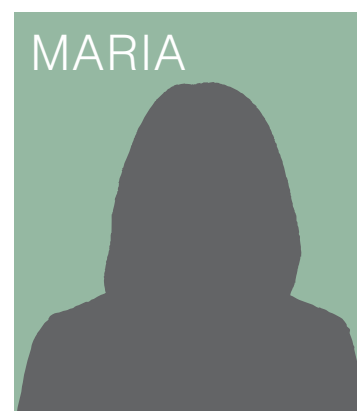


Do Tennessee Promise and New York's Excelsior Scholarship Help Students With Limited Means Afford College?

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The notion of free college is appealing to students and families, particularly those who struggle to manage climbing college prices. The promise of “free” can encourage low-income or first-generation students to enroll in college when the fear of high prices may deter them otherwise. This promise can also raise students’ college-going aspirations and inspire college attendance, which is why federal, state, and institutional policymakers have seized upon the idea, spurring new free-college programs across the country.¹

But what does “free” actually mean? Who benefits from these programs and by how much? Are they designed to advance equity and expand college opportunities for more low-income students? The Institute for Higher Education Policy (IHEP) shares new analysis to answer these questions and inform recommendations for designing free-college programs in ways that raise college-going aspirations *and* direct limited resources toward the students who need them most. Examining the impact of two prominent free-college programs—the **Excelsior Scholarship** (New York) and the **Tennessee Promise**—on three college students with different socioeconomic backgrounds finds that a program’s design matters immensely when determining who benefits.²

The promise of “free” does not allocate scarce state dollars to the neediest students in either state, nor does it improve college affordability for them.

This state-level college affordability analysis builds on IHEP’s *Limited Means, Limited Options* report, released in 2017, which found that our nation’s college affordability problem is fundamentally one of inequity. Using the “Rule of 10,” students should be able to afford college by saving 10 percent of their family’s discretionary income (i.e., income above 200 percent of the poverty level) for 10 years before college and working 10 hours per week while enrolled.³ However, IHEP’s 2017 analysis of college prices at thousands of colleges and universities revealed that—even after accounting for grants and scholarships—low- and moderate-income students struggle to find affordable college options, while a high-income student could afford a degree almost anywhere.⁴ Unfortunately, high college prices have stymied progress for Americans of limited financial means, undermining our nation’s basic ideals of opportunity and fairness.

Free-college programs—when designed with equity at their core—hold great promise in helping more students and states reap the economic and social benefits of higher education.

Examining estimated net prices in New York and Tennessee before and after the implementation of Excelsior and Tennessee Promise illuminates these inequities.⁵ Designed with the best of intentions to offer a sweeping promise of free tuition, IHEP's latest analysis shows that **the promise of “free” does not allocate scarce state dollars to the neediest students in either state, nor does it improve college affordability for them.** These programs do not support non-tuition college expenses, such as books or room and board, and their “last-dollar” design directs more funding toward students who do not qualify for need-based financial aid, such as the Pell Grant.

- ▶ **Tennessee's** free community college program benefits high-income students but does not help low-income students pay for college. Before Tennessee implemented Promise, low-income dependent and independent students had more than \$7,000 in unmet need at state two- and four-year colleges—after accounting for their grants and scholarships. Tennessee Promise does not address these sizable financial barriers for low-income students to help them pay for college. It does, however, provide a high-income student with nearly \$1,500, making community college free for students whose families already can afford to pay. The Promise may convey a clear, consistent message, but it does not make college more affordable for those who most need support.
- ▶ **New York's** Excelsior program also does not help low-income students afford college. While low-income New Yorkers have substantial financial need (between \$3,000 and \$14,000 at two- and four-year SUNY and CUNY colleges), Excelsior does nothing to help them address this need and pay for college. Because the program takes the right step in instituting an income cap, the highest income students also do not benefit. But, Excelsior also includes a punitive element that converts the grant into a loan if an Excelsior beneficiary leaves the state after college.

Higher education can offer people from all backgrounds the opportunity to achieve a more secure future for themselves and their families. Yet, affordability challenges create barriers to college access and success, especially for low-income and working-class students. Free-college programs—**when designed with equity at their core**—hold great promise in helping more students and states reap the economic and social benefits of higher education. IHEP proposes the following core tenets for equity-minded free-college programs:

- 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**

Read on to learn more about the impact of high-profile free-college programs on today's college students and to review IHEP's recommended improvements.

1 Mishory, J. (2018). *The future of statewide college promise programs: A state guide to free college*. The Century Foundation. Retrieved from https://s3-us-west-2.amazonaws.com/production.tcf.org/app/uploads/2018/03/07190156/Jen_PromiseFinal2.pdf

2 Tennessee Reconnect, designed to serve returning adult students, is incorporated into our analysis of Tennessee Promise.

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

4 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

5 Net price is the total cost of attendance minus all grant and scholarship aid a student receives.