
ISSUE BRIEF:

FREE COMMUNITY COLLEGE

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In assessing the relationship between higher education and economic growth, the Lumina Foundation contends, “Increasingly, the skills and knowledge of a state’s residents are key to that state’s economy and jobs, just as completion of some form of postsecondary education is key to an individual’s success and social mobility.”¹ Striking this chord, three states – Tennessee, Oregon and Mississippi – have promoted, with varying outcomes, the provision of free community college to high-school graduates.

On May 13, 2014, Governor Bill Haslam signed into law the Tennessee Promise, which will provide students who graduate from a state high school – regardless of socioeconomic status – a scholarship sufficient to cover tuition and fees not addressed by other sources, such as Pell grants. These sources exclude loans and work-study aid, while the fees will not include books or travel expenses. Additionally, students – who will have assigned to them mentors – will complete eight hours of community service per term and maintain a 2.0 grade point average to

Key Points

- Forecasts of workforce patterns display the value of a community-college degree, with jobs calling for an associate’s degree in industries that will experience 25-percent or higher growth between the present and 2020 outpacing all other categories.
- Analysis demonstrates how community colleges furnish an annual national impact of \$806.4 billion in added income and that each dollar invested translates into \$25.90 in benefits during a student’s lifetime participation in the workforce.
- While New Jersey already boasts above-average rates of degree attainment, the state falls short of more ambitious targets, such as one set by the Lumina Foundation for 60-percent higher-education attainment by 2025.

maintain eligibility. The state estimates the Tennessee Promise will total \$34 million on an annual basis, with support drawn from lottery proceeds.²

In Oregon, Governor John Kitzhaber signed into law on March 11, 2014 the Oregon Promise, authorizing his state's Higher Education Coordinating Commission to study the concept of free community college for high-school graduates, allowing them to earn an associate's degree, a certificate or credits transferable toward a bachelor's degree.³ The Mississippi Promise Community College Tuition Gap Pilot Program, which failed to advance within the legislature in 2014, would have resulted in free tuition at all 15 of the state's community colleges for those who graduated high school within 12 months of enrollment.⁴

In each case, the three states aimed to enhance their overall higher-education-attainment rates, generating and capturing the accompanying benefits, a strategy certain data validate, particularly with respect to skills acquisition and the augmentation of individual and collective competitiveness.

A report on Virginia's colleges and universities reveals how salaries of individuals who earned occupational associate's degrees surpassed not only those with non-occupational associate's degrees, but also those with bachelor's degrees.⁵ Forecasts of workforce patterns further display the value of a community-college degree, with jobs calling for an associate's degree in industries that will experience 25-percent or higher growth between the present and 2020 outpacing all other categories.⁶

Beyond the competencies and assets accrued by an individual, overall contributions by community colleges, according to certain metrics, radiate throughout the economy. A February-2014 analysis demonstrates how the institutions furnish an annual national impact of \$806.4 billion in added income and that for each dollar invested in them "society as a whole will receive a cumulative value of \$25.90 in benefits, for as long as the colleges' 2012 students remain active in the U.S. workforce."⁷

Statistics appear to outline a favorable context for the free-community-college proposal; however, the notion does raise concerns regarding unintended consequences, in addition to other issues cited by experts. Criticism has focused on the capacity of the system to absorb the anticipated influx of students and the long-term feasibility of the initiative,⁸ particularly as states, on average, continue to fund higher education in amounts below those reached prior to the recession.⁹ Moreover, some critics have questioned the overall return on investment for a state, as well as if the policy lends assistance to students otherwise not in need of aid.¹⁰

An examination of free community college also opens discussion of more systemic and farther-reaching financing reforms. The Center for American

Progress asserts that “students in community colleges need new and more comprehensive forms of aid if national goals for degree attainment are to be realized,” including stipends and allowances to account for ancillary charges, such as books and fees.¹¹ Similarly, scholars Sara Goldrick-Rab and Nancy Kendall have developed the Free Two Year College Option (F2CO), which aspires “to expand enrollments because of the significant and multiple non-wage individual, social, and national benefits of college attendance.”¹² Through the reassignment of existing federal higher-education grants, tax benefits and related workforce appropriations, F2CO would translate into students not bearing the burden of tuition, fees, books and supplies, as well as certain living expenses. Notably, F2CO applies not only to community college, but also to two years at any public college or university.

Weighing the projected advantages, the critiques and the potential of more reform-oriented alternatives, the question remains: Should New Jersey consider free community college?

With respect to elevating the level of degree attainment, New Jersey already boasts comparatively high rates. According to the U.S. Census Bureau’s 2012 American Community Survey, 45.8 percent of the state’s 4.8 million working-age adults (ages 25-to-64) hold a two- or four-year college degree, an increase from the previous year of 45.1 percent. New Jersey’s performance in this category is above the national average of 39.4 percent and above those in Oregon (39.8 percent), Tennessee (33.3 percent) and Mississippi (31.1 percent).¹³ Even with relatively enviable standing, New Jersey does fall short of more ambitious targets, such as one set by the Lumina Foundation for 60-percent higher-education attainment by 2025. The current trajectory places the state on a path to reach 52 percent by 2025.¹⁴ Free community college could represent one measure toward achieving the upper-end figures.

In terms of the influence on workforce development in the state, a June-2013 analysis by Georgetown University’s Center on Education and the Workforce indicates that of the 1,526,000 job openings expected in New Jersey between 2010 and 2020, 67 percent (1,027,000) will demand at least exposure to higher education.¹⁵ While only seven percent (112,000) of the positions necessitate an associate’s degree, one could argue that with 41 percent (638,000) of the expected roles relying on at least a bachelor’s degree and with evidence revealing higher bachelor’s-degree realization for those entering programs with a community-college credential,¹⁶ a policy that would facilitate community-college attendance could serve as a gateway to four-year degrees and the larger portion of employment opportunities that should become available in New Jersey.

The state currently operates a community-college scholarship – the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) – upon which a more expansive proposal presumably would build and, consequently,

render obsolete. Established in 2004, NJ STARS originally covered county-college tuition and fees for up to 18 credits per semester for students who graduated in the top-20 percent of their high-school classes. Two years later, the state introduced NJSTARS II, in which NJSTARS students who completed associate's degrees with grade point averages of 3.25 would receive scholarships of \$7,000 applicable toward four-year degrees at state colleges. Funding constraints have undercut the programs, with the criterion for NJSTARS narrowing to those who graduate in the top-15 percent and with the NJSTARS II scholarship falling to \$2,500. The struggles encountered by the scholarship possibly could signal complications for a more aggressive community-college proposal.

Despite challenges related to NJSTARS, the broadening of community-college scholarships has garnered attention as of late. Leaders in the New Jersey State Assembly – Celeste M. Ryan, Joseph Cryan, Daniel B. Benson and Carmelo Garcia – introduced in March 2014 legislation (A2806) that would create the New Jersey School Counts County College Scholarship Program. According to the bill, a student who completes high school and has satisfied attendance, punctuality and academic criteria would earn a two-year scholarship to a county college of up to \$2,000 and not to exceed \$4,000 over two years. Interested students would apply at the beginning of their freshman years in high school and would have to enroll in community college within six months following graduation. A combination of state appropriations, county-college funds and private contributions would finance the scholarship. As of November 2014, A2806 sits with the Assembly Higher Education Committee.

Finances likely would erect at least the initial barrier for free community college in the state. As of late-October 2014, 42,000 of Tennessee's 62,000 high-school seniors applied for the Tennessee Promise, with the state estimating around 16 percent will enroll in the \$34-million endeavor.¹⁷ With comparable estimates and adjusted multipliers related to the 95,000 graduating high-school seniors reported by the New Jersey Department of Education in 2013, a similar program would cost the state \$58 million, likely a conservative figure, particularly with Oregon looking at a range of \$100 million-to-\$200 million for its version.¹⁸ Regardless, offering free community college in the state would represent an investment significantly higher than the \$8.5 million allotted for NJSTARS in the FY 2015 budget.

With the first participants in the Tennessee Promise set to enroll in 2015 and with the exploration of the Oregon Promise ongoing, New Jersey and other states soon may possess tangible, comparative information on which to evaluate free community college and determine if the benefits outdistance the costs.

Notes

¹ Lumina Foundation, *A Stronger Nation through Higher Education: An Annual Report from Lumina Foundation* (Indianapolis, IN: Lumina Foundation, 2014), 129.

² Paul Fain, “Aggressive Pragmatism,” *Inside Higher Ed*, August 26, 2014, <https://www.insidehighered.com/news/2014/08/26/bill-haslams-free-community-college-plan-and-how-tennessee-grabbing-spotlight-higher>.

³ Betsy Hammond, “Expanding college opportunity in Oregon: Gov. John Kitzhaber signs 2 bills to open community college doors,” *The Oregonian*, March 11, 2014, http://www.oregonlive.com/education/index.ssf/2014/03/opening_college_opportunity_in.html.

⁴ Sid Salter, “Mississippi was one of several states considering ‘free’ community college tuition,” *Gulflive.com*, March 17, 2014, http://blog.gulflive.com/mississippi-press-opinion/2014/03/miss_was_one_of_several_states.html.

⁵ Mark Schneider, Tod R. Massa and Ben Vivari, “The Earning Power of Recent Graduates from Virginia’s Colleges and Universities: How are graduates from different degree programs doing in the labor market?” (Rockville, MD: College Measures, 2012).

⁶ NerdWallet, “Jobs in Demand: Identifying High Growth Occupations by Degree Level” (San Francisco, CA: NerdWallet, 2012).

⁷ Economic Modeling Specialists, “Where Value Meets Values: The Economic Impact of Community Colleges” (Moscow, ID: Economic Modeling Specialists, 2014), 8.

⁸ Eric Kelderman, “Plans for Free Community College Meet Resistance in Several States,” *The Chronicle of Higher Education*, May 24, 2014, <http://www.chroniclereports.com/article/Plans-for-Free-Community/145481>.

⁹ Michael Mitchell, Vincent Palacios and Michael Leachman, “States Are Still Funding Higher Education Below Pre-Recession Levels” (Washington, DC: Center on Budget and Policy Priorities, 2014).

¹⁰ James Pethokoukis, “Should college be free for everyone?” *AEI-Ideas* (blog), American Enterprise Institute, February 5, 2014, <http://www.aei-ideas.org/2014/02/should-college-be-free-for-everyone/>.

¹¹ Briand Prusser and John Levin, “Re-Imagining Community Colleges in the 21st Century: A Student-Centered Approach to Higher Education” (Washington, DC: Center for American Progress, 2009), 2.

¹² Sara Goldrick-Rab and Nancy Kendall, “Redefining College Affordability: Securing America’s Future with a Free Two Year College Option” (Indianapolis, IN: Lumina Foundation, 2014), 17.

¹³ U.S. Census Bureau, *2012 American Community Survey*, (Washington, DC: U.S. Census Bureau, 2012).

¹⁴ Lumina Foundation, 130.

¹⁵ Anthony P. Carnevale, Nicole Smith and Jeff Strohl, “Recovery: Job Growth and Education Requirements through 2020” (Washington, DC: Georgetown University, 70-71).

¹⁶ Doug Shapiro et al, “Baccalaureate Attainment: A National View of the Postsecondary Outcomes of Students Who Transfer from Two-Year to Four-Year Institutions” (Herndon, VA: National Student Clearinghouse Research Center, 2013).

¹⁷ Tim Omarzu, “Two-thirds of high school seniors apply for Tennessee Promise scholarship program,” *Timesfreepress.com*, October 25, 2014, <http://www.timesfreepress.com/news/2014/oct/25/two-thirds-of-high-school-seniors-apply-for/>.

¹⁸ Paul Fain, “Is Free Better?” *Inside Higher Ed*, February 6, 2014, <https://www.insidehighered.com/news/2014/02/06/reaction-three-states-proposals-tuition-free-community-college>.