

There are two free-community-college proposals of which the OCCA board should be aware. One is the national proposal put forth by President Obama entitled, [America's College Promise](#). The other is the Oregon-specific plan drafted by Senator Hass (D, Oregon), [SB 81](#). Both proposals aim at reducing the cost of attendance for students. Where they differ, however, is how that is financed. The president's proposal is a "first-dollar" waiver and would be funded by tax credits, among other sources. Senator Hass' plan, in its current form, is an unfunded (no money is attached to the proposal), "last-dollar" waiver. Both proposals have eligibility requirements for students should they decide to take advantage of the government tuition subsidy. A comparison of the two proposals, along with the current free-community-college plan already in place, Tennessee Promise, is given in the chart attached.

Specific details about the plans are scant at this point. These proposals have had a major impact in terms of spotlighting the importance of community colleges, but it is crucial that community colleges have their voices heard in the process. What would an ideal free-community-college-tuition plan look like in Oregon?

What will be the cost to federal and state government?

The White House estimates that the president's proposal is estimated to cost the federal government \$6 billion annually. The plan is a "first-dollar" waiver, covering the full cost of tuition before financial aid is applied. This would allow students to use Pell Grants and other student aid to pay for other college-related expenses (i.e. textbooks, transportation, etc.) and/or living expenses. The federal government proposes to pay three-fourths of the cost, while the states would be expected to pay the remaining one-fourth of this tuition subsidy, should they decide to opt in. Essentially, [this plan would simply replace the tuition students are already paying](#), moving that responsibility to the federal government and state government; it would not increase colleges' revenue. Moreover, the president's proposal includes requirements that community colleges who opt in "adopt promising and evidence-based institutional reforms to improve student outcomes". The plan, however, does not provide colleges with additional resources to assist them in these efforts, potentially further straining already stretched budgets.

In its current form, Senator Hass' proposal is an unfunded, "last-dollar" waiver. The state would step in and pay tuition costs after a student's state and federal grant aid has been applied and he/she pays the \$50 fee for each course he/she enrolls. [In a recent report by Dennis Jones](#) of the National Center for Higher Education Management Systems (NCHEMS), looking at different eligibility criteria and other cost saving measures, Jones showed the annual cost of a tuition-free proposal in Oregon could range annually from \$8.9 million on the low-end to \$244.2 million on the high-end.

John Wykoff has suggested to Hass that he attached funding to his proposal and set it up to buy slots. When the money runs out, no more slots. This way, colleges do not waive tuition if they are not being reimbursed by the state. Hass has initially agreed to amendments that will support this idea.

What would be some of the costs to the colleges?

If a free-tuition proposal is adopted, it would need to account for the additional costs involved in enrolling and educating additional students. Capacity issues arise and more money would be needed for

the additional services increased enrollment would necessitate. At community colleges, is there enough infrastructure - people, programs and facilities - in place to support a massive influx of students whose costs will not be covered fully by the free tuition program?

Also, in Oregon, only about half the students coming out of high school are college-ready. Currently, the burden of costs associated with remedial education rests with community colleges. What happens when more students enroll and increase the demand for remedial education, who will pay for those additional costs? Would a tuition-free proposal need to have a specific requirement that costs associated with remedial courses are the obligation of the student? Similarly, how do we wish to consider students who repeat classes or drop courses?

Who will benefit?

Currently, need-based Pell Grants make community college tuition and fees free for low-income students. This year, the [grants cover as much as \\$5,730 in college costs](#), while the national average of community college tuition is about \$3,800 and in [Oregon it is approximately \\$4,400](#).

Under the president's "first-dollar" proposal, students' tuition costs would be covered upfront, allowing lower-income students who receive Pell Grants to use that money to pay the additional costs associated with school and their living expenses. This type of "first-dollar" waiver could potentially lessen the financial burdens that make it difficult for low-socioeconomic persons to attend school.

Under Senator Hass' "last-dollar" proposal, on the other hand, tuition funding would be applied after Pell Grants were allocated. As a result, the benefits of the tuition waiver would accumulate mostly to the middle class, families whom can better afford to pay the expenses associated with attending community colleges.

[The Higher Education Coordinating Commission has said a better use for scarce tuition assistance would be an expansion of the Oregon Opportunity Grant](#): "The Commission's careful consideration of this study and the state's overall education goals leads to the conclusion that, while a limited program to provide college tuition and fees for students who completed high school or home schooling is viable, scarce state resources can be better maximized with focus on a strategically targeted Oregon Opportunity Grant program."

In Dennis Jones' report, he stressed the importance of a tuition-free program targeting both the "middle 40" as well as low-income students. In his analysis, the lowest cost program, which is very similar to Hass' current proposal, would include only recent high school graduates who attend a community college full-time. No one receiving the Pell Grant would likely be granted a waiver in this scenario because their grant aid would be applied first. Jones said under such a model, the top two income quartiles would receive all the benefit.

Traditionally, community colleges have prioritized funding low-income students, while Senator Hass' proposal in its current form will make students above this threshold a priority. Can we support paying for tuition for the middle class a priority?

What would happen to enrollment?

One can only make rough estimates about the rates of participation at this point. Dennis Jones' report provides conservative, moderate, and aggressive projections should Oregon adopted a free-tuition program. Dependent upon the specifics of the proposal and the eligibility criteria for students, participation rates range from about 7,300 to about 104,300.

The White House is estimating that 9 million participants nationally would benefit from the president's proposal.

However, let Tennessee be an example of how variable projections can be when it comes to the number of students applying for a tuition-free program. [More than 25,000 students were expected to apply](#), and in the first year, [57,000 students representing almost 90 percent of the state's high school graduating class applied for the program](#). While there has clearly been a stronger-than-expected interest in the Tennessee Promise, the impact on Tennessee community colleges has yet to be determined.

Would local control be impacted?

Currently, community colleges value local control, and some policy analysts have questioned how federal and state-sponsored tuition subsidies would impact local control. Would colleges be held to federal/state accountability standards, diversity requirements, or curricular requirements that could restrict local autonomy?

Further questions for consideration

What is the impact on those students ineligible to apply for financial aid (undocumented students)?

Would Home School students be eligible?

What would be the impact of summer term when Pell support is not available?

What would be the benefits of having tuition-free community colleges?

What are some of the potential financial ramifications?

How might making community college free effect completion rates?

Additional reading

[College-affordability plan released by Sara Goldrick-Rab and Nancy Kendall in April, 2014, entitle, "Redefining College Affordability: Securing America's Future with a Free Two Year College Option".](#)

This paper is one in a series of reports funded by Lumina Foundation. The series is designed to generate innovative ideas for improving the ways in which postsecondary education is paid for in this country — by students, states, institutions and the federal government — in order to make higher education more affordable and more equitable.

[Support Our Students by David Brooks in the NY Times](#)