



The State of Free College


Sounds nice, but what does it really mean?

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#StateofFreeCollege

May 15, 2019

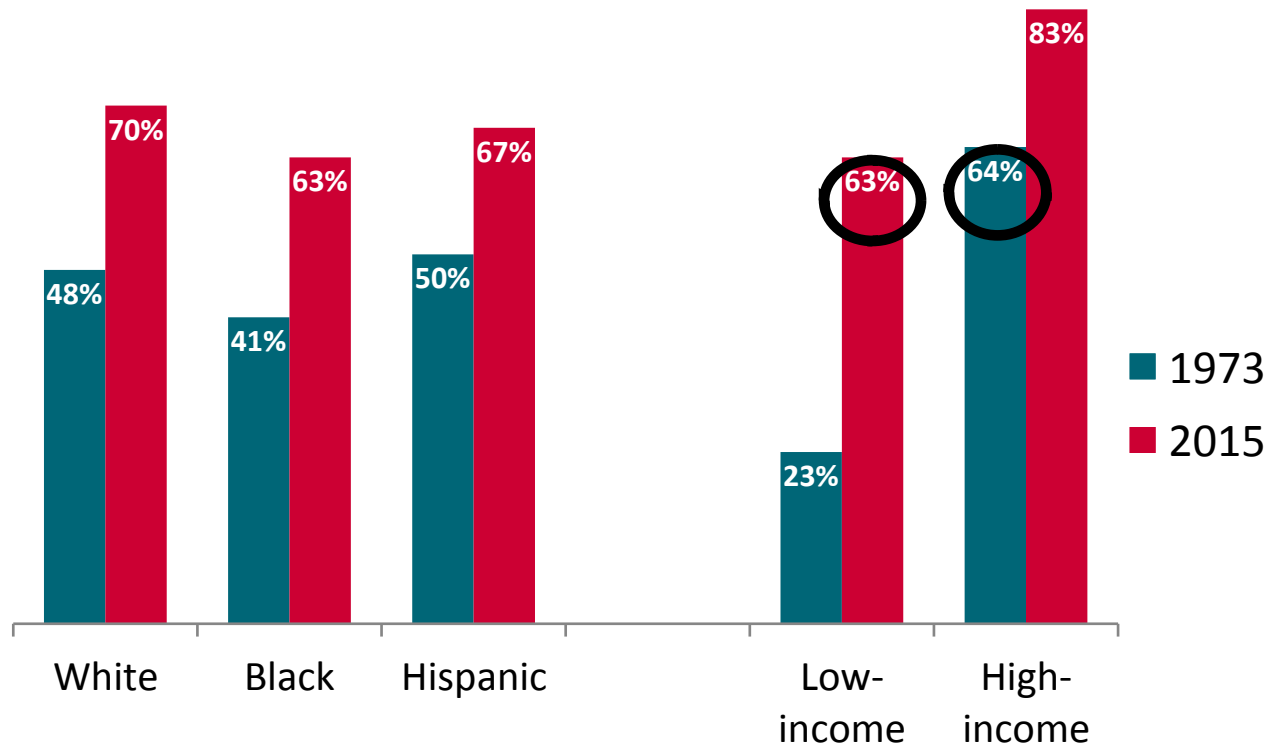


IHEP is a research, policy, and advocacy organization that works to promote college access, success, and affordability, particularly for low-income students and students of color.

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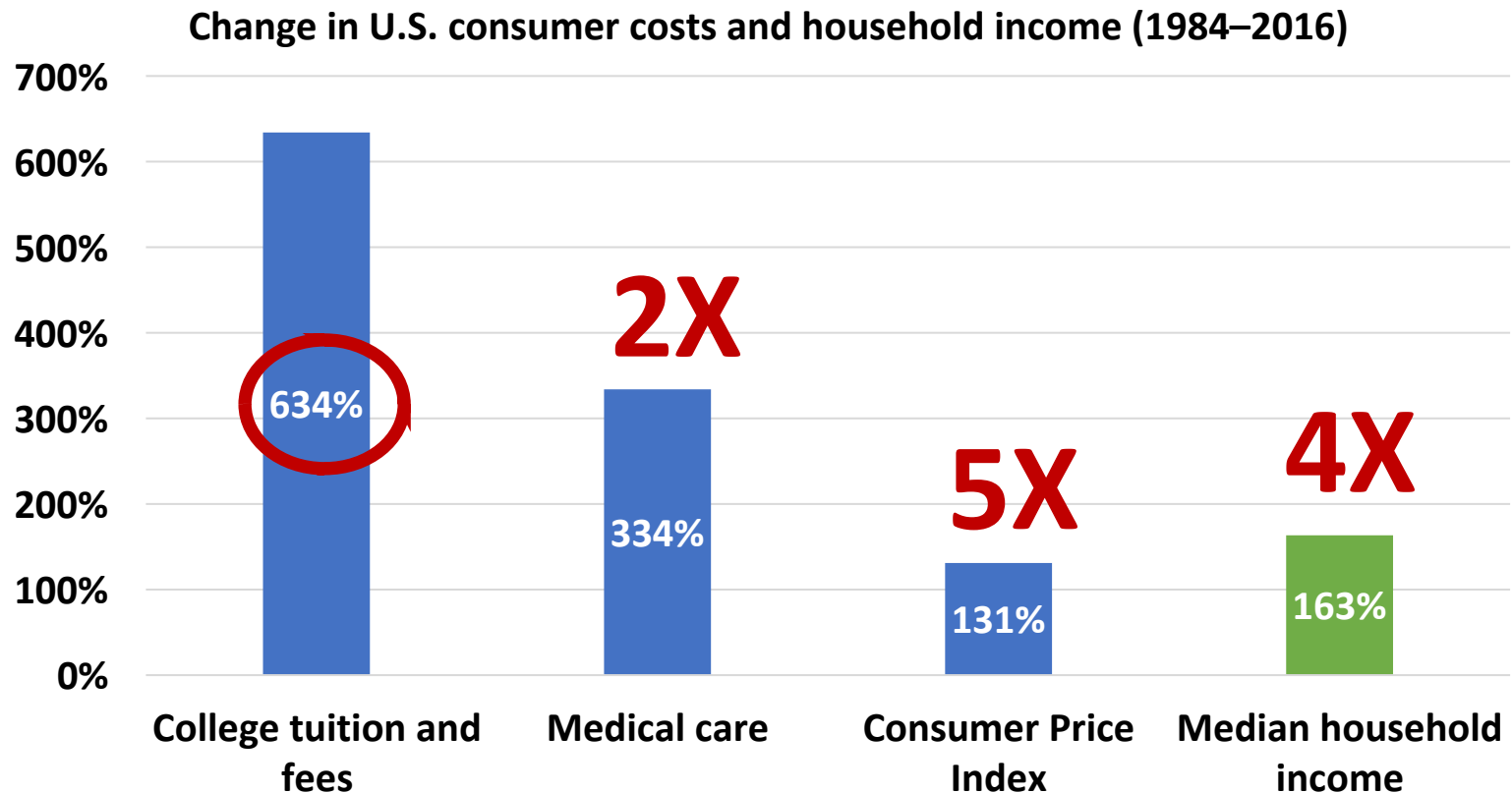
Low-income students still go to college at lower rates than high-income students did over 40 years ago.

Percent of U.S. high-school graduates who immediately enroll in college by race/ethnicity and income level (1973 and 2015)



Source: U.S. Dept. of Education, *The Condition of Education* 2010 (pp. 208, 210) and 2017 (pp. 234–235).

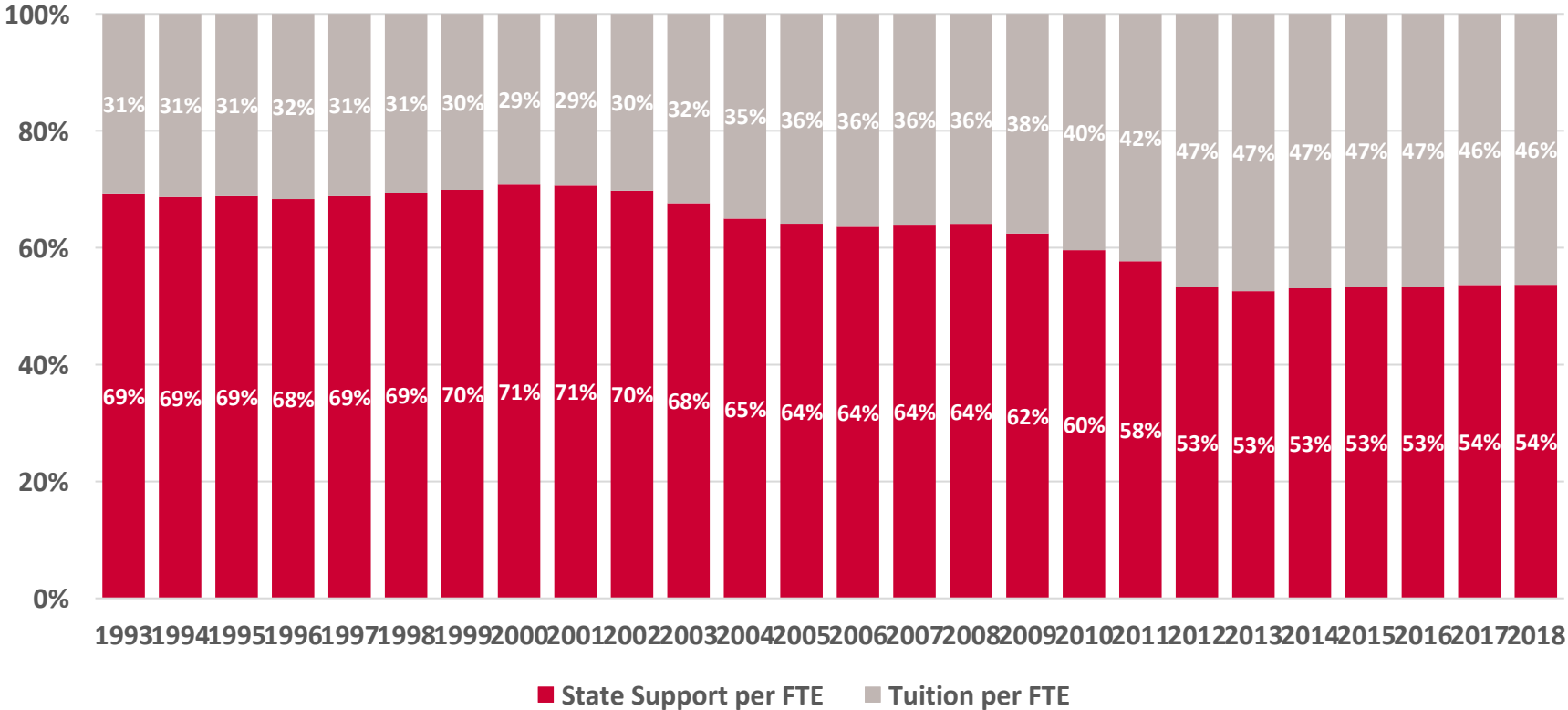
College costs have increased at five times the rate of inflation and outpaced income growth.



Source: IHEP analysis of U.S. Bureau of Labor Statistics CPI and U.S. Census Bureau median household income

Students are shouldering more of the burden.

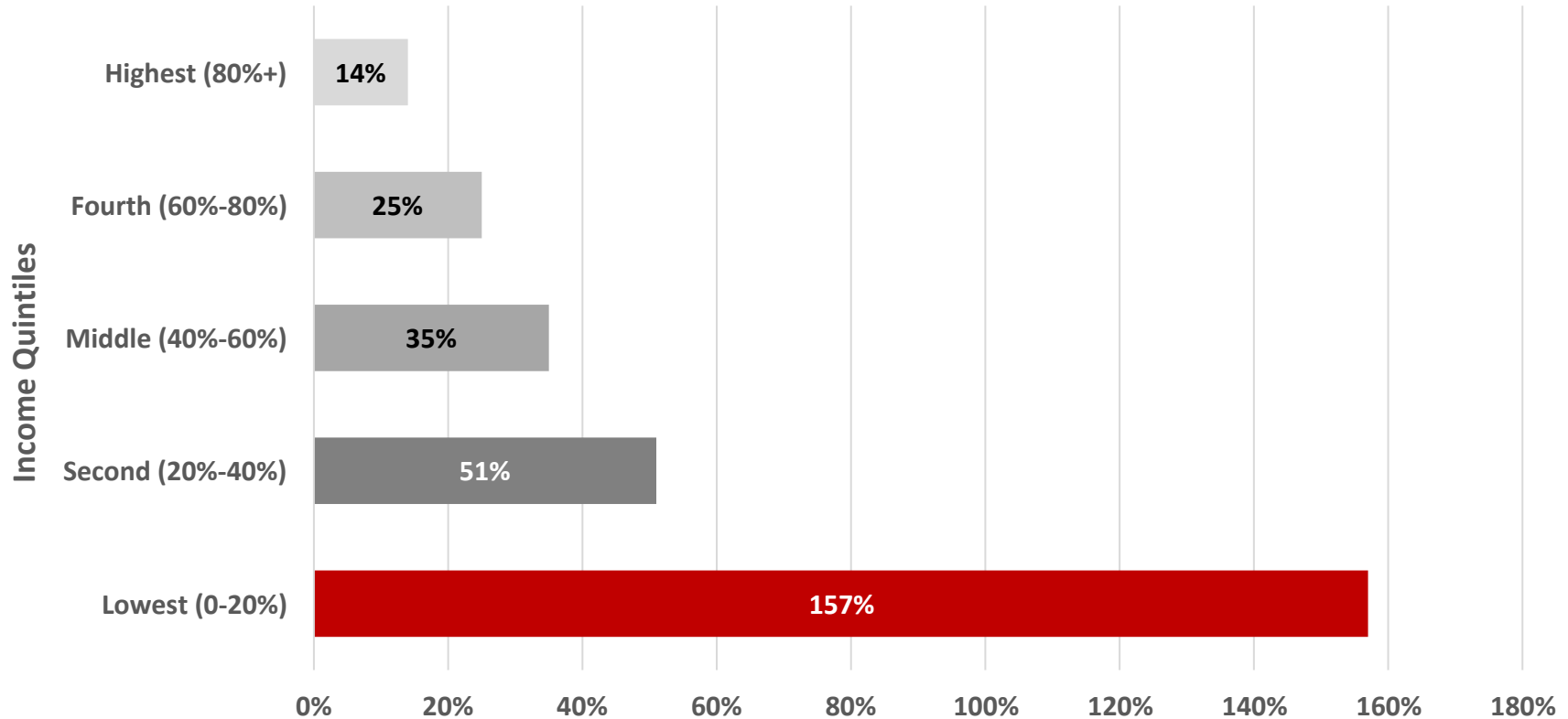
Share of Total Revenue From State Appropriations Relative to Tuition



Source: State Higher Education Finance, FY 2018. (2019). State Higher Education Executive Officers. Figure 1.

The burden is greatest on students from lower-income backgrounds.

Average share of household income a full-time, full-year, dependent student would need in order to pay the average net price at a four-year college



Source: IHEP analysis of cost of attendance and grants relative to income per the 2016 National Postsecondary Student Aid Study. Estimates based on a full-time, full-year, dependent student attending a four-year college.

Affordability from the student perspective

Independent students

ANTHONY

- ▶ 28 YEARS OLD
- ▶ NO CHILDREN
- ▶ LIVES WITH ROOMMATES
- ▶ HIS INCOME: \$2,706
- ▶ HIS EFC: \$0
- ▶ AFFORDABILITY THRESHOLD: \$3,625 PER YEAR

TRAVAL

- ▶ 28 YEARS OLD
- ▶ NO CHILDREN
- ▶ LIVES WITH ROOMMATES
- ▶ HIS INCOME: \$30,388
- ▶ HIS EFC: \$7,017
- ▶ AFFORDABILITY THRESHOLD: \$5,282 PER YEAR

ANEESA

- ▶ 28 YEARS OLD
- ▶ LIVES WITH HER TWO CHILDREN
- ▶ HER INCOME: \$2,130
- ▶ HER EFC: \$0
- ▶ AFFORDABILITY THRESHOLD: \$3,625 PER YEAR

JIN SOOK

- ▶ 28 YEARS OLD
- ▶ LIVES WITH HER TWO CHILDREN
- ▶ HER INCOME: \$33,639
- ▶ HER EFC: \$0
- ▶ AFFORDABILITY THRESHOLD: \$3,625 PER YEAR

MOHAMMED

- ▶ 28 YEARS OLD
- ▶ LIVES WITH HIS SPOUSE AND TWO CHILDREN
- ▶ SPOUSE'S INCOME: \$20,719
- ▶ THEIR EFC: \$0
- ▶ AFFORDABILITY THRESHOLD: \$3,625 PER YEAR

Dependent students

SONJA

- ▶ 18 YEARS OLD
- ▶ LIVES WITH HER MOM AND YOUNGER SIBLING
- ▶ MOM'S INCOME: \$12,491
- ▶ THEIR EFC: \$0
- ▶ AFFORDABILITY THRESHOLD: \$3,625 PER YEAR

HAKIM

- ▶ 18 YEARS OLD
- ▶ LIVES WITH HIS PARENTS AND YOUNGER SIBLING
- ▶ PARENTS' INCOME: \$35,910
- ▶ THEIR EFC: \$2,017
- ▶ AFFORDABILITY THRESHOLD: \$3,625 PER YEAR

AVA

- ▶ 18 YEARS OLD
- ▶ LIVES WITH HER PARENTS AND YOUNGER SIBLING
- ▶ PARENTS' INCOME: \$69,000
- ▶ THEIR EFC: \$9,361
- ▶ AFFORDABILITY THRESHOLD: \$9,725 PER YEAR

SERGIO

- ▶ 18 YEARS OLD
- ▶ LIVES WITH HIS PARENTS AND YOUNGER SIBLING
- ▶ PARENTS' INCOME: \$105,405
- ▶ THEIR EFC: \$21,747
- ▶ AFFORDABILITY THRESHOLD: \$17,826 PER YEAR

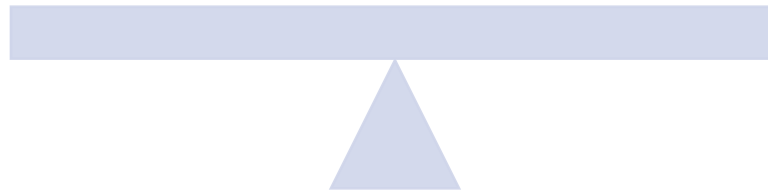
MARIA

- ▶ 18 YEARS OLD
- ▶ LIVES WITH HER PARENTS
- ▶ OLDER SIBLING IS ALREADY IN COLLEGE
- ▶ PARENTS' INCOME: \$162,995
- ▶ THEIR EFC: \$53,839
- ▶ AFFORDABILITY THRESHOLD: \$32,224 PER YEAR

Measuring affordability

What a student
can afford

What a student
must pay

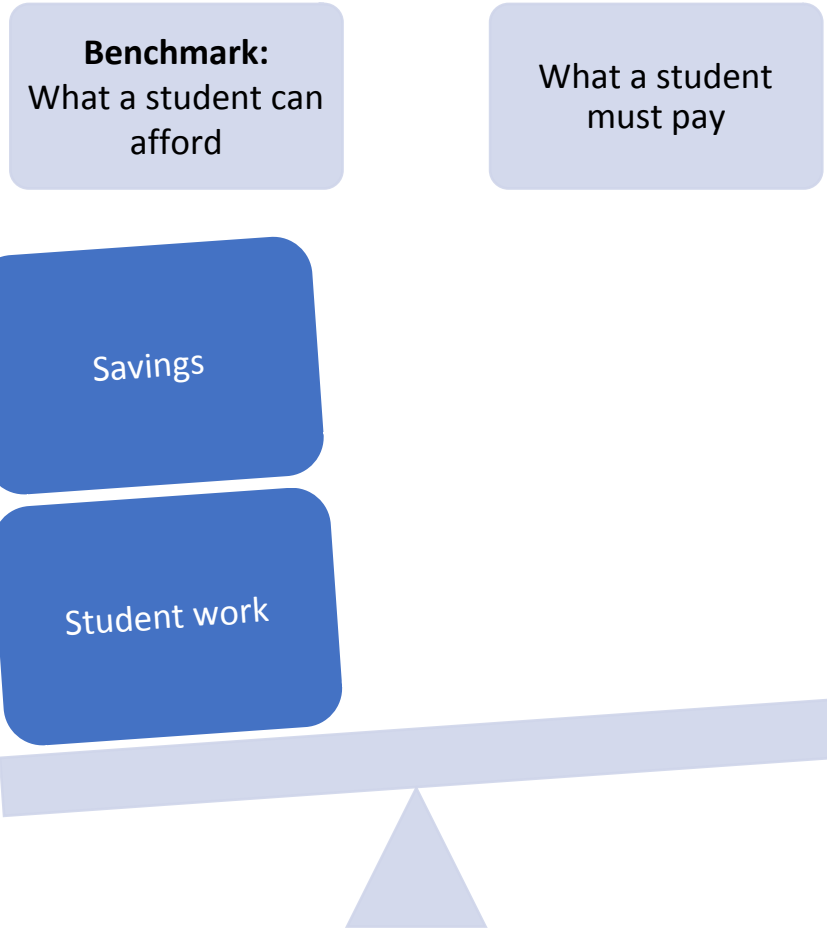


Lumina Foundation's Affordability Benchmark

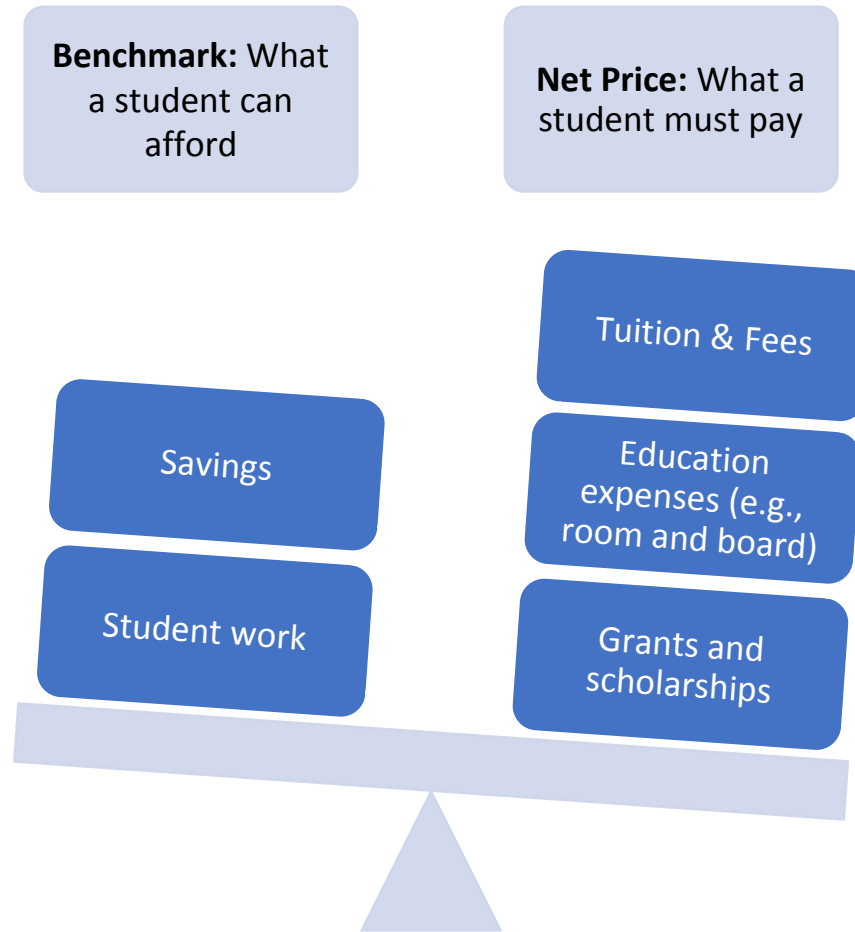
- The "Rule of 10"
 - Student works **10 hours** per week in college
 - Household saves **10%** of discretionary income for **10 years**
 - ONLY income over 200% of Federal Poverty Guideline
 - Lowest-income families simply cannot save

Source: Lumina Foundation. (2015). *A benchmark for making college affordable: The rule of 10*. Retrieved from <http://www.luminafoundation.org/files/resources/affordability-benchmark-1.pdf>

Using the Rule of 10, we can compare each student's affordability threshold...



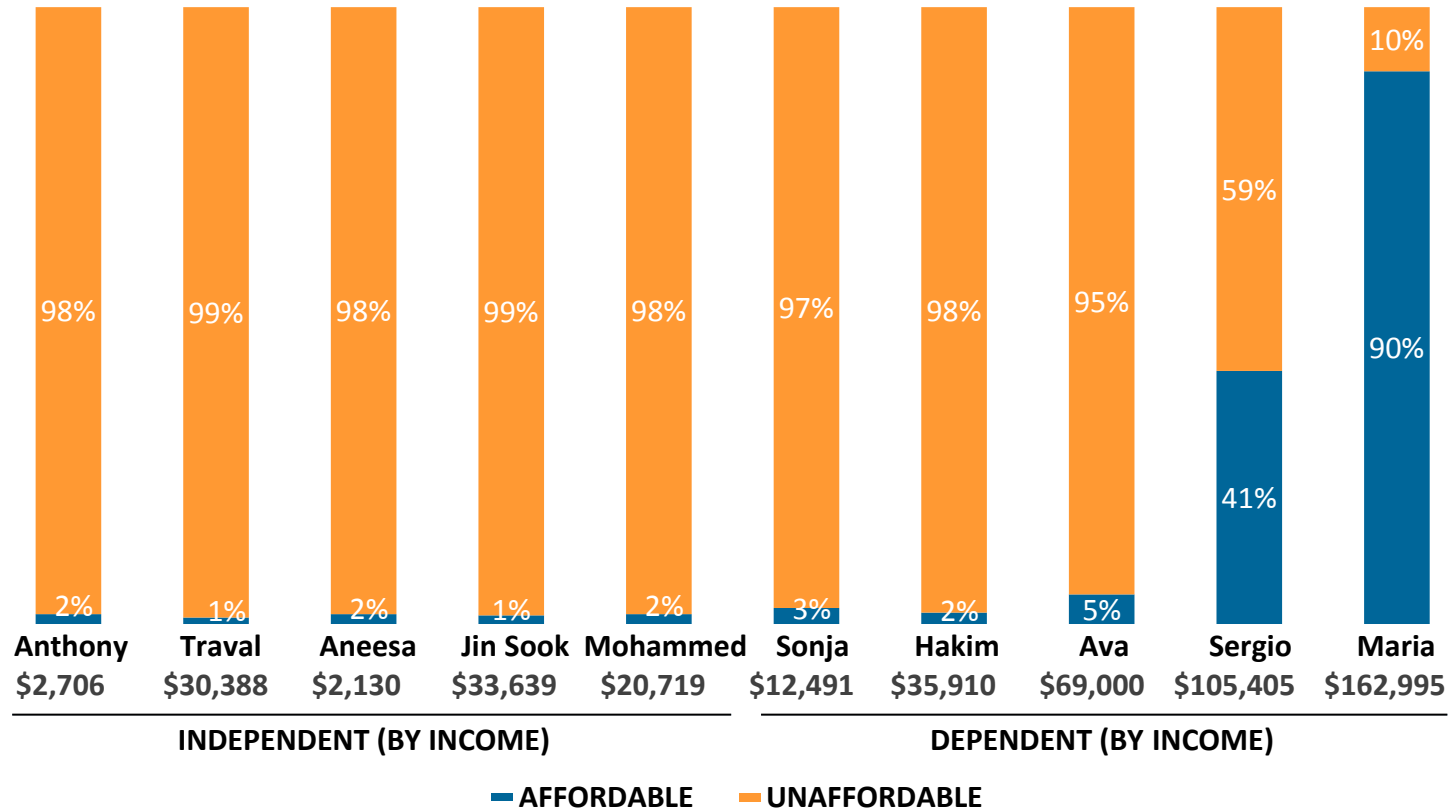
... with each college's net price.



How affordable is college... and for whom?

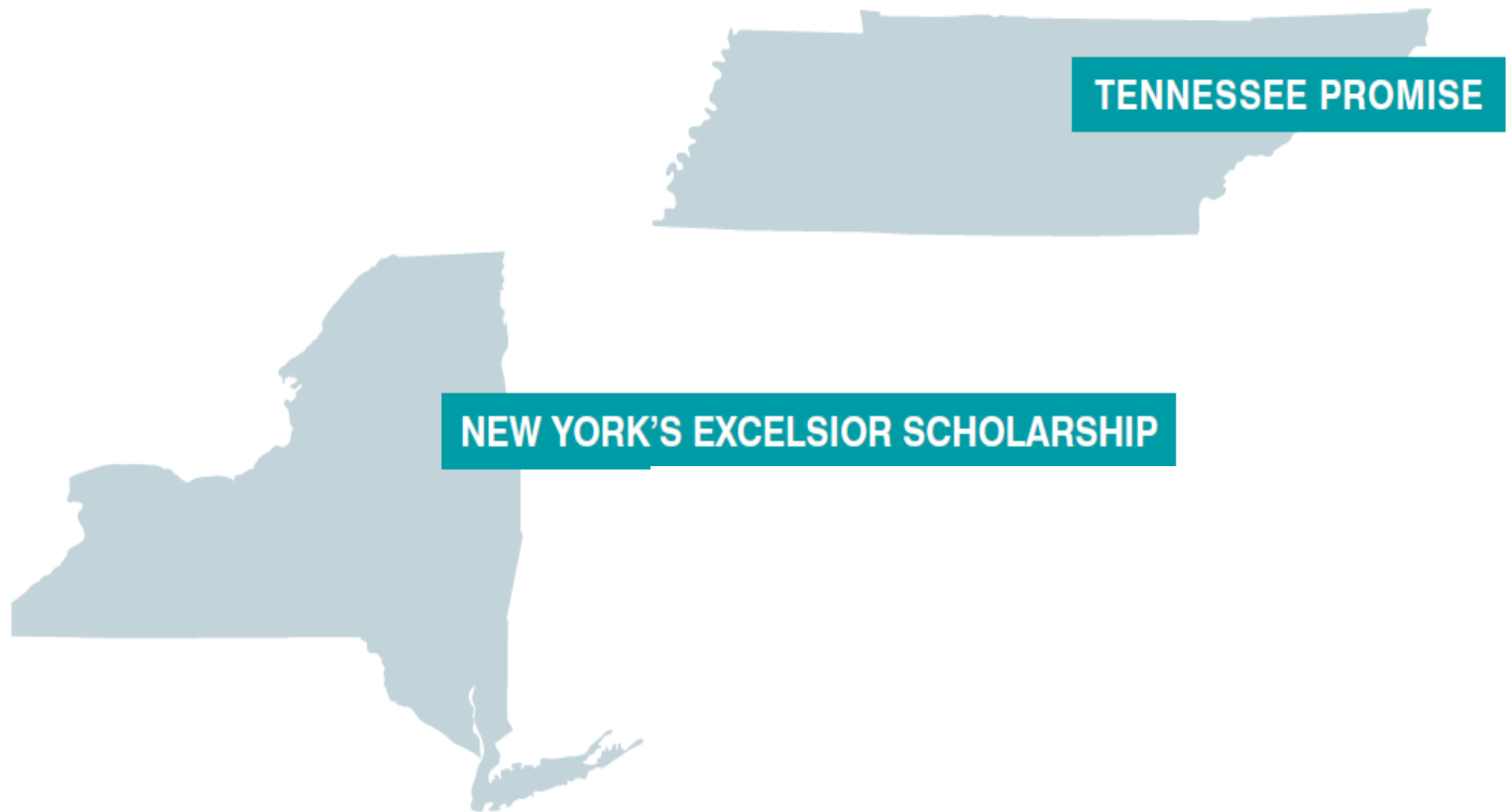
Students with limited means have limited college options.

Percent of colleges that are affordable or unaffordable for different students



Source: Poutré, A., Rorison, J., & Voight, M. (2017). *Limited means, limited options: College remains unaffordable for many Americans*. Institute for Higher Education Policy. Retrieved from http://www.ihep.org/sites/default/files/uploads/docs/pubs/limited_means_limited_options_report_final.pdf

How do TN Promise and NY's Excelsior address college affordability for low-income students?



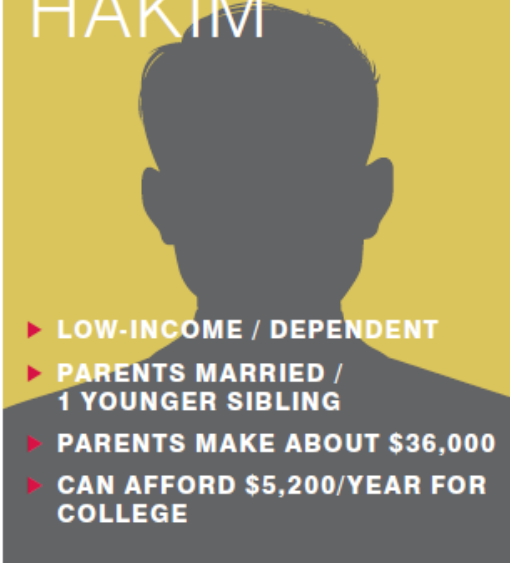
Consider three students:

JIN SOOK



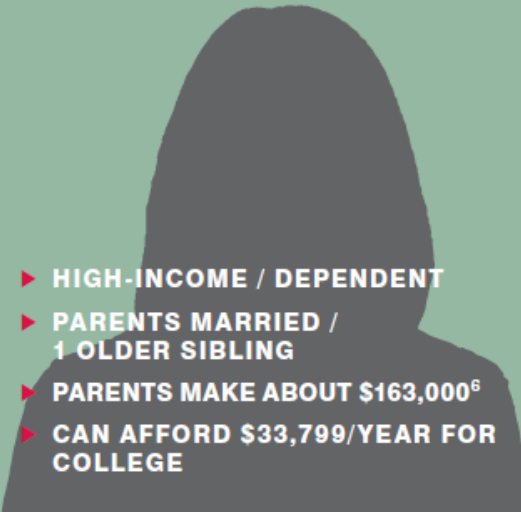
- ▶ **LOW-INCOME / INDEPENDENT**
- ▶ **UNMARRIED / 2 DEPENDENTS**
- ▶ **MAKES ABOUT \$34,000**
- ▶ **CAN AFFORD \$5,200/YEAR FOR COLLEGE**

HAKIM



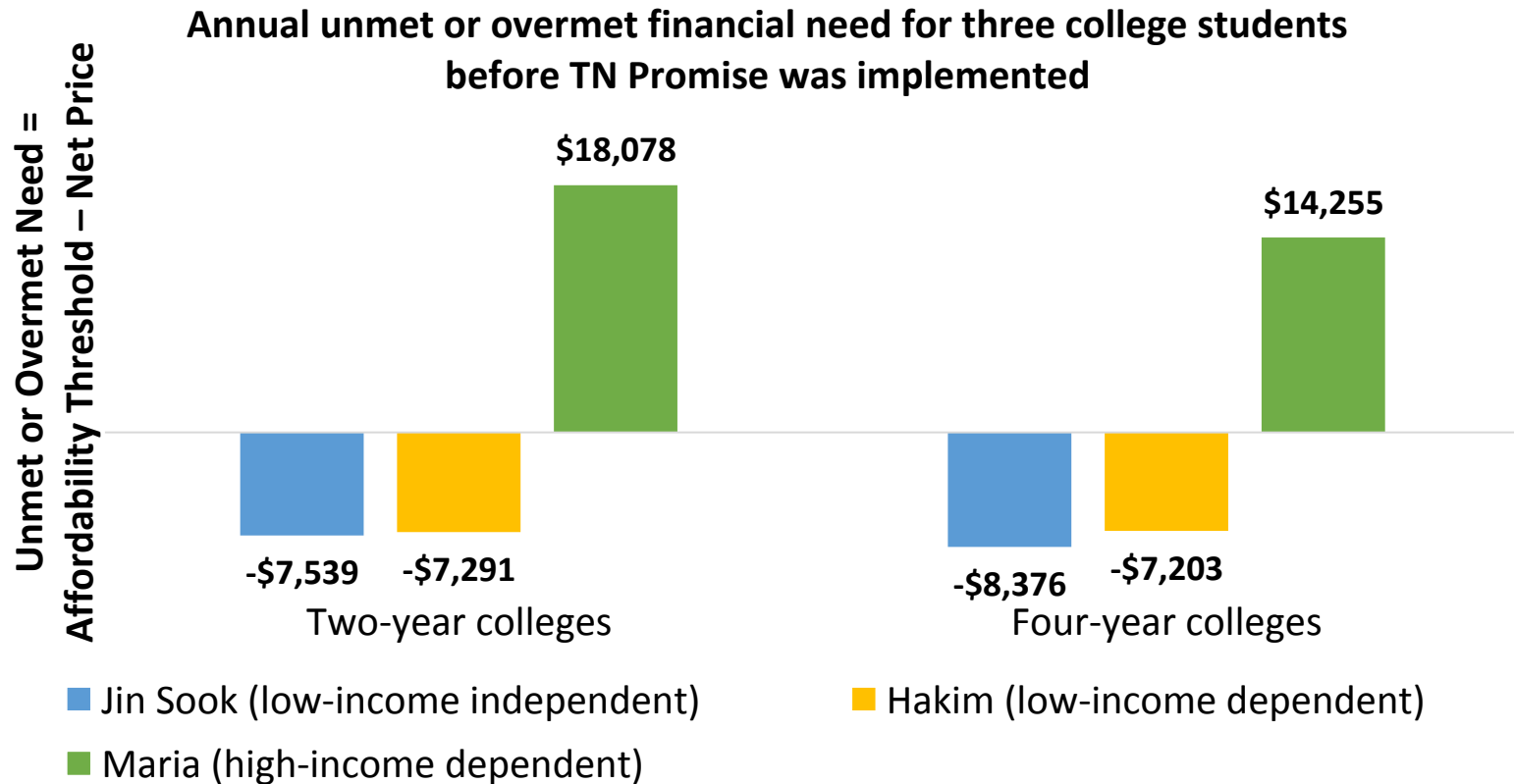
- ▶ **LOW-INCOME / DEPENDENT**
- ▶ **PARENTS MARRIED / 1 YOUNGER SIBLING**
- ▶ **PARENTS MAKE ABOUT \$36,000**
- ▶ **CAN AFFORD \$5,200/YEAR FOR COLLEGE**

MARIA



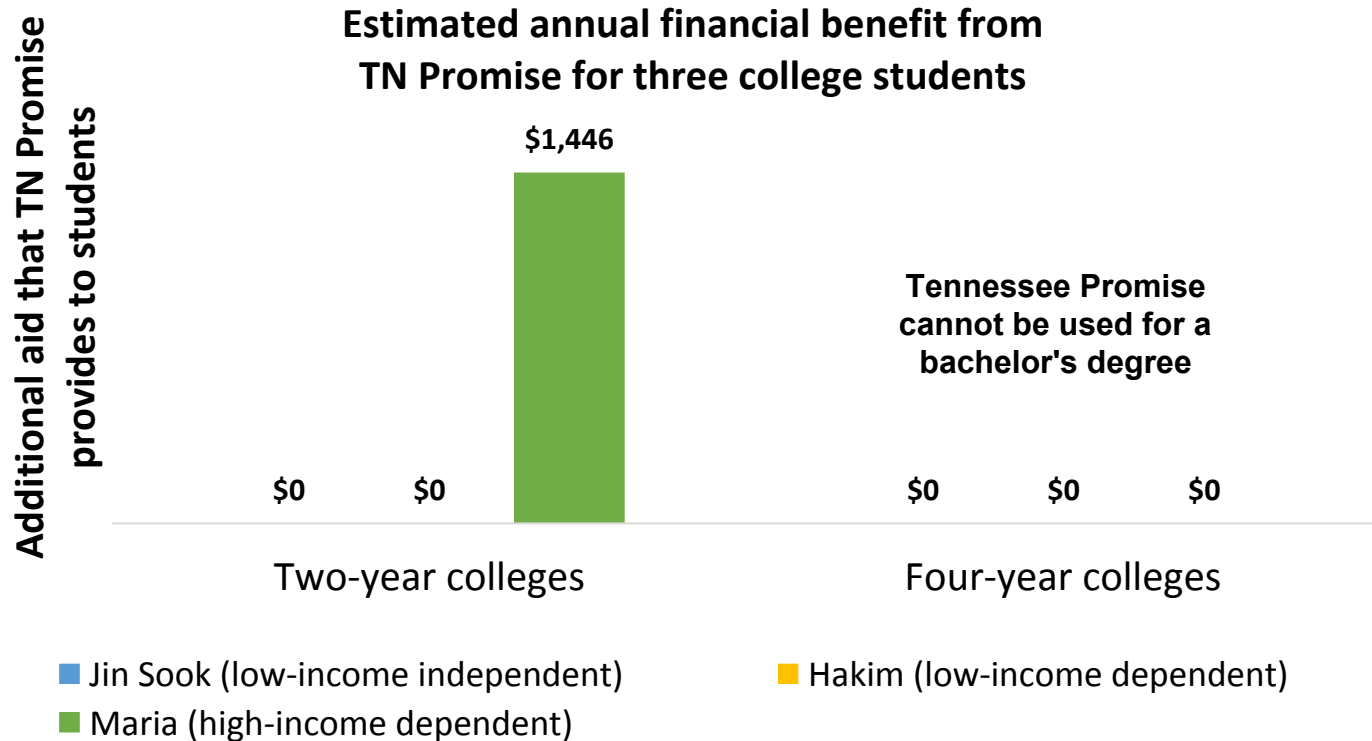
- ▶ **HIGH-INCOME / DEPENDENT**
- ▶ **PARENTS MARRIED / 1 OLDER SIBLING**
- ▶ **PARENTS MAKE ABOUT \$163,000⁶**
- ▶ **CAN AFFORD \$33,799/YEAR FOR COLLEGE**

Before TN Promise a high-income student could afford TN colleges, but low-income students had substantial need.



Source: Poutré, A. & Voight, M. (2018). *TN Promise: Does it help students with limited financial means afford college?* Institute for Higher Education Policy.

A high-income student receives TN Promise, but low-income students receive no new funding.

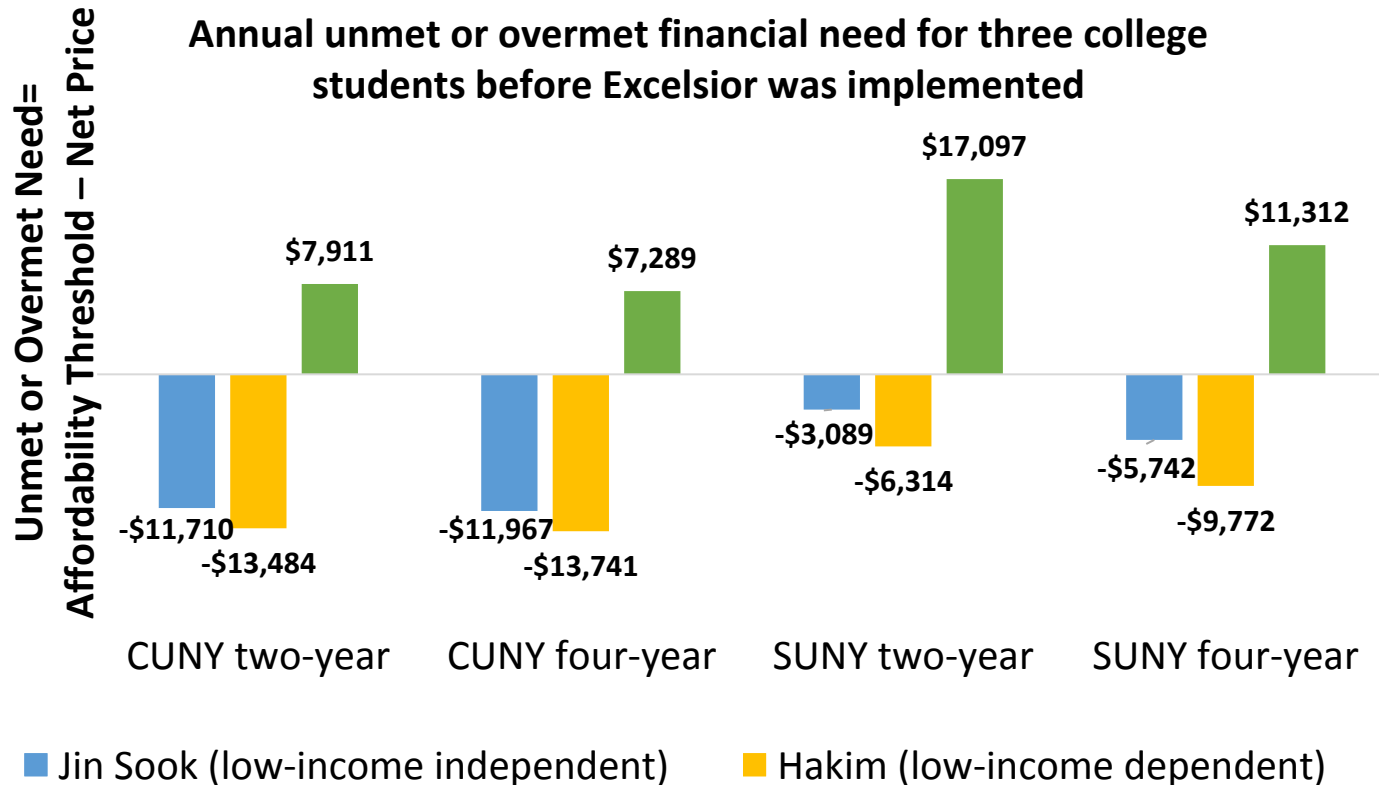


Source: Poutré, A. & Voight, M. (2018). *TN Promise: Does it help students with limited financial means afford college?* Institute for Higher Education Policy.



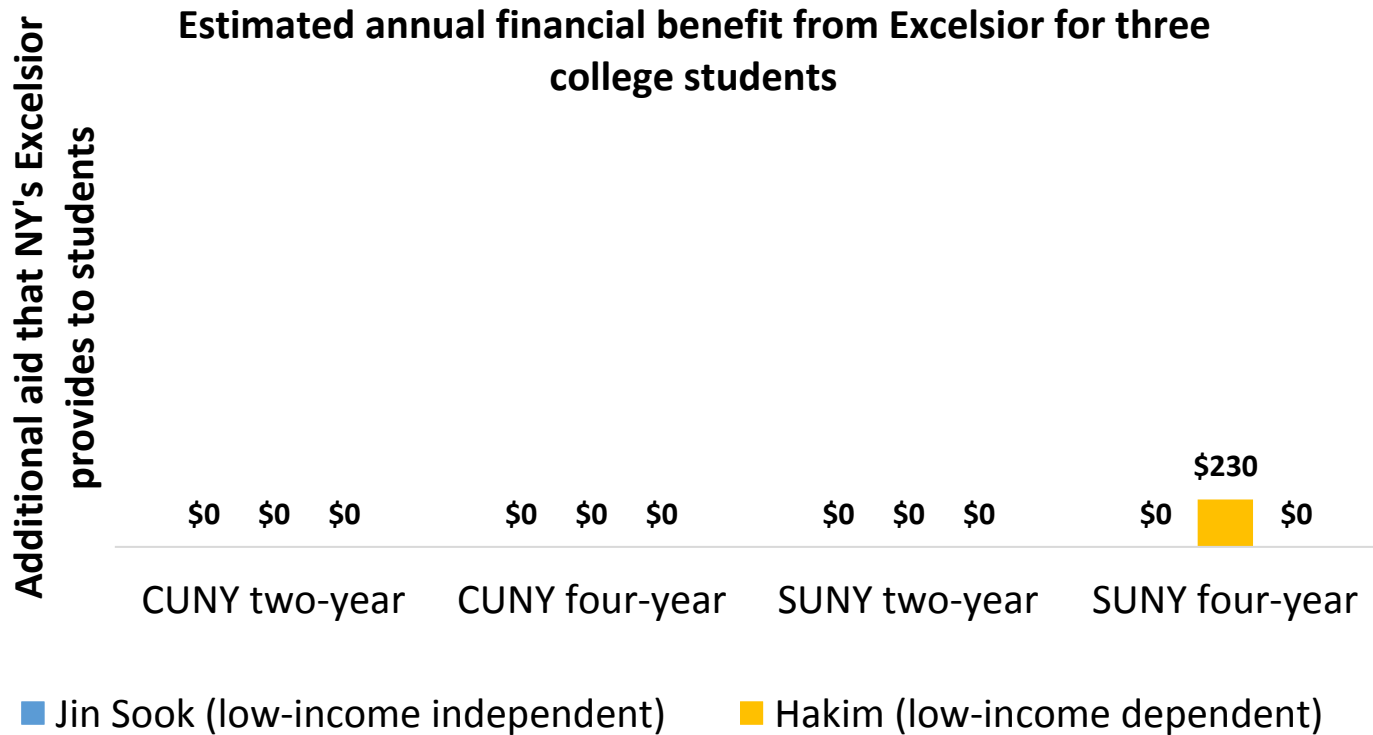
NEW YORK'S EXCELSIOR SCHOLARSHIP

Before Excelsior a high-income student could afford college, but low-income students had substantial need.



Source: Poutré, A. & Voight, M. (2018). *New York's Excelsior: Does it help students with limited financial means afford college?* Institute for Higher Education Policy.

Excelsior provides little to no aid to the students in this analysis



Source: Poutré, A. & Voight, M. (2018). *New York's Excelsior: Does it help students with limited financial means afford college?* Institute for Higher Education Policy.

Why?

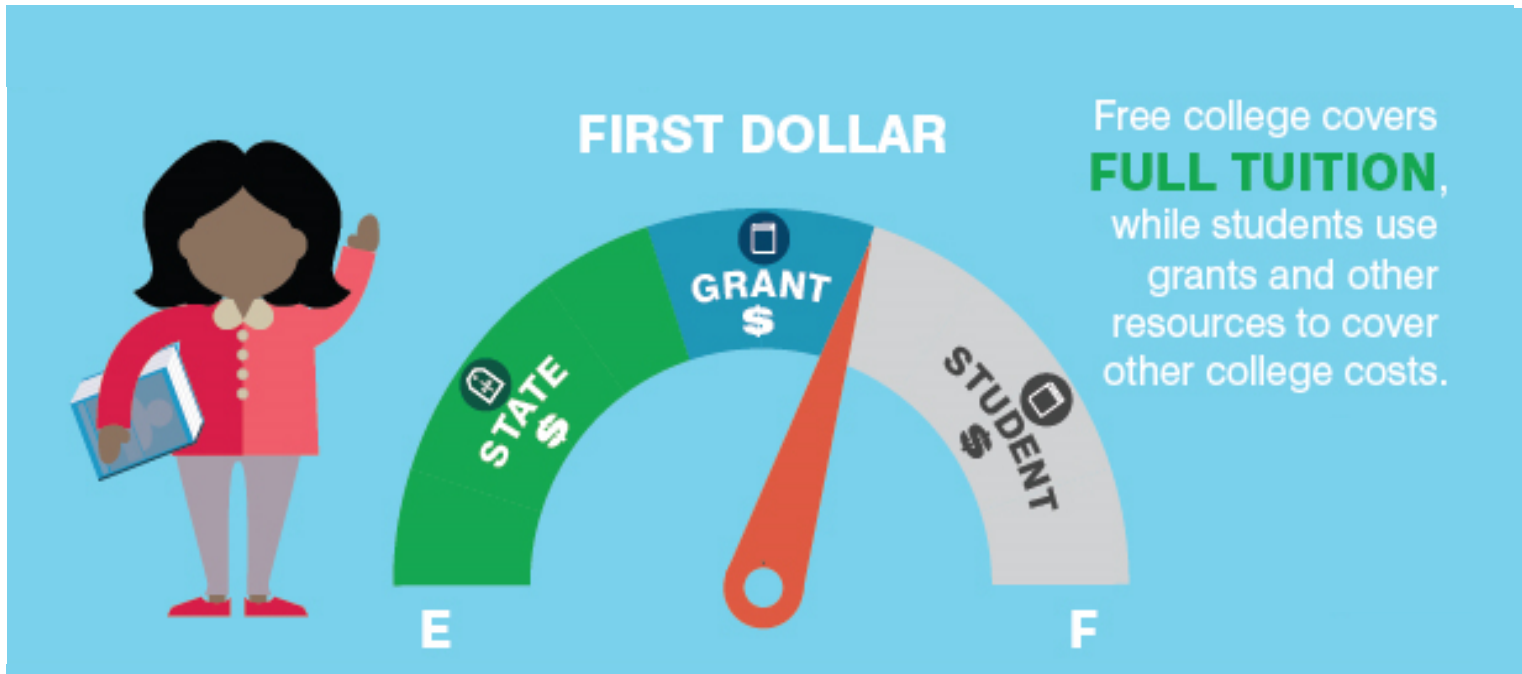
**TN Promise and NY's Excelsior are
last dollar programs.**

Students must **EXHAUST ALL GRANTS**, and the state covers the remaining tuition. Students and families pay remaining college costs.

LAST DOLLAR

The diagram features a semi-circular gauge with three segments. From left to right, the segments are: a blue segment labeled 'GRANT \$' with a graduation cap icon, a green segment labeled 'STATE \$' with a graduation cap icon, and a grey segment labeled 'STUDENT \$' with a graduation cap icon. A red needle points to the green 'STATE \$' segment. The gauge is labeled 'E' at the left end and 'F' at the right end. To the right of the gauge is an illustration of a woman with brown hair in a bun, wearing a blue long-sleeved shirt and dark pants, with her hand to her chin in a thinking pose.

A "first-dollar" program would allow students to use need-based aid on non-tuition costs.



What are core tenets of a more equitable free-college program?

1. Invest first and foremost in low-income students.
2. Fund non-tuition expenses for low-income students.
3. Include four-year colleges.
4. Support state need-based grant programs.
5. Avoid restrictive or punitive requirements.



Questions?

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