



## Why Free Tuition is Not the Answer (or at least not ALL of the Answer)

Lately, there's been a lot of talk in Oregon about "free tuition for college" and, while the conversation has been open, it has been hard to get "coverage" for those who believe that "free tuition" may not be the answer – or at least not the whole answer – to our questions about how best to increase student attainment of post-secondary degrees and credentials. This letter is my attempt to bring some attention – and thought – to the variety of ways in which "free tuition" might, and might not, move us closer to 40-40-20.

Free Tuition is not a new idea. Back in 2005, the city of Kalamazoo, Michigan implemented "The Kalamazoo Promise," a free, or partially free, tuition program funded completely by private donors. Since then, numerous communities, colleges, and other public entities have implemented similar programs<sup>1</sup> and, in 2013, the Oregon Student Access Commission contracted with the Upjohn Institute – the same firm that has done much of the research on "The Kalamazoo Promise" – to do some cost and impact research on a possible "Oregon Promise." This Report from Upjohn Institute<sup>2</sup> identifies a number of promising outcomes as well as limitations of the "Oregon Promise" and these are incorporated into my bulleted points that follow.

My purpose here is not to argue against "free tuition" but only to present a context for this discussion. "Free Tuition" can mean a lot of different things – what should it mean for us here in Oregon? "Free Tuition" may help us achieve 40-40-20, but at what cost? "Free Tuition" may be part of a plan not just to improve educational outcomes but to enhance the economic strength and attractiveness of our whole State, but what are the other essential parts of an effective plan? These are the matters that I hope I can help draw into the conversation.

1. Free Tuition can mean "Free, regardless of financial need and/or other financial resources," it can mean "Free, no matter where you decide to attend," "Free, as long as you've lived in the State long enough and/or meet certain criteria," or it can mean "Free, up to a certain amount only if you attend certain colleges." Each of these different definitions has significantly different costs and potential benefits. Most "Promise" programs currently in place limit "Free" to public colleges, and some even just to community colleges. The State of Tennessee has recently introduced a program that the State believe will be more cost effective because its application to just associate's degrees and it is a "last dollar" program.<sup>3</sup> How might an Oregon Promise be defined to provide the best return on the investment made?

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<sup>1</sup> A partial list of these programs can be found at:

<http://www.upjohn.org/Research/SpecialTopics/KalamazooPromise/PromiseTypeScholarshipPrograms/>

<sup>2</sup> A copy of this report from the Upjohn Institute can be found at <http://research.upjohn.org/projects/105/>

<sup>3</sup> You can read a brief explanation of this at

[http://www.insidehighered.com/sites/default/server\\_files/files/TN%20Promise%20FAQ.pdf](http://www.insidehighered.com/sites/default/server_files/files/TN%20Promise%20FAQ.pdf)

2. Assuming what the Upjohn Report calls a “middle-dollar scholarship program,” in the first year of full implementation (2016), the cost to the State would be approximately \$284,000,000. In other words, a HUGE investment, and for what projected outcome? The Upjohn Report summarizes:

“the Oregon Promise would positively impact the State’s goal of having 80 percent of its adults earn a post-secondary college degree or certificate; however, it may not impact the number of students who, unfortunately, drop out of high school. There are alternative and/or compatible activities or policies to an Oregon Promise that could enhance the State’s efforts to achieve its 40-40-2- goal by 2025. While an Oregon Promise would remove a financial barrier facing the State’s high school graduates, there are two other major barriers that the Promise would not address which may be more formidable.”

The Report goes on to identify these two barriers as a lack of academic preparation and performance prior to college (as early as 3 grade), and an inadequate understanding of the financial resources already available to those wanting to attend college. Is it possible that State investments toward the removal of these barriers might provide greater results, perhaps even at less cost?

3. Currently, the level of total annual State support for all 17 of our community colleges is \$227,000,000.<sup>4</sup> This amount, combined with local property tax revenues, provides for about 55% of the cost of providing a student with a post-secondary education at any of our community colleges. Tuition revenues provide the remaining 45%. Therefore, for every student that the Oregon Promise is successful in adding to the community college enrollments, there is a 55% cost of attendance that remains uncovered unless the Oregon Promise is partnered with a similar increase in operational funding for the community colleges themselves. The more successful the Oregon Promise, the greater the funding deficit for the community colleges. For example, if the Oregon Promise resulted in a 10% increase in community college enrollment, the colleges would need a minimum of an additional \$31 million in annual State support to serve them. The following charts illustrate this:

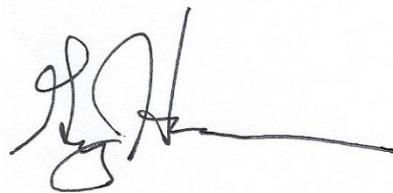
Current		
Source	Dollars	Percent
State Support	\$ 227,000,000	40%
Local Property Taxes	\$ 85,125,000	15%
Tuition & Fees	\$ 255,375,000	45%
<b>TOTAL</b>	<b>\$ 567,500,000</b>	<b>100%</b>
Oregon Promise @ 10% Increased Enrollment		
Source	Dollars	Percent
State Support	\$ 258,212,500	41%
Local Property Taxes	\$ 85,125,000	14%
Tuition & Fees	\$ 280,912,500	45%
<b>TOTAL</b>	<b>\$ 624,250,000</b>	<b>100%</b>

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<sup>4</sup> Note that the total amount of State support for our community colleges is \$57,000,000 LESS than the estimated \$284,000,000 cost of the “middle dollar” Oregon Promise, and \$121,000,000 LESS than the estimated \$348,000,000 cost of a “first dollar” Oregon Promise.

4. Tuition is only a part of the cost of college attendance and, as such, a “free tuition” program may not be effective in mitigating the true financial impediments to college enrollment and success. At LBCC, Tuition and Fees is approximately \$4,500 per year, but the actual estimated annual cost of attendance is over \$11,000 if you live at home with parents and \$16,000 if you are single and living alone. And this cost can go MUCH HIGHER if the student is enrolled in a career-technical program like Nursing, Welding, and Automotive Technology, where supply and instrument/tool costs can double the amount. How can a “free tuition” program be structured to address REAL COSTS in programs from which we desperately need graduates?

I am sure there are many other points that others may be able to add to this discussion, and that is what I hope this letter will help promote: More input and more discussion such that the investments we make with the very limited resources we have produce the greatest opportunity for post-secondary educational success for the greatest number of Oregon’s citizens.

A handwritten signature in black ink, appearing to read 'G. Hamann', with a long horizontal line extending to the right.

Greg Hamann  
President  
Linn-Benton Community College