

Council on Postsecondary Education

2019 Board-Identified Priorities

At the 2019 board retreat the board identified five possible strategies to help close the gap between the state's current educational attainment trajectory and the needed trajectory to achieve the state's 60x30 goal. The board asked that staff review each of the proposals and bring back information and data to the board responding to the following questions:

- Will this strategy help Kentucky accelerate progress on the 60x30 attainment goal?
- Is it feasible to implement the strategy given budget and other resource constraints?
- How should the various strategies be prioritized in terms of their return-on-investment and impact?

The information was pulled together by CPE staff and is intended to serve as background information to help stimulate conversation and ideas.

The 5 priorities identified by the board were:

1. Free tuition program for one or two years of college
2. Developing incentives for out-of-state students
3. Retaining students and understanding why students are dropping out
4. Developing tools and programs to facilitate the pathways between K-12 and postsecondary education.
5. Developing strategies to improve access and success of adult students

The following is research related to No. 1:

Free tuition program for one or two years of college

Free College and Promise Programs

Kentucky Council on Postsecondary Education

Discussion Document

April 25, 2019

Free college programs (sometimes known as promise programs) have become a popular approach for both states and municipalities to respond to workforce/economic development needs and growing concerns about college affordability. According to the National Conference of State Legislators, 17 states and 350 localities across 44 states now have some variation of free college programs.¹

Program Purpose

Generally, these programs are designed to increase postsecondary participation and completion and enhance local economic and workforce development. The most effective programs do this by clearly communicating there is an affordable path to a postsecondary credential and responding to concerns about college cost and student debt. The programs also signal to citizens a willingness by the government to invest in their futures and a commitment to building a vibrant workforce.

Variation in Program Design

There is a great deal of variety in how free college programs are structured depending on the program goals and availability of funding. (See Appendix A for to view a matrix outlining parameters for specific state-level programs).

- Often student eligibility for the program is restricted in some way, whether by age, full or part-time status, income, academic merit, state residency, or program of study pursued.
- In some programs, eligibility is limited to certain degree levels (i.e. for certificates or associate degrees only) or the number of credits that are supported by the program may be limited.
- Sometimes only community college students are eligible for a promise program, while other programs are open to two-year and four-year campuses, and in some cases, public and private institutions.
- Several programs require community service or a certain high school GPA as a prerequisite for eligibility while others require some level of ongoing mentorship and advising to remain eligible.

- Some programs only ensure tuition is covered, while other programs also cover course fees, books, and other necessary academically-related costs.

First Dollar, Last Dollar, Middle Dollar and Debt Free Programs

When discussing free college programs, terms like “first dollar” or “last dollar” and increasingly “debt free” are used to discuss the mechanics of how funds are distributed and the extent to which college costs are covered by the program.

- Most free college programs are “**last dollar**” – that is, they kick in after a student has been awarded state and federal grant aid and cover any outstanding tuition costs. Since many students will already be eligible for state and federal income-based grants, this allows program funding to go relatively far.
- A “**first dollar**” free college program, on the other hand, would cover tuition costs regardless of other sources of aid. While these programs would be easier to manage (there would be no requirement that students fill out the FASFA for example) the program costs would be significantly higher than the last dollar approach.
- “**Middle dollar**” or supplemental programs start with a last dollar structure but provides a set amount of additional dollars beyond tuition to cover necessary expenses like course fees, books, or living expenses.
- Increasingly, there is discussion not only about free college, but **debt free college**ⁱⁱ. This responds to the reality that on average less than half of overall college costs are tuition-related and much of the debt students take on is due to non-tuition costs like books, fees, required course materials, transportation, childcare and living expenses. Debt free programs would leverage existing federal and state grants but would bridge the total college cost gap rather than simply the tuition gap.

Pioneering Free College Programs

Indiana’s 21st Century Scholars is regarded as one of the first state promise programs.

Launched in 1990, it is a last dollar program designed to increase college-going for low income students who meet certain high school grade requirements and citizenship standards (no drug use or crime). It also includes a strong mentorship and advising component to help students navigate the path to and through up to four years of college.

While not a state program, the **Kalamazoo Promise** ushered in a model that is now common in a number of states. The program is built on a last dollar structure, but eligibility is not income-based. Any student graduating from a Kalamazoo high school is eligible, regardless of financial need, GPA or other demographic characteristics. Like Indiana’s program, there is a strong advising and support infrastructure that helps students stay on track in college.

In recent years, Tennessee's promise programs have probably gotten the most public attention. The **Tennessee Promise** launched in 2014 and is designed to offset tuition and fees at the state's community and technical colleges, and later was expanded to associate degrees at the universities. It's a last dollar program that also provides comprehensive mentoring and advising services. Other than age, there are few eligibility restrictions. All graduating Tennessee high school students who are accepted in postsecondary programs and attend full-time are eligible for up to five semesters of tuition coverage.

In 2018 the state launched **Tennessee Reconnect** in response to concerns about the lack of financial resources for students 25 and older. The program combines a last dollar scholarship program with a network of "reconnect communities" that provide outreach, advising, and referral services. Eligibility is limited to enrollment at the state's technical colleges. Due in part to strong marketing, the program has been extremely popular, with over 30,000 applicants in its first year. Nearly 70% of these students are women.ⁱⁱⁱ

Kentucky's Free College Program

Kentucky launched the **Work Ready Scholarship Program** in Fall 2017 in response to concerns about workforce gaps in high need industries (healthcare, advanced manufacturing, transportation/logistics, business services/IT, and construction). This last dollar program is limited to students who have not yet earned a postsecondary degree and encourages completion of an industry-recognized certificate or diploma in one of the five priority areas. The program was amended in 2018 to provide funding to high school students enrolled in eligible dual credit programs and to students enrolled in applied associate degree programs in the high need areas. There is no age or income restriction. Funding is available for up to four semesters, 60 hours of enrollment, or receipt of the first associate degree, whichever comes first. Students can also receive up to \$400 for course fees per year.

According to the Higher Education Assistance Authority (KHEAA), during its first year (pre-dual credit and applied associate eligibility) only 1,194 students used Work Ready funding for a total cost of \$2.8 million. Eighty percent of funding was directed to students at KCTCS while twenty percent went to students attending private colleges and universities^{iv}. KHEAA does not have 2018-19 program data available for review.

While there's been no research or analysis to determine why there has been limited interest in the Work Ready Scholarship, minimal marketing of the program, no mentoring/advising component, the limited impact on low-income students and the complexity around eligibility requirements may be contributing factors.

Costing Out Free College Programs

The costs of free college programs vary widely depending on program design, student eligibility requirements, time limitations, academic program eligibility, the inclusion of support and advising services, etc.

While **Kentucky's** program expenditures have been fairly limited to date (\$2.8 million in 2017-18), growing interest in the program and the inclusion of high school students will increase costs over time. Other states invest significantly more in their free college programs, particularly when building in associated costs for outreach, marketing, mentoring and advising functions.

Tennessee established an endowment (funded in part by lottery reserves) to support the Tennessee Promise program. Annual costs are approximately \$35 million a year.^v The Tennessee Reconnect Program (the program for adult students), when established was estimated to cost approximately \$10 million a year; however, demand for the program has outpaced expectations so current costs may be trending higher. It's also unclear whether these costs include mentoring services, TN Connect Centers, training and program administration.^{vi} Program costs for **Indiana's** 21st Century Scholarships topped \$160 million in 2016 due to the popularity of the program, the length of time students can receive funding, the level of scholarships, and support structures that are part of the program.^{vii}

Costs for **Oregon's** promise program, similar in scope and structure to the Tennessee promise program for traditional age students, are approximately \$40 million a year, and there are concerns that these funds are not covering program needs.^{viii}

In 2016 CPE did a preliminary cost analysis for a free college program in Kentucky modeled on the Tennessee Promise program (last dollar, full-time, recent high school graduates only, up to associate degrees). Based on that analysis, and updated with 2018-19 data, CPE estimates the program would cost \$15-\$20 million annually, plus funding for support and advising structures and program administration costs.

Building an Effective Free College Program

While free college programs have been celebrated for changing perceptions about college affordability and promoting college going, **the most significant criticism of free college programs is the limited financial benefit they often have for low income students.** Most of these students receive Pell grants and other income-sensitive state and federal grants which already cover their tuition charges. This aid often disqualifies these students for any "free college" funding, particularly if the program is limited to covering tuition costs only.

Several national education organizations, including [The Education Trust](#) (a national nonprofit that works to close educational opportunity gaps), have done extensive analysis of free college programs around the country and offer a number of recommendations to ensure the programs are achieving stated goals of expanding student access and increasing success:^{ix}

- **Target low income students:** Structure programs to eliminate often insurmountable financial barriers beyond tuition costs, including providing some support for necessary living expenses, course fees and materials, books, travel, and childcare.
- **Cover the cost of four-year programs:** Supporting certificate and/or associate degree attainment is an important start for many students but limiting financial support to these programs limits social mobility and broader career pathways.
- **Include part-time, adults and returning students:** Limiting programs to recent high school graduates and full-time students leaves out a large portion of a state's population in need of a postsecondary degree or credential to respond to workforce needs.
- **Reduce program complexity:** GPA, program intensity, age restrictions, and credit accumulation requirements may add layers of complexity that will shut many of the students who need resources the most out of the system.
- **Communicate and market:** One of the strengths of free college program is to change perceptions about accessibility of postsecondary training and education and create a broad-based college-going culture. To do this, students and families must know about and understand the program and its benefits.
- **Provide support structures:** Finances are not the only challenges facing students when pursuing a postsecondary degree or credential. Navigating the path to and through college, finding the right institution and program fit, and having good advisors and mentors often makes the difference between success and failure.

Do Free College Programs Work?

Evaluations of some of the more established programs such as Kalamazoo's promise program and Indiana's 21st century scholars program show positive effects on college access and completion and an improved college-going culture. They also show an increase in engagement activities such as mentoring advising by postsecondary institutions and through partnerships with business and community organizations. In part, this has been attributed to strong communications strategies, effective partnerships, and simple program design.^x

Early evaluations of the Tennessee Promise Program show strong results in terms of increased college going (up 5.9%) in the programs first year, increase FAFSA completion, a significant

increase in first time freshmen at the state's community colleges and technical colleges, and increases in 1st to 2nd year retention rates.^{xi}

While these free college program evaluations point to positive results, it should be noted that because of the complexity of factors leading to student success in postsecondary education it is hard to determine precisely what effect these programs have on college-going, retention and graduation.

Possible Next Steps for Kentucky

1. Evaluate and possibly amend Kentucky's Work Ready Scholarship:

Kentucky's free college program, the Work Ready Scholarship, is in its second full year of implementation and was codified into law in the most recent legislative session. As the name of the program implies, its goal is to increase the work readiness of Kentucky citizens for middle skilled jobs in high demand workforce areas.

Program statistics for the first year show limited utilization of the scholarships. Based on anecdotal feedback from students, administrators and others, there is limited public knowledge about the program and some confusion about eligibility requirements. Unlike a number of the free college programs in other states, there are no accompanying/required support and advising services to help students access and complete programs.

A comprehensive program evaluation should respond to questions such as:

- Is the program as currently structured achieving its intended goals?
- Has the program led to a greater number of Kentuckians accessing postsecondary programs leading to a job in a high demand business or industry?
- Is the program supporting the state's goal to increase educational attainment to 60% by 2030?
- Is the program disproportionately supporting moderate- and higher-income students who would likely attend college anyway?
- Should program eligibility be changed to include a broader range of academic and training programs including access to bachelors-level programs?
- How can business, industry, and community organizations partner with the state to increase program utilization and support services?

- Should program benefits be expanded to include support for academic-related expenses and/or living expenses that may create insurmountable barriers to college access and completion?
- Similarly, should it become a first- or middle-dollar program to allow Pell and other income-based grants to be used for non-tuition expenses?
- How can should Kentucky better communicate and market the program to its intended audiences?

2. *Review all sources of state grants and scholarship for Kentucky students:*

Kentucky is a leader among states for the investment made in students through a variety of state grants and scholarships. Through the KEES program (merit program that rewards achievement in high and college), the College Access Program (program for Pell eligible students), the Kentucky Tuition Grant (state aid for students attending private colleges), the Kentucky Work Ready Scholarships and other smaller grants, **Kentucky invests nearly \$230 million annually in grants and scholarships** for Kentucky students. To put this in perspective, Kentucky's annual General Fund appropriation to the KCTCS system is \$175 million and \$300 million for six regional, comprehensive universities.

A comprehensive evaluation of state financial aid should determine whether the programs taken collectively are meeting intended goals of improving the college going culture, expanding access and encouraging college completion, and responding to workforce needs. Are the specific program goals (some established in the 1970s and 80s) still the correct ones for Kentucky? Is there adequate awareness about the programs? Are the programs responsive to innovations in academic program delivery? Are they an incentive to not only enroll but complete postsecondary programs? Is the purchasing power of the awards effective? Are state dollars (taken as a whole) responsive enough to the needs of lower income students? Should additional aid be reserved for non-traditional age students?

ⁱ *A Promise is a Promise: Free Tuition Programs and How they Work*, National Conference of State Legislators, March 2019.

ⁱⁱ *Progressives want to go further than tuition-free college — here's their proposal to make it debt-free*, VOX, March 7, 2019.

ⁱⁱⁱ *Free Tennessee community college for adults program shatters expectations in its first year*, The Tennessean, August 29, 2018.

^{iv} *Work Ready Kentucky Scholarship Program Annual Report, 2017-18*, Kentucky Higher Education Assistance Authority.

^v *Tennessee Promise, Frequently Asked Questions*, Tennessee Higher Education Commission.

^{vi} *Tennessee Reconnect One Pager*, TN.Gov.

^{vii} *Most 21st Century scholars not on track to receive state funding*, Indy Star, June, 2016.

^{viii} *Oregon promised free tuition. Now it's cutting back*. CNN Money, August 2017.

^{ix} *A Promise Fulfilled: A Framework for Equitable Free College Programs*, Education Trust, 2018.

^x *Indiana's 21 Century Scholars Program, Years of Impact*, Indiana Commission on Higher Education, 2015.

^{xi} *The Tennessee Promise Annual Report*, The Tennessee Commission on Higher Education, 2018.



Key design features of Promise programs created in the past thirty years

State/ Year Passed	First/ Middle/ Last Dollar	Institutions ¹	Tuition and/or other costs	Income limits	Occupation limits	Age Requirement ²	Residency post-grad	Student Supports/ Requirements in College	Part-time/ Full-time	HS GPA/ Curric
AR '17	L	CC	Tuition/ fees	No	Yes	No	Yes (3)	Mentoring + CS***	PT/FT	No
DE '05	L	CC	Tuition	No	No	HS	No	No	FT	2.5
HI '17	L	CC	T/F/B/ TR/S**	Unmet need	No	No	No	No	6 cr/sem	No
IN '17	L	Cert	Tuition/ fees	No	Yes	Indep	No	No	PT/FT	No
IN '90	1st	2/4	Tuition/ fees	\$46K ³	No	8th grade enrollment	No	No	FT	2.5/curric
KY '17	L	CC	Tuition/ fees	No	Yes	No	No	No	PT/FT	2.0
LA '98	1st	2/4	Tuition	No	No	HS	No	No	FT	2.5/ACT/ curric
MO '93	L	CC ⁴	Tuition/ fees	No	No	HS+4 yrs	No	No	FT	2.5/ACT CS/att
MN '15	L	CC	Tuition/ fees	\$90K	Yes	HS	No	Mentoring	FT	No
MS '97	1st	2/4	Tuition/ fees	\$39.5K	No	HS+1	No	No	FT (30 credits)	2.5/ACT/ curric
NV '17	L	CC	Tuition/ fees	No	No	<20	No	No	FT	Men/CS
NY '17	L	2/4	Tuition ⁵	\$100K- \$125K	No	No	Yes (=yrs)	No	FT (30 credits) ⁶	No
OK '92	1st	2/4	Tuition	\$55K ⁷	No	10th grade enrollment	No	No	PT/FT	2.5/curric
OR '15	M	CC	Tuition +\$1K	EFC ⁸	No	HS	No	1st yr exp	PT/FT	2.5
RI '17	L	CC	Tuition/ fees	No	No	HS	Yes (= yrs)	No	FT (30 credits)	No
TN '14	L	CC	Tuition/ fees	No	No	HS	No	Mentoring/ CS	FT	No
TN '17	L	CC	Tuition/ fees	No	No	>24/Indep	No	College success	PT/FT	No
WA '07	F/L ⁹	2/4	T, F, B	\$46K ¹⁰	No	8th grade enrollment	No	No	PT/FT	2.0

Source: "The Future of Statewide College Promise Programs," The Century Foundation.

*Additional features not included in this table: number of semesters of availability, limits around existing AA/BA/certificate holders, budgetary limitations (some run out of money), amount available at non-public institutions, SAP or GPA requirements once in college, coverage of development courses, small "co-pays," state residency requirements before enrolling, eligibility of undocumented students, proactive notification by the state. **T = tuition, F = fees, B = books, S = supplies, TR = transportation. ***Community Service

¹ Some programs cover associate's or certificates that are typically awarded at community colleges but that a student pursues at a four-year institution. ² Requirements that a student enroll after high school vary from the semester following graduation to several years after high school. ³ Maximum for a family of four; the ceiling increases for larger families. ⁴ Schools must be listed as participating—most community colleges participate. "Eligible A+ Community Colleges and Vocation Technical Colleges," <https://dhe.mo.gov/ppc/grants/documents/EligibleAplusPostsecondarySchools.pdf>. ⁵ The Scholarship covers up to \$5,500 in tuition. If tuition is higher than that and no other aid makes up for it, SUNY or CUNY must award a "tuition credit." ⁶ If a student does not maintain 30 credit hours, will owe money for the second semester. ⁷ \$55K when they enroll, must be below \$100K when they start receiving benefits. ⁸ Did not originally have income limits, now has a maximum EFC limit of \$20,000 set by their Commission. ⁹ The College Bound Scholarship is last-dollar when it comes to state aid, but does not take into account Pell when it comes to covering the gap in tuition. ¹⁰ \$46K when they enroll, \$55K when they graduate from high school.