

Connection to the mFNC Strategic Plan: Postsecondary Access and Labor Market Alignment

- Action 4.1: Facilitate adoption of evidence-based policies and practices to drive attainment efforts; focus on gaps in access, quality, and outcomes.

Policy: Pathways for obtaining a no-cost 2-year degree or credential that aligns with a high-demand and/or high-growth job that pays a living wage.

The Issue

To reach 2 million by 2030 will require the state to achieve a postsecondary enrollment rate of 47% or an additional ~66,000 18–24-year-olds to enroll in college each year. To meet employer demands will also require degrees and credentials earned to align with the labor market needs. North Carolina's enrollment rate is 41%, and labor market alignment is 82% with a 2030 goal of 85%. State data show a flatline trend on both key performance indicators so additional focus will be required to meet these goals by 2030.

Access to an affordable opportunity has proven to be a barrier to enrollment for our underserved and underrepresented populations. The average annual in-state tuition for full-time enrollment at a NC community college is about \$2,800/year for curriculum students (degree) and \$861/student for continuing education (non-degree). While this cost is low relative to other postsecondary options, when coupled with the other costs of attending college (including fees and the opportunity cost of foregone wages—estimated at about \$2.4 billion per year across all NC community college students¹), it is a barrier for many residents to earn a postsecondary degree or credential. Pell grants are unavailable for non-degree credentials, yet additional skilled workers are needed to fill jobs that require this level of education. Pell grants do, however, often cover the full cost of tuition for degree-seeking college students. This results in free tuition to the student, yet this isn't easily understood by most students. Clear concise messaging about "free community college" may more easily resonate and encourage enrollment among populations who don't believe college is affordable. Alignment with high-demand jobs that pay a living wage is critical for employers and may further incentivize students to enroll in these programs for opportunities that lead to higher wages.

Affected Population(s)

Community college students (about 215,000 students each year enrolled in traditional Curriculum courses: potentially about 367,000 students each year, if including Workforce/Continuing Education and Basic Skills students).

Options for No-Cost 2-Year Degrees, with Pros and Cons²

Options

- "First-dollar" scholarship (covers costs before incorporation of other aid)
- "Last dollar" scholarship (covers costs after incorporation of other aid)³
- Unrestricted scholarship (e.g., for any degree or field)
- Limited scholarship (e.g., for high-demand, high-growth fields, for students who agree to a residency and/or community service commitment, etc.)

Pros:

- This policy is supported by [ExcelinEd](#), a conservative non-profit organization chaired by Jeb Bush that is focused on advancing student-centered policy solutions.
- Helps equalize postsecondary opportunities for lower-income students and for students typically underrepresented in postsecondary settings⁴

¹ [Community College Economic Impact Study](#) (2022)

² Note: Several groups already have studied options for providing no-cost 2-year degrees in NC; for example, in 2021, EdNC commissioned a student team at Duke University's Sanford School of Public Policy to develop [recommendations for a statewide Promise program](#).

³ Another option, a "debt-free" scholarship that covers room and board in addition to tuition and fees, typically does not apply to a 2-year college experience.

⁴ [The Effects of Free Community College](#) (2020); [Promise for Whom? "Free-College" Programs and Enrollments by Race and Gender Classifications at Public, 2-Year Colleges](#) (2020)

- May incentivize enrollment of students who otherwise would enter the workforce with more limited skills
- Creates a better-educated workforce that earns more and [boosts the state's economy](#)⁵—enough to cover the estimated costs of a free tuition plan⁶

Cons:

- After an initial enrollment increase in the first year of Tennessee's Promise program, enrollments have since fluctuated⁷, including a significant decline during COVID. Retention rates have remained flat or decreased since 2015. Even with universal access, Tennessee is only achieving ~35% completion, so while community college graduation rates have increased after TN Promise, the state has recognized the need to also focus on student success and completion, in addition to enrollment.
- May disincentivize students who otherwise would have pursued 4-year degrees⁸
- About one-third of NC's community colleges already offer Promise programs in their service areas. It will be important to find a way to supplement these programs, rather than supplant with state funds.
- Completers recoup tuition costs via post-graduation benefits⁹ so a less-costly no-interest loan program may provide similar economic benefits for the state

Policies in Other States

Table 1. Free Community College Tuition Programs in Other States

<i>State</i>	<i>Tuition Program Type</i>	<i>Notes</i>
CA, NM	First-Dollar, Unrestricted	CA covers only 1 year of tuition
DE, HI, MD, MI, MO, MN, NV, NJ, OK, OR RI, TN	Last-Dollar, Unrestricted	
AR, KY, KS, VA, SD, WV	Last-Dollar, Limited	Must be in high-demand field; AR, KS, SD, & WV also require post-degree residency commitment

Source: [Nerdwallet](#) (2022)

NC Legislative History

Funding provided in 2021 budget to incentivize course completion for marketable, industry-recognized credentials, as well as an additional year of funding for the Longleaf Commitment Grant Program (see below).

Additional Context

Free Community College Campaigns

Campaigns offering “free community college” have demonstrated an increase in enrollment rates. As examples: [Blue Ridge Community College](#) targeted adult learners, offering free community college where they saw gains in enrollment; [Forsyth Technical Community College](#) offered free tuition to North Carolina high school graduates last year and the college saw enrollment among recent high school graduates increase nearly 20% from before the pandemic.

Longleaf Commitment Grants

The state has used federal GEER and SFRF funds to provide last-dollar scholarships for 2020, 2021, and 2022 high school graduates. Longleaf has helped about 11,600 students to date,¹⁰ with a total investment of over \$60M. Seventy percent of the grants have gone to students with family incomes less than \$60,000.¹¹

Local Promise Programs

Modeled after the Tennessee Promise program, local Promise programs in NC typically provide two years of free tuition and waived fees for area students who meet academic requirements. About one-third of NC's community colleges already offer Promise programs in their service areas,¹² and the number of programs continues to grow.

⁵ *Community College Economic Impact Study*; “[Should College Be Free? The Pros and Cons](#)” (2022)

⁶ [The Dollars and Sense of Free College](#) (2020)

⁷ [Tennessee Promise: An Update on Key Evaluation Metrics](#) (2021)

⁸ *Should College Be Free? The Pros and Cons*

⁹ *Community College Economic Impact Study*

¹⁰ [NC Community College System](#) (2021)

¹¹ “[Gov. Cooper highlights Longleaf Commitment community college grant program](#)” (2022)

¹² [College Promise Catalog of Local and State Programs](#) (2021)