at the state level in the last decade[10], with several others proposed and waiting to be approved. Recently, reacting to the financial hardships induced by the Covid-19 crisis, Michigan's Governor Gretchen Whitmer announced a new program that would provide workers on the front lines of the COVID-19 crisis with a tuition-free path to a college degree or credential.[11]

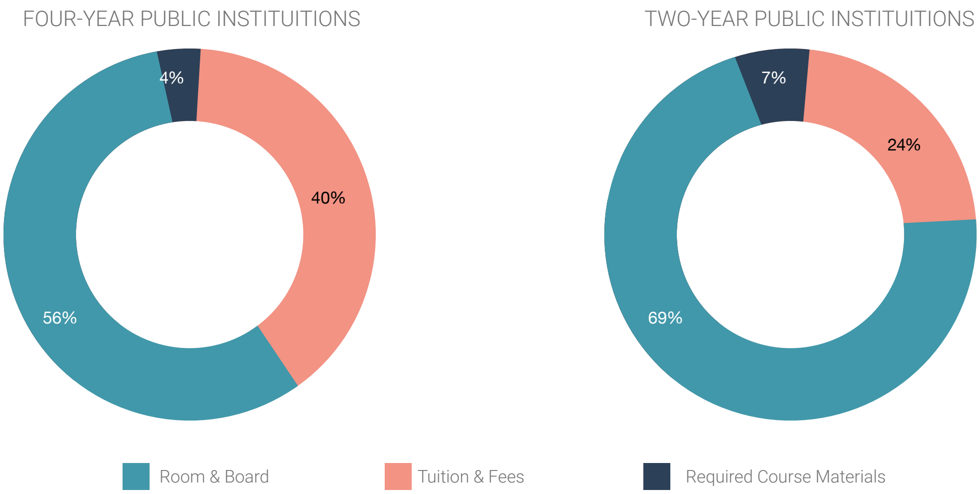
It is critical to look beyond these programs' branding and marketing to better understand who benefits from 'new grant money' and what impact this makes on college access and success. First, although some programs are branded 'debt-free', no state-led program to date has been designed to completely eliminate the need to borrow.[14] In fact, the common feature of these programs, whether they are called tuition-free, promise scholarship, or debt-free, is that the grants they allocate are designed to specifically cover the tuition and fees rather than the actual financial need of a student. We argue that the limited focus on covering tuition and fees, which represent only a portion of the total cost of attendance, distracts these new programs from addressing the real financial and non-financial barriers preventing students from accessing and obtaining a higher education credential.

"TUITION-FREE IS NOT A NEW IDEA"

Historically several state public college systems, such as those in California, Florida, and New York, did not charge tuition for their resident students. It was not until the expansion of higher education in the 1960s that brought sharp increases in enrollment that states increased their fees first and eventually started charging tuition as well. This increase in price gave birth to the typical state need-based grants we know today[12], often awarded as flat grants with amounts varying based on availability of funding and the number of students needing financial assistance.[13]

CHART 2

TUITION & FEES AS A PERCENTAGE OF THE TOTAL COST OF ATTENDANCE



These figures are for full-time in-state students.
Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

TUITION IS ONLY A FRACTION OF THE COST.

WHILE TUITION AND FEES ARE THE MOST OFTEN DISCUSSED COLLEGE COSTS, THEY REPRESENT ONLY 24% IN THE PUBLIC 2-YEAR SECTOR, AND 40% OF THE TOTAL COST OF ATTENDANCE (COA) IN THE PUBLIC 4-YEAR SECTOR.

The COA should also include books, supplies, computer, software, Internet access, and a living cost allowance which covers room, board, and other living expenses (such as transportation, health and personal care)[15], which stems from the recognition that in order to pursue a higher education degree, students must be able to cover their living expenses without having to work extensively.

The COA amount sets the ceiling for student aid eligibility (any kind of grants, scholarships, or student/parent loans). That is, students cannot receive more financial aid than their COA. Therefore, it is critical that the estimates used by colleges to generate their COA are accurate, but unfortunately it is not always the case. A recent study exposed that nearly half of all colleges provided living-cost allowances at least 20% above or below estimated county-level living expenses.[16] The Department of Education does not have any rules for how living costs are determined, which gives individual institutions control over how they are calculated. While it is not in the scope of this report, it is imperative to fix these systematic miscalculations of living expenses as they introduce important distortions in the allocation of financial aid that are detrimental to students' ability to be financially prepared for their higher education.

THE VARIOUS SOURCES OF FUNDING USED TO COVER THE COST OF ATTENDANCE

- **Expected Family Contribution (EFC):** This is the out-of-pocket amount the government expects the family to contribute. An EFC is generated for all students who apply to the Free Application for Federal Student Aid (FAFSA). The calculation takes both the family's annual income received and assets held into consideration (including college savings accounts), while also accounting for the number of children the family has in college. Several adjustments are also made, such as excluding assets like a primary residence, retirement funds, or a portion of net worth owned through a small- or medium-sized business. The EFC for an average household with an Adjusted Gross Income (AGI) of $50,000 will usually range from $3,000 to $4,000.[17] The EFC can be equal to zero, but there is no cap, that is, some wealthy families can have EFCs that exceed the actual cost of attendance.

- **Grants and scholarships** do not need to be repaid and are allocated based on need or merit, or a combination of both. There are several types: federal grants (such as the Pell Grant), state grants (such as the MassGrant in Massachusetts), local grants (such as the City of Boston Scholarship), institutional scholarships (the discount the college provides), and any other private scholarships.

- **Student loans** need to be repaid, usually with interest. There are several kinds: federal student or parent loans (which offer subsidized interest rates, flexible repayment plans and forgiveness in some circumstances), state loan programs (such as the Massachusetts No Interest Loan Program), or private student loans.

- **Federal Work-Study assistance:** this program provides part-time jobs to students with financial need, allowing them to earn money to help pay education expenses.

- **Federal tax credits or deductions for Higher Education Expenses:** Taxpayers with adjusted gross incomes above $80,000 ($160,000 for joint filers) can claim the 'tuition and fees deduction' which can bring a maximum deduction of $880. Alternatively, they can choose to claim the American Opportunity Tax Credit, which is worth up to $2,500 in tax relief for filers earning up to $90,000 ($180,000 for joint filers).[18]

AN EQUITY ANALYSIS OF TUITION-FREE PROGRAMS' AWARD ALLOCATION METHODS

There are three main award allocation methods used by tuition-free programs.

- A last-dollar tuition-free program covers the portion of tuition and fees not already covered for by existing grants and scholarships.
- A middle-dollar tuition-free program is similar to a last-dollar one, except it provides a minimum grant for those whose tuition and fees are already covered with existing grants and scholarships.
- A first-dollar tuition-free program covers the full tuition and fees, regardless of a student's eligibility to existing grants and scholarships.

Table 1 describes the three different grants, which is followed by a visual representation comparing their allocation methods.

TABLE 1

TUITION-FREE PROGRAMS DESIGN

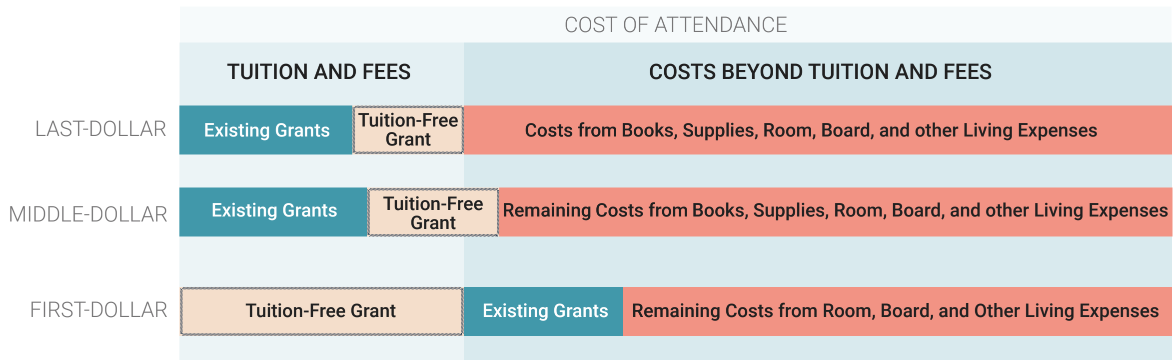
	Award Allocation Methods for 'Tuition-Free' Programs	Calculation
Last-dollar Scholarships	provide a grant equal to the amount remaining after existing grants and scholarships are subtracted from tuition*	Tuition - Existing Aid = Grant Amount
Middle-dollar Scholarships	operate like last-dollar scholarships, but they also provide a fixed grant for those whose tuition is already covered with existing grant and scholarship money.	Tuition - Existing Aid = Grant Amount If Tuition - Existing Aid = 0, then a fixed grant amount to be used for costs beyond tuition
First-dollar Scholarships	provide a grant equal to the amount of the full tuition, regardless of the availability of existing grants and scholarships.	Tuition = Grant Amount

* Some programs cover tuition and fees as well.

Note that student loans, work-study, tax credits, and the expected family contribution are not taken into account when determining the gap to cover up to tuition and fees.

CHART 3

COMPARISONS OF TUITION-FREE AWARD ALLOCATION METHODS



CLOSER LOOK AT LAST-DOLLAR TUITION-FREE PROGRAMS

Most of the programs surveyed here (15 out of 22) are last-dollar scholarships programs designed to cover tuition (or tuition and fees) of students pursuing an associate degree and/or certificate programs. Since this allocation method relies on existing grants and scholarships, states found these programs to be an appealing lower-cost option to making community college tuition-free for their residents. However, it is important to recognize that it also makes the program regressive, as it provides the smallest financial benefit to lower-income students whose existing eligibility to need-based financial aid already covers a large portion, if not all, of the tuition (and fees) charged.

SOME PROGRAMS SET A CAP ON THEIR AWARD AMOUNTS

A closer look reveals that some programs are actually not providing a grant equal to the full tuition and fees. Some programs set a cap on their award amount, for instance, the Maryland Community College Promise Scholarship, the Ohio College Opportunity Grant, and the Excelsior Scholarship in New York. Others, concerned with budgetary shortfalls, included special clauses allowing administrators to set a maximum award amount if/when needed (ie: The Tennessee Promise, The Nevada Promise Scholarship).

WHO GAINS FROM A LAST-DOLLAR TUITION-FREE PROGRAM?

Charts 4 and 5 are generated using national data of students attending their in-state public higher education institutions. They help flesh out the distributional impact of a last-dollar tuition-free design. Chart 4 shows that this allocation method does not provide any new grant money for the bottom 52 percent of the community college student population with the lowest household incomes (under $50,000, see graph below), despite the fact that these students face an average unmet need of $7,063. In contrast, unless an income cap is part of the program design, 32 percent of students with income above $70,000 receive on average $1,438 in new grant money, even though they do not have unmet needs and, more importantly, have not exhausted their expected family contribution.

While the details of Michigan Governor Whitmer's "Futures for Frontliners" program are still unknown, it is unclear how much tuition relief low-income essential workers would receive, if the program is to be designed as a last-dollar tuition-free for community colleges.

MEET SANDRA AND KYLE

Sandra and Kyle are two students enrolled full-time at their in-state community college, which provides a last-dollar tuition-free grant. The cost of attendance is about $12,000 a year, of which $3,000 is tuition and fees.

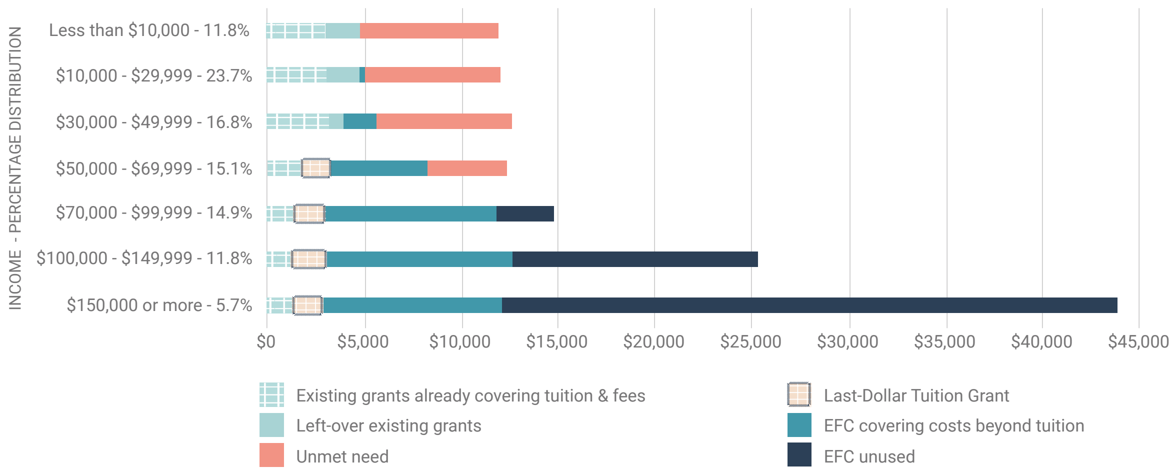
- Sandra's family earns less than $10,000 a year; her expected family contribution is zero. Her existing grants and scholarships ($4,850) already cover her tuition and fees, plus some of her other college costs. Thus, she does not receive any new grant money from the tuition-free program. However, she still faces a $7,150 financial gap for which she has to work for and/or borrow loans.

- Kyle's family earns between $100,000 and $150,000, his parents are expected to contribute about $22,000 to his college education a year. His existing grants and scholarships ($1,300) do not fully cover his tuition and fees, so he does receive a new grant of $1,700 that makes his college tuition-free, despite the fact that he has no unmet need and he has not exhausted his expected parental contribution.

CHART 4

LAST-DOLLAR TUITION-FREE

GRANT AMOUNTS BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 2-YEAR PUBLIC INSTITUTIONS



Pattern Fill represents Cost of Tuition and Fees | Solid Fill represents Cost of Non-Tuition Expenses

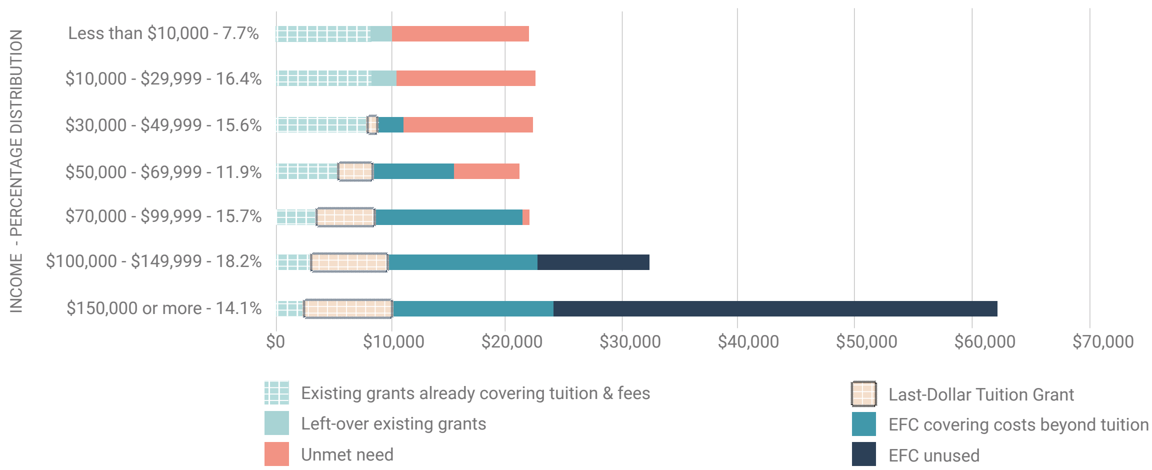
Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

The distributional impact of a last-dollar scholarship for students attending four-year institutions is similar to the one discussed above. Chart 5 shows that a quarter of the student population who have household incomes below $30,000 receive no new grant award, although their average unmet need is $12,059. Students whose household income is between $30,000 and $50,000 receive a negligible $223 grant award, although they also show significant unmet need of $11,231. However, those with household income above $100,000 (32 percent of the student population), receive a large new grant averaging at $7,000, although they do not have unmet needs and their expected family contributions was enough to cover their college expenses.

CHART 5

LAST-DOLLAR TUITION-FREE

GRANT AMOUNTS BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 4-YEAR PUBLIC INSTITUTIONS



Pattern Fill represents Cost of Tuition and Fees | Solid Fill represents Cost of Non-Tuition Expenses

Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

MEET MAX AND SOFIA

Max and Sofia are two students enrolled full-time at their in-state four-year university, which provides a last-dollar tuition-free grant. The cost of attendance is about $22,000 a year, of which $9,000 is tuition and fees.

- Max's family earns less than $10,000 a year. His existing grants and scholarships ($9,975) cover his tuition and fees, plus some of his other college costs, therefore, he does not receive any new grant money from the tuition-free program. However, he has a financial gap of $12,025 for which he has to work for and/or borrow loans.

- Sofia's family earns between $100,000 andn $150,000, her parents are expected to contribute about $22,000 to her college. Her existing grants and scholarships ($2,900) do not fully cover her tuition and fees, therefore, she receives a new grant of $6,100 that makes her college tuition-free, despite the fact that she has no unmet need and has not utilized $10,000 of expected parental contribution.

Two states (New York and Ohio) provide a last-dollar tuition-free program for students pursuing a bachelor's degree. Since tuition and fees are higher at four-year institutions, the size of the grant could potentially be large; however, both programs have set a maximum grant award amount, which limits the cost of the program, but also means that for some the program does not fully cover their tuition and fees. In addition, both states have included income restrictions, ensuring that those who have the means to pay for college do not receive large grants. While these restrictions add complexity to the design, these programs still fail to target aid to students who face the larger financial gap.

To sum up, a last-dollar tuition-free design does not provide new grant-dollars to students coming from lower-income households, as their existing aid eligibility already covers tuition and fees. These students, however, still face large financial gaps in covering the full cost of college. Therefore, this award allocation method does little to decrease opportunity gaps and lower the financial barrier which prevents low-income students and people from historically underrepresented populations from attending college.[19] Potentially, a last-dollar tuition-free program could bring new grant money to students who do not qualify for federal financial aid, such as undocumented students, including DACA recipients. However, the fact that most programs require a FAFSA application adds a layer of complexity that is likely to exclude these students from benefiting.

Regrettably, early evaluations of these programs confirm that last-dollar tuition-free at community colleges[20] are not effective at increasing enrollment of low-income students, but instead they attract those who would typically already go to college, particularly middle-income students, whose award amount is equal to the full tuition and fees.[21]

CLOSER LOOK AT MIDDLE-DOLLAR SCHOLARSHIPS

Two states (Montana and Oregon) have tuition-free programs that are structured as middle-dollar scholarships. This allocation method is similar to a last-dollar scholarship, but it also provides a fixed minimum grant so that students whose tuition is already (or partially) covered with existing grants can also get some assistance. This remedies the regressiveness of a last-dollar design, as students from lower-income households receive some grant money to cover costs beyond tuition. The larger the minimum grant amount, the less regressive the program. Oregon Promise provides a minimum of $1,000 grant, which is not enough of a financial relief for low-income students to lessen their financial need.[22]

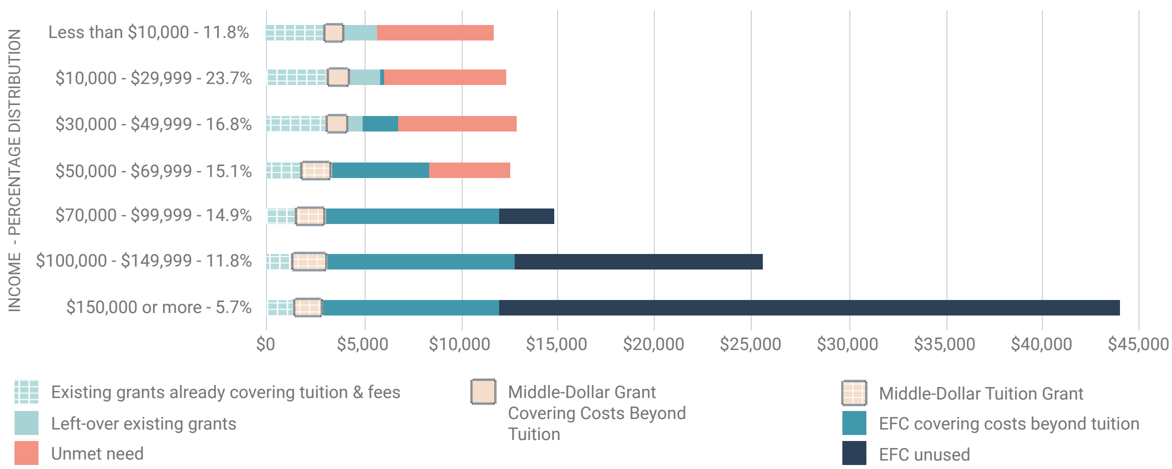
WHO GAINS FROM A MIDDLE-DOLLAR TUITION-FREE PROGRAM?

Unless the minimum grant is substantial, the distributional gains of a middle-dollar scholarship design are still regressive, and similar to a last-dollar scholarship design. Charts 6 and 7 show that almost a third of students receive a grant, even though they have no unmet need and their expected family contribution is large enough to cover their cost of attendance. The program leaves a majority of students with large unmet needs.

CHART 6

MIDDLE-DOLLAR TUITION-FREE

GRANT AMOUNTS BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 2-YEAR PUBLIC INSTITUTIONS



Pattern Fill represents Cost of Tuition and Fees | Solid Fill represents Cost of Non-Tuition Expenses

Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

HOW MUCH GRANT MONEY WOULD SANDRA AND KYLE RECEIVE FROM A MIDDLE-DOLLAR TUITION-FREE PROGRAM?

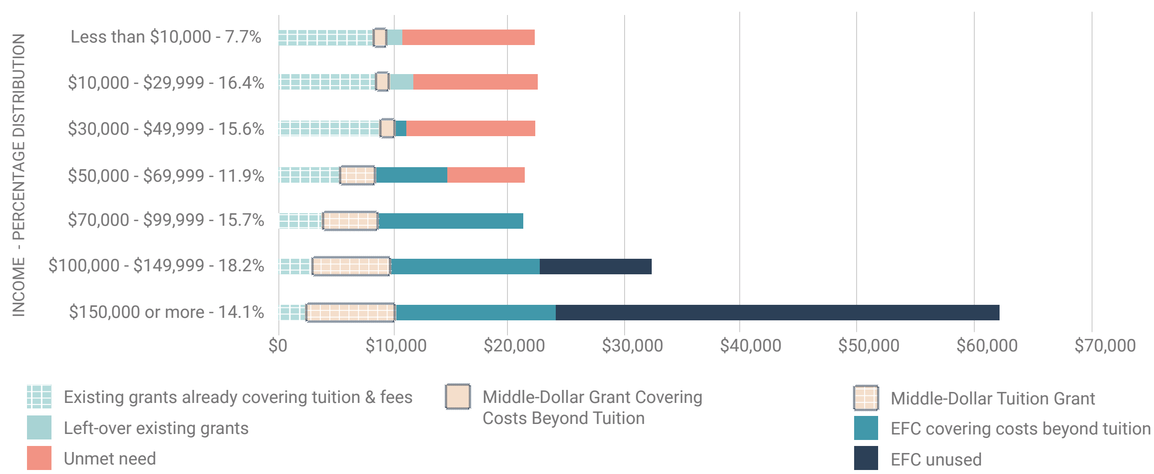
- Coming from a low-income family, Sandra's existing grants and scholarships cover her tuition and fees at her local community college; therefore, she is eligible for the minimum grant award that the middle-income tuition-free provides. In this case, she receives a new grant of $1000, but still has an unmet financial gap of $6,150.

- Kyle, an upper-middle income student, would get a new grant of $1,700 that makes his community college tuition-free, despite the fact that he has no unmet need and he has not exhausted his expected parental contribution.

CHART 7

MIDDLE-DOLLAR TUITION-FREE

GRANT AMOUNTS BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 4-YEAR PUBLIC INSTITUTIONS



Pattern Fill represents Cost of Tuition and Fees | Solid Fill represents Cost of Non-Tuition Expenses

Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

HOW MUCH GRANT MONEY WOULD MAX AND SOFIA RECEIVE FROM A MIDDLE-DOLLAR TUITION-FREE PROGRAM?

- Max, a low-income student attending his in-state university, would receive a $1000 new grant from a middle-dollar grant, but he would still have a financial gap of $11,025 for which he has to work for and/or borrow loans.

- Sofia, who attends the same state university and comes from an upper-middle-income family, would get $6,100 new grant that makes her college tuition-free, despite the fact that she has no unmet need and has not utilized $10,000 of expected parental contribution.

CLOSER LOOK AT FIRST-DOLLAR SCHOLARSHIPS

Only two states, California and Washington, allocate their grants as a first-dollar scholarship; that is, these programs provide a grant equal to the amount of the full tuition, regardless of students' eligibility for other existing grants and scholarships. At the national scale, Senator Bernie Sanders' College for All Act also called for a first-dollar tuition-free Community College program for all. With this design, students are relieved from covering the cost of tuition, thus they can use their existing grants and/or scholarships to cover costs beyond tuition, which effectively lowers the need to borrow.

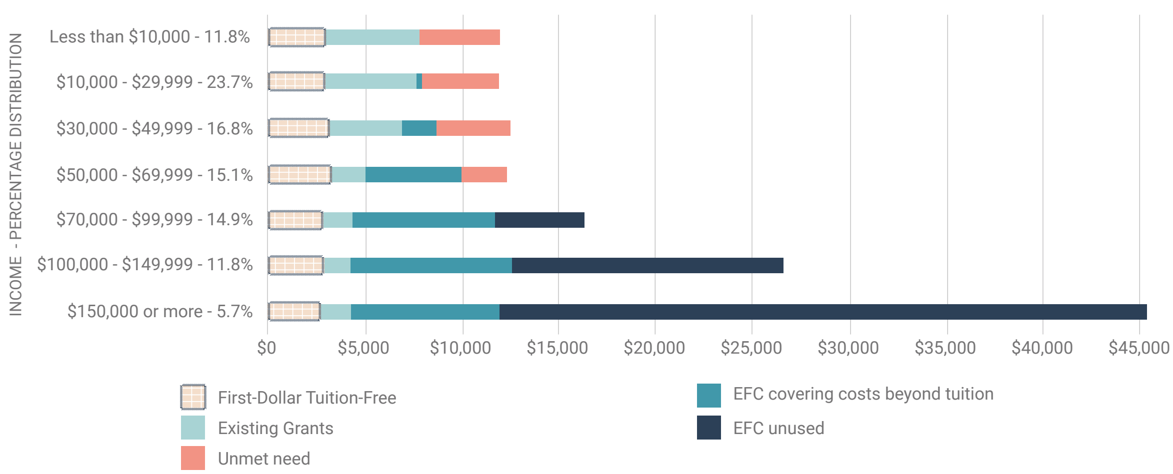
WHO GAINS FROM A FIRST-DOLLAR TUITION-FREE PROGRAM?

Unless some income restrictions are also part of the program design, chart 8 and 9 show that a first-dollar scholarship provides tuition-free and fees to 32 percent of students with means to pay for the full cost of attendance, while the remaining majority of lower-income students still face significant financial gaps.

CHART 8

FIRST-DOLLAR TUITION-FREE

GRANT AMOUNTS BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 2-YEAR PUBLIC INSTITUITIONS



Pattern Fill represents Cost of Tuition and Fees | Solid Fill represents Cost of Non-Tuition Expenses

Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

HOW MUCH GRANT MONEY WOULD SANDRA AND KYLE RECEIVE FROM A FIRST-DOLLAR TUITION-FREE PROGRAM?

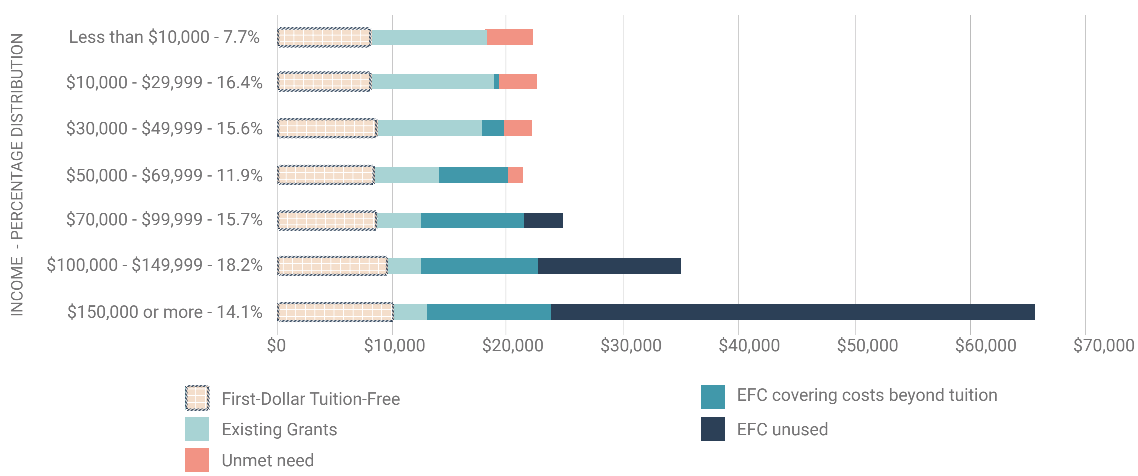
- Sandra, whose familial income is under $10,000, would get a new grant of $3,000 which would make her community college tuition-free. She would use her existing grants and scholarships to cover her costs beyond tuition and fees and would still face a financial gap of about $4000.

- Kyle would also get a new grant of $3,000 which would make his college tuition-free, despite the fact that he has no unmet need, and he has not used $13,000 of his expected parental contribution.

CHART 9

FIRST-DOLLAR TUITION-FREE

GRANT AMOUNTS BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 4-YEAR PUBLIC INSTITUTIONS



Pattern Fill represents Cost of Tuition and Fees | Solid Fill represents Cost of Non-Tuition Expenses

Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

HOW MUCH GRANT MONEY WOULD MAX AND SOFIA RECEIVE FROM A FIRST-DOLLAR TUITION-FREE PROGRAM?

- Max , who comes from a low-income family, would receive $9000, which would cover his tuition and fees at his local state university. He would be able to use his existing grants and scholarships to cover his costs beyond tuition and fees and would still face a financial gap of about $4000.
- Sofia , who attends the same in-state university but comes from a upper-middle income family, would also get $9000 making her college tuition-free, despite the fact that she has no unmet need and has not utilized $12,000 of expected parental contribution.

To remedy the disproportionate gain a first-dollar tuition-free program provides to students from higher-income households, both California and Washington have incorporated an income cap to their designs. While California Promise sets an income cap, Washington College Grant adopts a progressive allocation method, in which the percentage of the tuition and fees covered by the grant is a function of the household income.[23]

While well-targeted first-dollar tuition-free programs are offering the most progressive approach to providing financial aid to those who need it the most, the limited focus oncovering tuition and fees fails to recognize that for millions considering a higher education credential, the concern is not only how to pay for tuition and fees but also how to afford other necessities like textbooks, computer, software and Internet access, housing, food, and transportation.

We argue that an equitable affordability initiative should look at the full cost of attendance and ability to pay in order to determine unmet need; this, in turn, should guide the allocation of its award accordingly. The analysis of the distributional effects of the recent free-tuition programs show that most fail to counteract the established inequities that exist within our educational and economic systems.

BEYOND TUITION-FREE TOWARDS ZERO-DEBT COLLEGE

Here, we present a bold and ambitious plan to reinvest in higher education guided by the universal goal that, regardless of their background, everyone should have the same opportunity to reap the economic and social benefits of a high-quality higher education credential.[24] Our proposal is an equitable method of allocating funds that remedies some of the regressive features of the tuition-free programs. We argued that without accounting for the full cost of attendance and students' ability to pay, tuition-free programs fail to allocate limited resources effectively to where they are needed. To continue using the same terminology used by tuition-free programs, we propose a **last-dollar scholarship on the full cost of attendance**, which is equivalent to meeting the student's unmet need, which will effectively reduce, if not eliminate, the need to borrow for college.

This award amount is determined by subtracting all the existing non-loan financial resources from the full cost of attendance (including work-study or salary from work of no more than the recommended 10 to 15 hours a week) [25].

Unmet Need = (Cost of Attendance - Expected Family Contribution - Existing Grants and Scholarships - Work-study - Education Tax Credits or deductions)

For the purpose of this report, we assume here that we have access to accurate estimates of the cost of attendance[26] and of the Expected Family Contribution (EFC)[27], however, we are aware that the methodologies for calculating these measures need to be seriously evaluated and reformed so that they truly reflect the true cost of attendance and the real ability to pay.

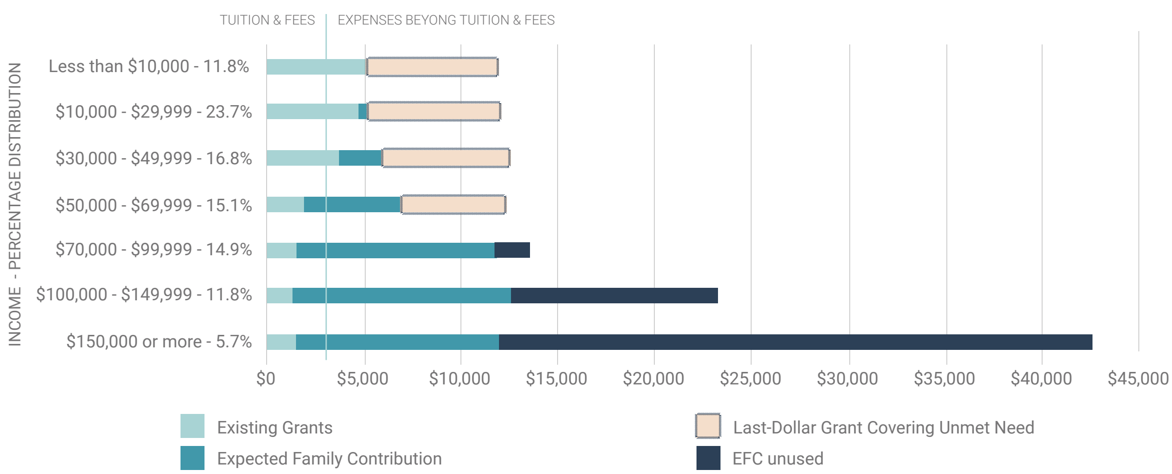
The two graphs below use national averages for in-state dependent students enrolled full-time at 2-year and 4-year public institutions.[28] Once a student's existing financial aid and expected family contributions are added together, the financial gap remaining up to full cost of attendance represents the unmet need, which is typically covered by working extra hours and/or loans. Therefore, a grant allocation method that is designed to fill this financial gap is effectively decreasing opportunity gaps for students coming from disadvantaged backgrounds.

A truly inclusive and equitable financial aid system must be a real zero-debt college program, in which the grants provided are equal to students' full unmet need, effectively eliminating any need to borrow. It is important such grant program includes a provision to ensure that colleges are not allowed to displace or decrease their institutional aid to students. It is critical to ensure that colleges do not increase their tuition and fees, or their cost of attendance reacting to increased availability of grant money. A zero-debt college program would increase access ensuring that students, who, are to benefit from a higher education credential the most are not priced out. It would increase postsecondary success by reducing the need to work excessively while in college, it would ensure that all graduates can start their professional lives on equal footing, without some having to worry about the financial burden of repaying large sums of loans.

CHART 10

PROPOSED LAST-DOLLAR GRANT COVERING UNMET NEED

BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 2-YEAR PUBLIC INSTITUTIONS

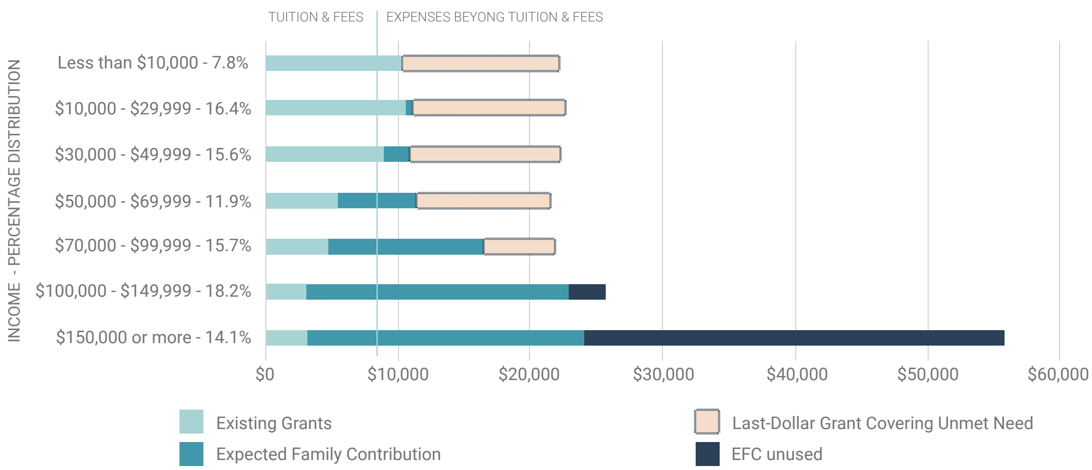


Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

CHART 11

PROPOSED LAST-DOLLAR GRANT COVERING UNMET NEED

BY INCOME FOR IN-STATE FULL-TIME STUDENTS AT 4-YEAR PUBLIC INSTITUTIONS



Source: U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16)

If the cost of such a program is initially prohibitive, a partial version of this program could provide a a flat or progressive grant that covers a portion of students' unmet needs considering the full cost of attendance. This allocation method will still target financial aid to those who need it the most, while effectively reducing their need to borrow.

In the first part of this paper we have made the case to move beyond the tuition-free framework and proposed a grant allocation method designed to decrease opportunity gaps and to address the financial obstacles that prevent low-income students from completing a higher education credential. Acknowledging that designing an equitable and inclusive affordability program requires more than designing its award allocation method, the next section discusses various eligibility requirements and their equity implications.

PART II
OPPORTUNITY FOR WHOM?

For this report, we compiled the various eligibility requirements of the twenty-two state-led tuition-free programs launched in the last decade. We found that they differ significantly in how much grant money they provide; to whom it is provided; for which degree types; and what they expect from students in return. Building upon growing scholarship on the design of these programs[29], we discuss the implications of their different eligibility requirements, with a particular focus on equity.

INCOME CONSIDERATIONS:

The majority of the programs studied here (12) do not impose an income cap, meaning regardless of their ability to pay, students receive the new grant. The remaining programs set an income cap or a maximum EFC limit, thus students with household income or EFC above that limit do not benefit from the new grant. While there is room for improvement for how EFC is calculated[30], that measure tends to provide a more targeted approach than setting an income cap. EFC is based on a broader definition of income and family size, as well as details on family assets and the number of children in college.[31] For instance, it is able to recognize a student with low-income but high assets or alternative sources of income and allocate that student less financial aid.[32]

One of the most contentious issues when designing a new grant program is whether it should be universal or targeted — that is, means-tested. Proponents of the former argue that universal benefits are durable and politically more stable, as they enjoy across-the-board support ensuring adequate sustained public investment. It also has the advantage of sending a clear and simple message that college is accessible and affordable to all. However, advocates of targeting the aid warn that universal programs can be not only expensive but also unintentionally exacerbate disparities and deepen inequality or injustice in society.[33] As discussed above, universal last-dollar scholarships programs, even when designed with the best intentions, have a regressive effect, directing funds away from needy students to those who already have the ability to pay.

There are also other unintended consequences to take into consideration: would a new large universal grant covering tuition change the enrollment patterns of middle- and high-income students, potentially "crowding out" enrollment opportunities for low-income students? The Georgetown University Center on Education and the Workforce predicts that it would. Their projections show that universal tuition-free at public universities would result in an 11 percent median increase in enrollment at public colleges.[34] It projects that state flagship schools will have to become even more selective, as they will have a larger pool of applicants to choose from but not much room to grow. The mid-tier public universities, which have more room to grow, will be able to pick the well-qualified students who could not get into the flagships, thus also increasing their selectivity. The report explains that the result would "be a cascading effect, in which less qualified candidates would get bumped down the chain into less-selective and open-access colleges."

It is important to ensure that a program designed to increase access and affordability, does not unintentionally restrict participation of underrepresented students or offer few new benefits to those who need it the most.

TYPES OF ELIGIBLE DEGREES

The majority of the programs studied here focus on making community college tuition-free (16 out of 22). Ten of these programs also cover sub-associate degrees, such as apprenticeships, diplomas, or certificate programs. Four programs are designed to cover bachelor's degrees at four-year public institutions as well, with Utah only covering the first 2 years of a bachelor's degree. Indiana's Workforce Ready Grant is the only program that is exclusively for students who pursue 'high-value certificate programs'.

It is clear that limiting the coverage to sub-bachelor degrees is less costly. Some also argue that it helps direct limited resources to more low-income students for whom the biggest barrier for success is financial. However, as we have explained above, when designed as a last-dollar scholarship, the amount remaining after existing grant aid is too small to make a real difference for low-income students. But even when it is designed as middle- or first-dollar scholarships for community college, it is important to understand the implications in terms of enrollment patterns;[35] that is, would these students have pursued a bachelor's degree in the absence of a program announcing that community college is free?

Early evaluations of the Tennessee and Oregon Promise Programs, which offer free-tuition at community colleges, show that enrollment increased at community colleges but with a resulting enrollment decrease at four-year bachelor's degree granting institutions.[36] The major concern here is that the appeal of free tuition at community college risks reinforcing enrollment patterns that exacerbate existing inequalities. The type of institution a student attends is critical. More-selective institutions offer the richest campus experience. They have more resources to devote to instruction and student services. Correspondingly, they have better student outcomes in higher graduation rates[37] and earnings[38] after college. Widening achievement gaps can be partly explained by low-income students' enrollment patterns.[39] Low-income student enrollment is concentrated in less-selective institutions and two-year degree programs.[40]

Thus, it is imperative to ensure that the design of an affordability initiative intended to increase enrollment of traditionally underrepresented, particularly low-income students and students of color, does not encourage undermatching. Students able to succeed at more selective four-year institutions "undermatch" when they instead attend community colleges to benefit from free tuition. Therefore, we recommend that affordability initiatives include four-year degrees in their design.

At the other end of the spectrum, these initiatives should also provide grants for apprenticeships, certificate and/or job training programs. Not everyone wishes to pursue an associate or bachelor's degree or is educationally prepared to do so. Shorter-term programs can effectively equip individuals with high-demand, high-wage skills.[41] States have much to gain by making these programs, as alternative and faster workforce development approaches, very affordable.

PART-TIME VS. FULL-TIME ATTENDANCE

Nine programs studied here are exclusively for students attending full-time. Recognizing that independent students are supporting themselves and/or dependent and thus might have to work or take care of dependents, few (3) programs allow independent students (or adult students) to attend part-time, but they still require dependent students to be enrolled full-time. The remaining programs require, at least, part-time enrollment, except Ohio whose minimum is a quarter enrollment and Washington which requires three-quarters.

The tendency for requiring full-time attendance rests on the underlying assumption that by committing to attend full-time, students demonstrate commitment to their education. Studies indicate that full-time attendance correlates with better outcomes, higher graduation rates[42] and more economic gains as students spend less money on fixed fees charged by terms.[43] Recent data released by the government confirm that less than 25 percent of students attending part-time receive a degree or certificate within eight years from the college in which they first enrolled.[44]

However, there also is a growing recognition that the poor outcomes of part-time students are themselves a result of the financial hardship these students experience in the first place.[45] Students attend part-time for several reasons, most often to lower their college costs and to finance the degree by working while studying. As the current financial aid fails to cover their cost of attendance, students are forced to work in order to cover unmet needs. This obviously puts them at an academic disadvantage to their full-time peers. Missing eligibility requirements further reduces their financial aid, forcing them into a spiral of accumulating debt or hours dedicated to a paycheck. Data shows that almost half of part-time students work 40 or more hours a week, and almost 40 percent do so because they support dependents.[46] It is hard to imagine many of the so-called 'successful' graduates were faced with such a handicap. Recognizing this, some states (Arkansas, Indiana and Kentucky) have set separate attendance requirements for independent students or for those who they define to be 'adult learners' or 'non traditional students', allowing them to be part-time and still benefit from their programs.

Regardless of the types of students, early evaluations show that the requirement of full-time attendance is too strict. An analysis of Minnesota's pilot program (MnSCU TwoYear Occupational Grant Pilot program), which, provided last-dollar scholarships to cover tuition and fees at community colleges from 2016 to 2018 shows that the majority of students (87%) lost eligibility for their second year of the grant for failure to complete, at least, 30 program credits by the end of the first academic year.[47] Similar trends in California led to criticism and pressure which resulted in the relaxation of the full-time attendance requirement. While encouraging full-time attendance can be a valuable strategy to increase college outcomes for students who can afford it, programs should not exclude students from benefiting from an affordability initiative based on their misconception that part-time attendance lacks legitimacy.

MERIT REQUIREMENTS

Six of the 21 programs studied here include a merit requirement. While some programs have merit-requirements out of high-school to qualify for the program itself, such as Maryland Community College Promise Scholarship which requires a minimum cumulative high-school grade point average of 2.3; others require students to maintain a GPA of 2.5 while in college to continue qualifying for the program. Montana's Middle-Dollar Free-Tuition program has the most stringent requirement of maintaining a cumulative grade point average of, at least, 2.7.

Merit-based scholarships gained popularity in the 1990s, with its proponents arguing that it will enable states to draw and admit their most competitive residents with attractive in-state rates, setting them up to stay and contribute to the local economy. They also claimed that this kind of program would add diversity and access. While rewarding students for their academic seems reasonable and the right thing to do, a series of studies have shown that it actually displaces need-based aid and allocates funds to students who would have attended college anyway.[48] By not addressing existing needs, merit-based requirements restrict access and exacerbate the existing economic and racial stratification of higher education institutions. In fact, it is now well-established that good grades, GPAs, or high scores on standardized tests all correlate with privileged family background, creating a bias towards white students from high-income districts.[49] One study concludes that, "... college access among lower income students will suffer. Merit scholarships are likely to exacerbate, rather than help remedy, college enrollment gaps in the United States." [50]

One remedy is to add an income cap to merit-based grants, ensuring that the grant is awarded to the most promising who can also show unmet need. However, it is also important to consider the complexity of a need and merit-based application process, which are known to deter those who need financial aid the most. Research on more traditional need-based grant programs has demonstrated their effectiveness in promoting college access, particularly for lower-income students. Ultimately, for an affordability program to be equitable, it should first and foremost be accessible to all and ensure that enrollment gaps between the poor and the rich, or between the racial majority and minorities are decreased, with the ultimate goal of being eliminated completely. Therefore, we recommend first-and-foremost to keep the focus on need-based allocation of grant money.

AGE REQUIREMENT

Six of the programs studied here restrict eligibility to students who have just or recently graduated high school. Programs differ on how they define recent; it can be by a number of years or by setting an age cut-off, for instance only 19-year-old and younger are eligible.

We must question the rationale behind an age limitation. To be ready for immediate enrollment into college after high school is a privilege that many low-income students may not have. Familial obligations or financial limitations can prevent many students from seeking a higher education credential soon after high school.

A recent MassBudget report highlights the important implications of limiting older students for racial and ethnic equity.[51] They show that, in Massachusetts, students who are 25 and older are more likely to be Black/African-American, or immigrants from Puerto Rica, Dominica, Colombia, and Cambodia. Therefore, relaxing age eligibility requirements make an affordability program more inclusive and equitable, giving all who aspire to a higher education credential an affordable path to obtain it.

MENTORING REQUIREMENT

Five programs studied here have incorporated a mentoring requirement with various rationals: to improve grant recipients' enrollment, persistence, completion, and overall student success.

It is well-established that mentoring or coaching before and during college is an effective tool to decrease achievement gaps.[52] It is particularly helpful for low-income and first-generation students who often do not have access to adequate counselling and support to navigate the complex college application and financial aid system, as well as the college coursework, deadlines and campus life.

The timing, type, delivery method, and intensity of this mentorship varies greatly among the programs studied here; therefore, it is difficult to compare effectiveness across these various interventions. For instance, the Tennessee Promise Program offered mentoring meetings for high school seniors as a qualifying prerequisite for their award. Despite the fact that almost half the high school students failed to meet both of the required mentoring meetings, disqualifying them from taking advantage of the grant, FAFSA application rates, enrollment, and degree completion rates increased significantly in Tennessee.[53] In Minnesota, by contrast, the mentoring meetings were to be received in college by the recipients of the grant. While this mentorship did little to help students navigate the college application process or avoid "summer melt" (failure to show up in the fall),[54] mentored college students did, however, demonstrate persistence and graduation rates higher than the historical baseline (71% vs 54%).

The cost for professionals to provide such services, however, is an important limitation. To manage mentoring costs, some programs, such as the ones in Iowa and Tennessee, rely exclusively on volunteers. An analysis of the per-student costs for these two states' mentoring programs average between $10 and $27.[55]

With increased affordability comes increased access. Adequate wrap-around support services, like mentoring, are critical for students, especially for those not fully equipped to navigate college. More research and evaluations of programs are needed to establish best practices on the most effective way to deploy these wrap-around support services so that they can best complement affordability initiatives.

OTHER REQUIREMENTS:

Several state programs include additional requirements for grant recipients. Some students must complete a minimum number of hours of community service. Others commit to living and working in their state of residence for a minimum number of years. Still others must be working or studying full-time, in-state, upon graduation. For awardees who don't meet these requirements, their grant amounts are converted to loans for repayment.

Five programs (Arkansas, Nevada, Montana, Tennessee, West Virginia) require grant recipients to complete community service hours each semester. While such requirements may increase the political appeal of last-dollar free-tuition programs, they create additional burden for students already struggling to cover college costs. Because last-dollar programs do not provide low-income students much additional funding, students already balance jobs with school.

More stringent post-degree requirements can discourage students from pursuing free-tuition programs. The Arkansas Future Grant, for instance, requires recipients to complete community service hours each semester, commit to living in-state for three consecutive years, and secure full-time employment within six months of graduating. Otherwise, the grant reverts to a loan. Maryland and Rhode Island's Promise programs set similar conditions. New York's Excelsior Scholarship has slightly less strict requirements. Uncertainty around prospects and location of future employment opportunities can be significant and unnecessary deterrents to program participation.

CONCLUSION

Unmet financial need is the main culprit of the enrollment and achievement gaps between rich and poor and between racial majority and minority. The larger the unmet need, the greater the need to work excessively alongside studying, and/or the greater the need to take on larger debt to afford the cost of attendance. The need to work puts students at an academic disadvantage compared to their more affluent peers. The need to repay student loans puts graduates at an economic disadvantage compared to their more affluent peers. This exacerbates existing economic and racial disparities. Student debt delays ability to save and accumulate wealth, which increases households' financial vulnerability to economic shock.

The COVID-19 outbreak and the economic crisis it has precipitated is disproportionately affecting households with debt and no emergency savings. This has led to an increased acceptance that student debt burden is part of the problem, as can be seen by the stimulus bills providing extensive relief to borrowers and the growing momentum demanding for debt forgiveness, either partially or in full.

As we emerge from the pandemic and rebuild our economy, we cannot continue to saddle future generations with more student debt. We must ambitiously re-invest in our higher education system to ensure that it is the powerful engine of upward mobility that will help our economy recover. We have made our case for moving beyond the tuition-free framework, as these programs cannot counteract the inequities inherent in our educational and economic systems. They fail to address the reality that for too many underserved students the cost beyond tuition is prohibitive.

Our Zero-Debt College proposal is guided by the universal goal that everyone should enjoy the same opportunity to reap the economic and social benefits of high-quality higher education. The program is structured as a last-dollar scholarship for the cost of attendance that is EFC-sensitive, which addresses the regressiveness of many tuition-free programs. Under this program, the grant would cover a student's unmet need, which is calculated by subtracting existing financial aid and EFC from the cost of attendance. This would effectively reduce, if not, eliminate the need to borrow student loans.

It is clear that the opportunity to pursue a higher education credential without incurring debt should be extended to as many students as possible. Following the discussion on the equity implications of various eligibility requirements in the second part of the report, we recommend that all students should be eligible for this program, regardless of their age, attendance intensity, or the types of degree they pursue. While satisfactory academic progress should be required to continue eligibility for the program, students should have access to adequate wrap-around services to ensure that they are on track to graduate. While cost considerations may lessen political appetite for such an inclusive program, it is important to consider what a state stands to gain from a more developed and inclusive workforce over time, forming the foundation of a robust society that is not one economic shock away from financial ruin.

APPENDIX

Access the full dataset here

State	Program	Year Started	Award Collection (Award Allocation Method: LD = Last-Dollar, MD = Middle-Dollar, FD = First-Dollar)	Grant Coverage	Income Taken Into Consideration	Institution Type (Pu = Public, Pr = Private)	Enrollment Intensity (FT = Full-time, PT = Part-time)	Merit Component	Degree Type (C = Certificate, A = Apprenticeship, D = Diploma, AD = Associate Degree, BD = Bachelor's Degree)	Eligibility for Recent High School Graduates Only	Requires Mentoning or Advising	Limited Fields of Study	Requires Community Service Hours	Requires In-State Residency &/or Employment After Graduation
Arkansas	Arkansas Future Grant	2017	LD	T&F	No	Pu & Pr	FT & PF	No	C, AD	No	Yes	Yes	Yes	Yes
California	California Promise	2017, funded in 2018-2019.	FD	T	Yes	Pu	FT & PF	No	AD	No	No	No	No	No
Connecticut	Debt-free Community College Program	2019 (funding pending for Fall 2020)	LD	T&F	Yes	Pu	FT	No	AD	Yes	No	No	No	No
Delaware	Delaware SEED	2006	LD	T	No	Pu	FT	Yes	AD	Yes	No	No	No	No
Hawaii	Hawaii Promise	2017	LD	T&F +	No	Pu	FT & PF	No	AD	No	No	No	No	No
Indiana	The Workforce Ready Grant	2017	LD	T&F	No	Pu	FT & PF	No	C	No	No	Yes	No	No
Iowa	Future Ready Last-Dollar Iowa Scholarship	2019	LD	T&F	No	Pu & Pr	FT & PF	No	C, AD	No	Yes	Yes	No	No
Kentucky	Kentucky Work Ready Scholarship	2017	LD	T&F	No	Pu	N/A	No	C, D, AD	No	No	Yes	No	No
Maryland	Maryland Community College Promise Scholarship	2018	LD	T&F with cap	Yes	Pu	FT	Yes	C, A, AD	Yes	No	No	No	Yes
Massachusetts	MassGrant Plus	2018	LD	T&F	Yes	Pu	FT & PF	No	C , AD	No	No	No	No	No
Minnesota - Pilot	Minnesota 2-Year Occupational Grant Program	2016-2018	LD	T&F	Yes	Pu	FT	Yes	C, D, AD	Yes	Yes	No	No	No
Montana	Montana Promise Grant Program	2017, not funded yet	MD	T	No	Pu	FT & PF	Yes	C, AD	No	No	No	Yes	No
Nevada	Nevada Promise Scholarship	2017	LD	T&F	No	Pu	FT	No	AD	Yes	Yes	No	Yes	No
New Jersey	Community College Opportunity Grant (CCOG Program)	2019	LD	T&F	Yes	Pu	FT	No	C, AD	No	No	No	No	No
New York	Excelsior Scholarship	2017	LD	T with cap	Yes	Pu	FT	No	AD, BD	No	No	No	No	Yes
Ohio	Ohio College Opportunity Grant	2017 (Established in 2006-07 but Updated in 2017)	LD	T&F with cap	Yes	Pu & Pr	FT & PF	No	AD, BD	No	No	No	No	No
Oregon	Oregon Promise	2015	MD	T	No	Pu	FT & PF	Yes	AD	Yes	No	No	No	No
Rhode Island	Rhode Island Promise	2017	LD	T&F	No	Pu	FT	Yes	AD	Yes	No	No	No	Yes
Tennessee	Tennessee Promise	2015	LD	T&F	No	Pu & Pr	FT	No	AD	Yes	Yes	No	Yes	No
Utah	Utah Promise Scholarship	2019	LD	T&F	N/A	Pu	FT	No	AD, BD	No	No	No	No	No
Washington	Washington College Grant	2019 (overhauled from its initial version from 1969)	FD	T&F +	Yes	Pu & Pr	FT & PF	No	A, AD, BD	No	No	No	No	No
West Virginia	West Virginia Invests	2019	LD	T&F	No	Pu	FT & PF	No	C, AD	No	No	Yes	Yes	Yes

CITATIONS

[1] Prosperity Now (Jan 2019) Prosperity Now Scorecard: Vulnerability in the Face of Economic Uncertainty. Prosperity Now. Washington, DC.
[2] Sixty-three percent of Black households were liquid asset poor compared to 33 percent of White households. Source: Prosperity Now. (Jan 2019).
[3] Maxwell, C & Solomon, D. (Apr 2020). The Economic Fallout of the Coronavirus for People of Color. Center for American Progress, Washington, DC.
[4] Engle, J & Tinto, V. Moving Beyond Access College Success For Low-Income, First-Generation Students. The Pell Institute, Washington, DC.
[5] Hershbein, B, (Feb 2016). A college degree is worthless if you are raised poor. Brookings Institution, Washington DC.
[6] See id.
[7] Mishory, J. (Mar. 2018). The Future of Statewide College Promise Programs, The Century Foundation, Washington DC.; Jones, T & Berger, K (Sept., 2018). A Promise Fulfilled: A Framework for Equitable Free College Programs, The Education Trust, Washington, DC.; Thompson, J (Mar. 2019). "A Promise of Equity: Designing a Debt-Free Higher Education Program That Works for Everyone". Massachusetts Budget and Policy Center, Boston, MA. Kahn, S (Dec. 2019). "A progressive Framework for Free College". Roosevelt Institute, New York.
[8] I would like to thank Page Melton Ivie from the SourceGroup for her valuable contribution in researching and compiling the dataset of existing free-tuition state programs. The following sources were used: Perna, L.W., & Leigh, E.W. [2019]. Database of college promise programs. Philadelphia, PA: University of Pennsylvania, Alliance for Higher Education and Democracy. Retrieved from College Promise Programs. NASFAA Map's of State Financial Aid Program. Century Foundation, including chart, College Promise programs, and the National Conference of State Legislatures report March 2019 report, as well as internet searches using relevant keywords and visiting states' sites to gather more information on legislative languages and other program specifics.
[9] Berger, N & Fisher, P (Aug. 2013). A Well-Educated Workforce is Key to State Prosperity. Massachusetts Budget and Policy Center., Boston, MA.
[10] This number and this paper's analysis excludes place-based and/or place-based scholarships. Often referred to as "Promise" programs, these programs have proliferated in more than 50 communities over the last 2 decades. These programs, while also varying greatly among each other, have the common feature of requiring students to agree to follow a college path, starting as early as middle school, with a corresponding promise to provide them with free college. Although they have shown positive results, they are very different from the programs we are seeking to study here. Researchers have questioned the unintended consequences of the terms of the early commitments, and the long-term residency requirements, particularly on low-income students and communities of color.
[11] The Office of Governor Gretchen Whitmer (April 2020). Governor Whitmer Announces "Futures for Frontliners," a G.I. Bill Program for Essential Workers.
[12] Most of these programs have been in existence for decades, with one of the older programs marking its 50th anniversary in 2019, the West Virginia Higher Education Grant.
[13] With some exceptions! Some older programs, although not branded as free-tuition programs, aspired to the same goal, for instance the Louisiana's primary postsecondary financial aid program Tuition Opportunity Program for Students (TOPS), established in 1989, now renamed as Taylor Opportunity Program for Students. The grant used to cover tuition and certain fees at any of Louisiana's public colleges and universities; and if a student attended a college within the Louisiana Association of Independent Colleges and Universities, the award amount was to be the weighted average tuition of public-degree granting schools. Today, the award is no longer tied to tuition, but to the availability of appropriations.
[14] Connecticut's new program is named 'Debt-Free Community College Program', but it is set to operate as a last-dollar scholarship towards tuition and fees, which ironically, as we explain below, is the least likely design to decrease the need to borrow for low-to-moderate income students.
[15] If applicable, the cost of attendance also includes an allowance for child care or other dependent care; costs related to a disability; and/or reasonable costs for eligible study-abroad programs.
[16] Kelchen, R, Goldrick-Rab, S & Hosch, B (Mar. 2017). The Costs of College Attendance: Examining Variation and Consistency in Institutional Living Cost Allowances. The Journal of Higher Education, 88:6, 947-971.
[17] Onink, T. (Jan. 2017). 2017 Forbes Guide To College Financial Aid, The FAFSA And CSS Profile. Forbes
[18] Delisle, J. (May 2018). Yes, there really is a tax break for upper-income graduate students and Congress won't let it expire. Brookings Institution, Washington, DC.
[19] Evaluation of the Excelsior Scholarship shows that low-income students still receive little to no benefit from the program, because they still have a large unmet need involving costs beyond tuition at four-year institutions that are not covered by the program. See: Institute for Higher Education Policy, (Sept. 2018), "New York's Excelsior Scholarship: Does it help students with limited financial means afford college?"
[20] Hinds, T.L. (March 2019). State Investment in Higher Ed: Free College and Promise Programs in 2019. NASPA, Washington, DC.
[21] Jones, T & Berger, K (Sept., 2018). A Promise Fulfilled: A Framework for Equitable Free College Programs. The Education Trust, Washington, DC., Wardrio, K, Divringi, E & DeMaria, K. (May 2018). How Does Last-Dollar Financial Aid Affect First-Year Student Outcomes? Evidence from the Bridging the Gap Study. Federal Reserve Bank of Philadelphia, PA.
[22] Gurantz, O (July, 2019). What does free community college buy? Early impacts from the Oregon Promise. Journal of Policy Analysis and Management, 39(1), 11-35.
[23] See Washington College Grant's progressive award allocation tables here.

[24] While developing this proposal, we were inspired by a promising policy approach developed by the Haas Institute for a Fair and Inclusive Society at UC Berkeley, called targeted universalism. This approach suggests setting a universal goal and then designing a program tailored to provide diverse groups with the assistance they specifically need to reach that universal goal. We are exploring and studying this approach further, seeking to implement it fully in order to uncover other financial and non-financial assistance that could be embedded to increase higher education access and success for all students.
[25] It is important that the program includes a provision to ensure that colleges are not allowed to displace or decrease their institutional aid to students. It is critical to ensure that colleges do not increase their tuition and fees or their cost of attendance reacting to increased availability of grant money.
[26] Starting from accurate estimates of the living-costs which are included in the cost of attendance is not only critical for the proposed program here, but also for addressing the existing systematic errors introduced in the calculation of financial aid. For critical work on this issue, see: Kelchen, R., Goldrick-Rab, S. & Hosch, B (Mar. 2017). The Costs of College Attendance: Examining Variation and Consistency in Institutional Living Cost Allowances, The Journal of Higher Education, 88 (6), 947-971.
[27] The FAFSA's formulas have been criticized for not being able to capture students' actual financial needs. The calculations of expected family contribution are not set up to generate a negative figure, which does not differentiate among a wide range of need for students who have an EFC=0.
[28] The averages for Work-study and Education tax credit/refund by income were statistically unreliable so they were not included in the calculations used to generate the graphs here.
[29] Mishory, J. (Mar. 2018). The Future of Statewide College Promise Programs. The Century Foundation, Washington DC. Jones, T & Berger, K (Sept. 2018). A Promise Fulfilled: A Framework for Equitable Free College Programs. The Education Trust, Washington, DC; Thompson, J (Mar. 2019). "A Promise of Equity: Designing a Debt-Free Higher Education Program That Works for Everyone", Massachusetts Budget and Policy Center, Boston, MA.; Kahn, S (Dec. 2019). A progressive Framework for Free College. Roosevelt Institute, New York, NY.
[30] See endnote 27
[31] In generating an EFC, FAFSA takes both the family's annual income received and assets held into consideration, also accounting for the number of children the family has in college. Several adjustments are also made, such as excluding assets like a primary residence, retirement funds, or a portion of net worth owned through a small- or medium-sized business.
[32] Bettinger, E. (May 2015). Need-Based Aid and College Persistence: The Effects of the Ohio College Opportunity Grant. Educational Evaluation and Policy Analysis, 37 (1S), Special Issue–Research Using Longitudinal Student Data Systems: Findings, Lessons, and Prospects, pp. 102S-119S.
[33] Powell, J, Menedian, S. & Ake, W. (May 2019).Targeted Universalism: Policy & Practice. Haas Institute for a Fair and Inclusive Society, Berkeley, CA.
[34] Carnevale, A, Van Der Werf, M, Lou, C, (2016), The Enrollment Effects of Clinton's Free College Proposal, The Georgetown University Center on Education and the Workforce .
[35] For instance, in Massachusetts, researchers found that The John and Abigail Adams Scholarship, which covers the cost of tuition at public in-state universities, encouraged high-achieving, low-income students to forgo quality and to enroll in less selective institutions than they could have enrolled in otherwise: Cohodes, S., & Goodman, J. (Oct. 2014). Merit Aid, College Quality, and College Completion: Merit Aid, College Quality, and College Completion: Massachusetts' Adams Scholarship as an In-Kind Subsidy. American Economic Journal: Applied Economics, 6(4), 251-285. doi:10.2307/43189529. See also Perna, L.W. (Oct. 2016). Understanding College Promise Programs, University of Pennsylvania, Philadelphia, PA.
[36] Tennessee Higher Education Commission, Tennessee Student Assistance Corporation (2017), Tennessee Promise Annual Report; Carruthers, C. (May 2019). 5 things to know about the Tennessee Promise Scholarship. Brookings Institutions, Washington DC.; Gurantz, O (July, 2019). What does free community college buy? Early impacts from the Oregon Promise. Journal of Policy Analysis and Management, 39(1), 11-35.
[37] IES: National Center for Education Statistics.
[38] Witteveen, D. & Attewell, P. (Aug. 2017). The earnings payoff from attending a selective college. Social Science Research, 66, 154-169.
[39] Muggleston K, Dancy, K & Voight, M. (Sept. 2019). Opportunity Lost: Net Price and Equity at Public Flagship Institutions. The Institute for Higher Education Policy, Washington, DC.; Chetty, R. Friedman, J, Saez, E., Turner, N., &Yagan, N (July 2017). Mobility Report Card: The Role of Colleges in Intergenerational Mobility.
[40] Low-income students are also disproportionately enrolled in private for-profit schools and public two-year degrees, as they tend to offer the more accessible and affordable paths to obtaining a higher education credential. Students from low-income families are five times less likely to enroll in selective colleges compared to students from the most affluent families. See: The Condition of Education 2019, the National Center for Education Statistics (NCES); Fain, P. (May 2019). Wealth's Influence on Enrollment and Completion. Inside Higher Ed.
[41] Carnevale, A., Rose, S. & Hanson, A (June 2012). Certificates: Gateway to Gainful Employment and College Degrees. Center on Education and the Workforce, Georgetown University. Washington, DC.
[42] 12 credit hours per term is considered full-time in terms of financial aid; however, colleges, students, and legislators may not always define full-time the same way. For instance, 15 credit hours per term is necessary for a student who wants to complete a typical associate degree in two years (without summer coursework).
[43] Center for Community College Student Engagement (2017). Even One Semester: Full-Time Enrollment and Student Success; Belfield, C., Jenkins, D., & Lahr, Hana. (June 2016), "Momentum: The Academic and Economic Value of a 15-Credit First-Semester Course Load for College Students in Tennessee." CCRC, Columbia University Teachers College, New York City.
[44] Campbell, C. & Bombardieri, M (Oct. 2017). New Data Highlight How Higher Education Is Failing Part-Time Students. Center for American Progress, Washington, DC.
[45] Bombardieri, M. (Sept. 2017). Hidden in Plain Sight: Understanding Part-Time College Students in America. Center for American Progress, Washington, DC.

[46] Campbell, C. & Bombardieri, M (Oct. 2017). New Data Highlight How Higher Education Is Failing Part-Time Students. Center for American Progress, Washington, DC.
[47] Fergus, M. (Jan. 2019). MnSCU Two-Year Occupational Grant Pilot Program Report 2018. The Minnesota Office of Higher Education, St. Paul.
[48] See Heller, D. E (Nov-Dec. 1997). Student price response in higher education: An update to Leslie and Brinkman. The Journal of Higher Education, 68 (6), 624-659.; Jackson, G. A. & Weathersby, G.B. Weathersby (Nov- Dec 1975). Individual demand for higher education: A review and analysis of recent empirical studies. The Journal of Higher Education, 46 (6), 623-652.; and Leslie, L. L., & Brinkman, P.T (Mar. -Apr. 1987). Student price response in higher education: The student demand studies. The Journal of Higher Education, 58(2), 181-204 for reviews of the literature on tuition prices, financial aid, and college access.
[49] Heller, D. E. Ed. & Marín, P. Ed (Aug. 2002). Who should we help?: The negative social consequences of merit scholarships. Civil Rights Project, Harvard University, Cambridge.
[50] Heller, D. E. & Rasmussen, C. J,. (Nov. 2001). Do merit scholarships promote college access? Evidence from two states. Paper presented at the Annual Conference of the Association for the Study of Higher Education, Richmond, VA.
[51] Thompson, J (Mar. 2019). A Promise of Equity: Designing a Debt-Free Higher Education Program That Works for Everyone. Massachusetts Budget and Policy Center, Boston, MA.
[52] Pathways to College Network (a program directed by IHEP) and the National College Access Network, (2011). The Role of Mentoring in College Access and Success.
[53] Driscoll, L. G., & Benitez-Ramirez, M. (Feb. 2019). A Snapshot of Tennessee Promise: Pellissippi State Community College, 2015-2018. Knoxville, TN: Postsecondary Education Research Center, University of Tennessee, Knoxville.; Driscoll, L. G. (2019). Policy Brief: Tennessee Promise Contributed to a 40% Increase of Full-Time, First-Time Freshmen Enrollment at Pellissiippi State Community College. Knoxville, TN: Postsecondary Education Research Center, University of Tennessee, Knoxville. See other related reports.
[54] "Offering college-intending graduates two to three hours of summer support increased enrollment by 3 percentage points overall, and by 8 to 12 percentage points among low-income students, at a cost of $100 to $200 per student. Further, summer support has lasting impacts on persistence several semesters into college." Castleman, B.L., Page, L. C., & Schooley, K. (Jan. 2014). The forgotten summer: Does the offer of college counseling after high school mitigate summer melt among college-intending, low-income high school graduates? Journal of Policy Analysis and Management, 33(2), 320-344.
[55] Comes, D, (June 2017). Mentoring Requirements Set Out to Improve Free College Outcomes. New American.

HILDRETH INSTITUTE

The Hildreth Institute is a research and policy center dedicated to restoring the promise of higher education as an engine of upward mobility for all.

There are no achievement gaps only opportunity gaps, and it is our job to close them.

Creating Equity in College Affordability
hildrethinstitute.org