



Insight

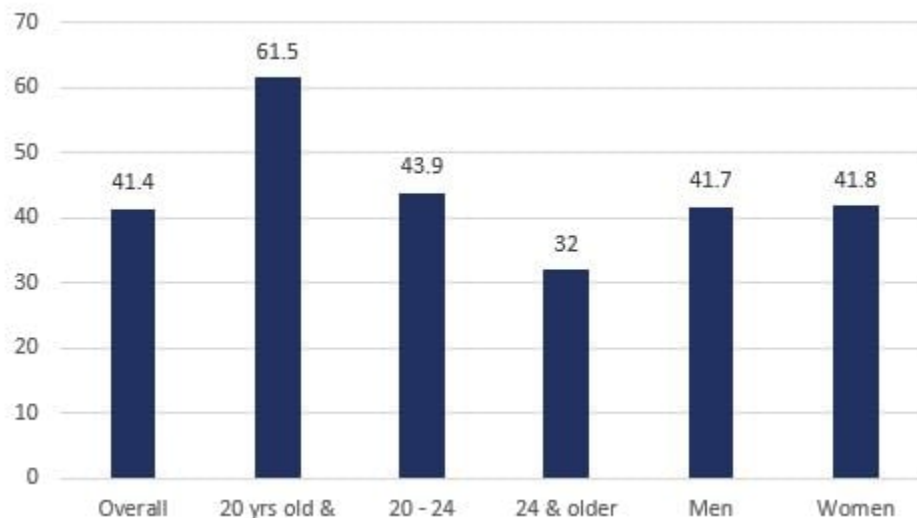
Supporting the Two-Year Price Advantage for College Degrees

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Previous American Action Forum (AAF) research suggests that students seeking to lower the costs of a higher education should consider tapping into the [two-year price advantage](#). As most public two-year institutions offer robust catalogs of introductory undergraduate courses, students can often meet their general education requirements at a two-year community college before moving on to a four-year institution—and often at a fraction of the cost of taking the same courses at a four-year institution.

A new report from the [National Student Loan Clearinghouse](#) provides further evidence to support the two-year option, especially for students 20 years old and younger. Overall, the research found that two in five students earning an associate's degree go on to obtain a bachelor's degree within six years. More specifically, it found that the 575,067 associate's degrees reported to the Clearinghouse for the 2010-11 academic year were earned by students with no previous degrees or certificates; and, within the following six academic years, 65.1 percent of those students went on to enroll at four-year institutions with 41.4 percent earning a bachelor's degrees. The associate-to-bachelor's pathway was most frequently completed by students in the 20-and-under age group, with 61.5 percent earning a bachelor's degree within six years.^[1]

Chart 1. Percentage of Students that Earn Bachelor's Degree After Earning an Associate Degree (2010-11, by age & gender)



SOURCE: NATIONAL STUDENT LOAN CLEARINGHOUSE, RESEARCH CENTER

Seeing the benefit of both lowering costs and improving completion rates, seven states are now offering some version of tuition-free college programs. Many of these programs target community college attendance, while New York has committed to free tuition at all its public schools – both two- and four-year institutions. Most of these state programs are designed to offer last-in dollars^[2] to cover tuition only, meaning room and board, transportation, meals, and other fees are not included. The table below details the various state programs.

The key takeaway is that students who are prepared and motivated to complete a four-year degree program can greatly benefit from the options offered by two-year community colleges and technical institutions. These programs can be of high quality and may assist in lowering the overall costs of degree completion.

An important caveat is that these programs are designed, offered, and funded by the individual states. In recent years, some federal policymakers have proposed establishing a similar federal grant program. Cost estimates for these programs range from \$60 to \$80 billion over ten years, and often come with state matching-fund requirements that range from \$3.7 billion to \$4.1 billion annually. This far exceeds the average amounts currently allocated by the states with existing tuition-free programs. Along with the higher price tags for states, AAF’s review of the proposals found little return on the federal investment for [states](#), [students](#), or federal [taxpayers](#).

Table 1. State Offerings for Tuition-free Programs

Arkansas	ArFuture Grant	<ul style="list-style-type: none"> · Provide two years of tuition and fees at an Arkansas community or technical college to any student who enrolls in a high demand field of study, such as computer science or welding. · Must be a high school graduate with established residency. · There is no grade point average (GPA) prerequisite to receive the grant. · Recipients of the grant may enroll as full-time or part-time students at any in-state community college. · Required to meet monthly with a program mentor · Must complete eight hours of community service per semester. · Following graduation, must work full time in Arkansas for a minimum of three years; otherwise, the grant will be converted to a loan for repayment to the state.
Kentucky	Work Ready Kentucky Scholarship Program	<ul style="list-style-type: none"> · Helps Kentuckians who have not yet earned an associate's degree afford an industry-recognized certificate or diploma. · Must be enrolled at an eligible postsecondary institution in an approved program of study, including health care, advanced manufacturing, transportation/logistics, business services, IT, construction. · Amount equals the maximum amount minus federal and state grants and scholarships. · Maximum amount shall not exceed \$4,080 for the 2017?2018 year. · Provides for 32 credit hours of enrollment. · Must maintain a 2.0 GPA.

Minnesota	MnSCU Two-Year Occupational Grant Pilot Program	<ul style="list-style-type: none"> · Provides financial assistance to students enrolled in qualifying career and technical programs at MnSCU two-year colleges. · Created by the 2015 Minnesota Legislature as a pilot program and will be implemented for the 2016-2017 and 2017-2018 academic years. · Must have an adjusted gross income of \$90,000 or less for the 2015 tax year. · Grant will cover any remaining tuition and general fee charges after a student's Federal Pell Grant and MN State Grant have been applied to the account. · Is available for up to 72 semester credits, including any required developmental courses taken after admission to the occupational program. · Must participate in free mentoring services throughout the pilot program. · Must be enrolled in a qualifying occupational program, which limits participation.
New York	The Excelsior Scholarship	<ul style="list-style-type: none"> · Available to New York residents attending CUNY and SUNY two- and four-year colleges. · For families and individuals making up to \$125,000 per year. · Must take 30 credit hours per year. · Must live and work in New York following completion for a time equal to the length of participation in the program. · Up to \$5,500, minus amounts received for TAP, Pell or other awards.

Oregon	Oregon Promise	<ul style="list-style-type: none"> · Covers most tuition costs at any Oregon community college for recent high school graduates. · For full-time students, awards range from \$1,000 to \$3,397 per year (in 2016-17), minus a \$50 co-pay per term. · Must document a 2.5 cumulative high school GPA or higher, or a GED score of 145 or higher on each test. · Must attend at least half-time at an Oregon community college within 6 months of high school graduation or GED completion. · Must be an Oregon resident for at least 12 months prior to attendance. · Requires a FAFSA or ORSAA application. · Must not have more than 90 college credits completed or attempted. · Beginning with Fall 2017 applicants, students may be subject to eligibility criteria based on their Expected Family Contribution (EFC)^[3].
Rhode Island	Rhode Island Promise	<ul style="list-style-type: none"> · All 2017 Rhode Island high school graduates and GED recipients are eligible to pursue a tuition-free associate's degree at Community College of RI. · Covers last dollars from tuition and fee costs not covered by the Pell grant and other aid. · No income eligibility requirements. · Must earn 30 credits per year. · Must maintain a 2.5 GPA.

[1] NATIONAL STUDENT LOAN CLEARINGHOUSE RESEARCH CENTER; SNAPSHOT REPORT – CERTIFICATE AND ASSOCIATE DEGREE PATHWAYS; AUGUST 7, 2017. [HTTPS://NSCRESEARCHCENTER.ORG/WP-CONTENT/UPLOADS/SNAPSHOTREPORT29.PDF](https://nscresearchcenter.org/wp-content/uploads/snapshotreport29.pdf)

[2] A LAST DOLLAR SCHOLARSHIP COVERS THE REMAINING DIFFERENCE AFTER THE FUNDING PROVIDED BY THE STUDENT'S EXPECTED CONTRIBUTION AND FEDERAL FINANCIAL AID PACKAGES HAS BEEN APPLIED TO THE COST OF TUITION.

[3] EFC IS AN INDEX NUMBER THAT COLLEGE FINANCIAL AID STAFF USE TO DETERMINE HOW MUCH FINANCIAL AID YOU WOULD RECEIVE IF YOU WERE TO ATTEND THEIR SCHOOL. THE INFORMATION YOU REPORT ON YOUR FAFSA IS USED TO CALCULATE YOUR EFC. THE EFC IS CALCULATED ACCORDING TO A FORMULA ESTABLISHED BY LAW. YOUR FAMILY'S TAXED AND UNTAXED INCOME, ASSETS, AND BENEFITS (SUCH AS UNEMPLOYMENT OR SOCIAL SECURITY) ALL COULD BE CONSIDERED IN THE FORMULA. ALSO CONSIDERED ARE YOUR FAMILY SIZE AND THE NUMBER OF FAMILY MEMBERS WHO WILL ATTEND COLLEGE OR CAREER SCHOOL DURING THE YEAR. EFC IS NOT THE AMOUNT OF MONEY YOUR FAMILY WILL HAVE TO PAY FOR COLLEGE, NOR IS IT THE AMOUNT OF FEDERAL STUDENT AID YOU WILL RECEIVE. IT IS A NUMBER USED BY YOUR SCHOOL TO CALCULATE HOW MUCH FINANCIAL AID YOU ARE ELIGIBLE TO RECEIVE.