

Branded Free Tuition

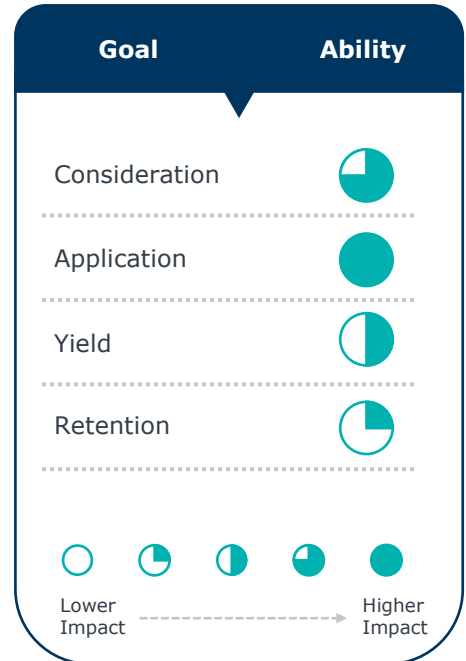
Eliminate Uncertainty about Aid Availability and Eligibility

A branded free tuition program is a scholarship that promises free tuition – as well as fees and room and board, in some cases - to all students from households below a designated income threshold. While many schools already provide free or extremely low tuition to certain student segments, there is often a lot of uncertainty among these segments about what aid is available and who is eligible.

These programs simplify the affordability conversation and encourage consideration by low- and middle-income students who are more likely to be dissuaded by high list prices.

Branded free tuition programs typically function like last-dollar scholarships, in which the amount awarded to students takes into account any additional funding or grants they are eligible for.

While branded free tuition programs generally aim to achieve similar end goals, different options for program design may come with their own opportunities and risks.



Design Elements of Branded Free Tuition Programs and their Tradeoffs

Eligibility Thresholds	Award Structures	Eligibility Maintenance
<p><i>Expected Family Contribution</i></p> <ul style="list-style-type: none"> ✓ Common method to calculate aid, may simplify process for schools ! Terminology may confuse families unfamiliar with aid process and must wait for FAFSA results 	<p><i>Cutoff</i></p> <ul style="list-style-type: none"> ✓ Only students who meet specific criteria qualify ! Risks discouraging families right above the cutoff 	<p><i>Academic Progress</i></p> <ul style="list-style-type: none"> ✓ Requires students to maintain satisfactory academic progress ! May require additional investment in support services
<p><i>Adjusted Gross Income</i></p> <ul style="list-style-type: none"> ✓ Using AGI instead of EFC may help families understand eligibility ! May increase cost to institution based on determinations 	<p><i>Tapered/Tiered</i></p> <ul style="list-style-type: none"> ✓ Aid for students above threshold advertised as part of branded program to attract middle-income students 	<p><i>Consistent Enrollment Status</i></p> <ul style="list-style-type: none"> ✓ Incentivizes higher retention rates among students ! Risks punishing students for extenuating circumstances
<p><i>Pell Eligibility</i></p> <ul style="list-style-type: none"> ✓ Eligibility tied to Pell grant status; scholarship covers the balance in need that Pell does not ! Terminology may confuse families unfamiliar with aid process and must wait for FAFSA results 	<p><i>Tuition, Fees, Room and Board</i></p> <ul style="list-style-type: none"> ✓ Removes extra cost barriers for lowest-income students ! Increased cost to institution 	<p><i>Income Increases in Outer Years</i></p> <ul style="list-style-type: none"> ✓ Programs may guarantee free tuition for all 4 years as long as household income is within 10% above the max income limit

Source: EAB interviews and analysis.

Simplifying Affordability Messages to Bolster Inquiry

How Branded Free Tuition Programs Help Achieve Enrollment Goals



1

Increase Interest among students who mistakenly think they can't afford it

Many students overestimate the cost of college and are scared away by procedural barriers like filling out financial aid forms. Advertising free tuition provides a clear message about affordability to students, before they've had to complete any additional paperwork. Far more students are likely to consider and apply to an institution if they believe they could afford it. A targeted scholarship pilot at the University of Michigan showed that recipients of direct communications promoting free tuition were more likely to apply than nonrecipients (68% vs. 25% application rates).

3

Forestall Competition from Free and Lower-Cost Alternatives

Some students are redirecting their college applications from four-year schools to community colleges due to the promise of free tuition from two-year programs. This phenomenon occurred in Tennessee following the adoption of the Tennessee Promise in 2015. Branding a free college program can help four-year universities stay in the affordability conversation when competing with two-year institutions.

2

Overcome concerns about fit and ability to increase applications and matriculation

Beyond making it clear that low-income students will have access to aid, informing these students that they are qualified to be admitted can increase the likelihood that they enroll. Communicating that an institution encourages a prospect to apply and enroll because of their high ability and offering a full-tuition scholarship for four years upon their admission is a powerful formula. In University of Michigan's trial, for example, recipients of the aid and ability messaging matriculated at a rate of 27%, compared with 11% for nonrecipients.

4

Capitalize on Alignment of Mission and PR Benefits of Free Tuition Programs

By demonstrating a commitment to serve underrepresented and low-income students, institutions stand to see a PR boost with branded free tuition programs. Institutions can further cultivate mission-and-PR alignment with the design of their programs. For example, programs could target local and in-state students specifically, showing students, families, and even state legislatures that institutions are prioritizing their regions.

Source: EAB interviews and analysis.

Pre-Implementation Analyses

Determining the Need for and Implications of a Branded Free Tuition Program

1 Need/Fit

	Yes	No
Enrolling a more diverse class is a top goal at our institution	<input type="checkbox"/>	<input type="checkbox"/>
Consideration and application are bigger challenges than yield or retention	<input type="checkbox"/>	<input type="checkbox"/>
Many low- and middle-income students rule us out because they mistakenly think they cannot afford to attend	<input type="checkbox"/>	<input type="checkbox"/>
Our prospects are uncertain about aid eligibility at our institution	<input type="checkbox"/>	<input type="checkbox"/>
We believe we are losing prospective students to 2-year promise programs	<input type="checkbox"/>	<input type="checkbox"/>

2 Feasibility

	Yes	No
Most of our low- and/or middle-income students already have their full tuition covered by grants	<input type="checkbox"/>	<input type="checkbox"/>
We have the time and resources for due diligence, planning, and implementing measures to mitigate risks	<input type="checkbox"/>	<input type="checkbox"/>
We have donor support that will help lower the financial burden	<input type="checkbox"/>	<input type="checkbox"/>
We can identify prospective low- and middle-income students	<input type="checkbox"/>	<input type="checkbox"/>
We have the staff and resources to handle potential increases in inquiries before students apply	<input type="checkbox"/>	<input type="checkbox"/>
We have support services in place for underrepresented students and can scale them if necessary	<input type="checkbox"/>	<input type="checkbox"/>

Implementation Guidance

Program Eligibility and Design



Keep Eligibility Requirements Simple

Because branded free tuition programs could pose a high cost if expanded to too many students, institutions impose eligibility requirements to narrow the number of students participating. However, these requirements should not pose barriers to the students who stand to benefit the most. The great benefit of these programs is their simple messaging and how easy they are for families to understand. To that end, EAB recommends using adjusted gross income to calculate eligibility thresholds for students. For low-income students and families, income is easier to understand than financial aid jargon about EFC or Pell-eligibility.



Consider Covering Fees and Room and Board for Specific Populations

Even with tuition costs covered, mandatory fees and room and board costs can still pose a significant barrier to low-income students. As your institutional resources allow, consider including the cost of fees and room and board for students below certain thresholds in your guarantee. Some institutions offer two tiers of branded free tuition programs, one of which will cover the full cost of attendance for the students with most need.



Use a Tiered Award Structure

Clear eligibility criteria for branded free tuition programs come with the risk of discouraging middle-income students who are right above the eligibility cutoff from applying to the institution. Institutions can mitigate this risk by adding a feature on the program webpage advertising the average award made to families who don't meet the eligibility criteria by small margins. Alternatively, institutions can apply a tiered system in which students in different income bands receive different benefits.



Maintain Income Flexibility in Outer Years of Eligibility

If a student's family income rises slightly above the income threshold in their second or third year, they may lose eligibility for the BFTG program. This can cause financial hardship for continuing students if they are faced with a sudden increase in their net price. Institutions can mitigate this risk by guaranteeing BFTG for all four years as long as the student's household income is within 10% of the maximum income limit in their outer-years (e.g., if the maximum household income limit for the program is \$65,000, continuing students can remain in the program until their family income exceeds \$71,500).

Implementation Guidance (cont.)

Marketing and Piloting



Pilot Smaller-Scale Scholarships

To begin, institutions should consider offering free-tuition to subsets of students. For example, try offering the scholarships to students from local counties to gauge interest and impact. Pilot programs can help institutions determine impact and amend program logistics before expanding them.



Develop Holistic and Simple Branding

Branded free tuition programs have three essential components: (i) a name, (ii) a tagline associated with the purpose of the program – in this case, free tuition for students under a certain income, (iii) a dedicated website landing page. In every case, the message should be simple to communicate to families and students.



Combine with a Targeted Personalized Outreach Campaign



When feasible, EAB recommends that institutions add a targeted outreach campaign. Institutions can augment the impact of the branded free tuition program by sending out personalized mailings to low-income students, parents, school counselors, and principals. Outreach should emphasize step-by-step instructions for the application and admission processes.

Complementary Student Success Initiatives



Invest in Support Services for Special Populations

Because branded free tuition programs are likely to increase the number of first-generation and minority students on campus, institutions may need to expand student services for these populations to ensure their success.

EAB's Recommendations in Action

How Institutions Implement Key Components of Branded Free Tuition

The below institutions exemplify various aspects of a successful implementation and rollout of branded free tuition programs, in accordance with EAB's recommendations:



<h3>Simple and Equitable Eligibility Requirements</h3>	<p>▶ <i>Examples</i></p> <ul style="list-style-type: none"> • Eligibility tied to adjusted gross income (AGI) • No high school GPA or standardized test score is necessary to qualify • Maintenance of scholarship based on satisfactory academic progress 	<p>▶▶ <i>Why it Works</i></p> <ul style="list-style-type: none"> • Easier for families to understand, especially those not familiar with aid process • Simple messaging is easier to market through many channels • Avoids disqualifying students based on imperfect or inequitable measures of success
<h3>Enhancing Inclusivity with Tiered Award Structures</h3>	<p>▶ <i>Examples</i></p> <ul style="list-style-type: none"> • Covers full cost of attendance for lowest-income students (less than \$65K) • Full tuition for students with family incomes between \$65K and \$130K • 50% of tuition for students with family incomes between \$130K and \$200K 	<p>▶▶ <i>Why it Works</i></p> <ul style="list-style-type: none"> • Removes fees as significant cost barriers for students who need it the most • Recaptures consideration from students whose family incomes would have been right above the cutoff
<h3>Getting the Right Message in Front of Students You Want</h3>	<p>▶ <i>Examples</i></p> <ul style="list-style-type: none"> • Personalized mailings to low-income students, parents, and school principals • Emphasis on affordability and ability of candidates over need • Step-by-step instructions about application and admission process 	<p>▶▶ <i>Why it Works</i></p> <ul style="list-style-type: none"> • Simplifies the application process for targeted students who are less likely to be familiar with it • Addresses students' self-doubt about their ability to apply, enroll, and succeed

Source: EAB interviews and analysis.