

The Fine Print on Free College: Who Benefits from New York’s Excelsior Scholarship?

An Essay for the Learning Curve by Judith Scott-Clayton, CJ Libassi, and Daniel Sparks
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After decades of frustration with increasingly complex college financial aid policies, a nationwide shift toward “free college” programs has gained momentum. Although free college efforts at the federal level remain stalled, states, localities, and even individual colleges have implemented programs under the label of free college. This label encompasses various models, from place-based “promise” programs in which free college is contingent upon long-term residency (e.g., the Kalamazoo Promise), to free community college programs that may include additional advising (e.g., the Tennessee Promise), to statewide merit-based scholarships (e.g., the West Virginia Promise Scholarship). Elite colleges have also entered the game, starting with Stanford University’s promise to charge no tuition to students with annual family incomes less than \$125,000 and eventually expanding to include such universities as the University of Michigan, the University of Wisconsin, and the Massachusetts Institute of Technology.¹

New York State joined the free college movement in 2017, when Governor Andrew Cuomo announced his goal to make public higher education tuition-free for most students during his State of the State address. The proposed Excelsior Scholarship would resemble the free tuition programs emerging at Ivy Plus universities in that it would cover any in-state public college tuition not already covered by other sources for students with family incomes up to \$125,000.

Advocates hailed the Excelsior Scholarship as the first non-merit-based statewide free college program to cover tuition not only at community colleges but in the four-year sector. Press releases described the proposed program as “groundbreaking” and estimated some 640,000 New Yorkers would benefit. Senator Bernie Sanders expressed his hope that legislators would approve the program so it could “become a model for the rest of the nation.”² The proposal passed, and the first students to benefit enrolled in fall 2017.

¹ See Libby Nelson, “Stanford Just Made Tuition Free for Families Earning Less Than \$125,000 per Year,” Vox, April 1, 2015, <https://www.vox.com/2015/4/1/8328091/stanford-tuition-financial-aid>; “Go Blue Guarantee,” University of Michigan, accessed May 4, 2022, <https://goblueguarantee.umich.edu/>; “Bucky’s Tuition Promise,” University of Wisconsin–Madison, accessed May 4, 2022, <https://financialaid.wisc.edu/types-of-aid/tuition-promise/>; “MIT to Be Tuition-Free for Families Earning Less Than \$75,000 a Year,” MIT News, March 7, 2008, <https://news.mit.edu/2008/tuition-0307>; and Kat Tretina, “How to Get Free tuition at Ivy League Schools and Other Major Colleges,” Student Loan Hero, last updated June 8, 2020, <https://studentloanhero.com/featured/free-college-tuition-prestigious-schools/>.

² Office of Governor Andrew M. Cuomo, “Governor Cuomo Presents 1st Proposal of 2017 State of the State: Making College Tuition-Free for New York’s Middle Class Families,” news release, January 3, 2017, <https://web.archive.org/web/20170104151739/https://www.governor.ny.gov/news/governor-cuomo-presents-1st-proposal-2017-state-state-making-college-tuition-free-new-york-s>.

In this essay, we assess the distribution of benefits, in terms of who qualifies for, receives, and renews the scholarship. We focus on students enrolled in community colleges and senior (four-year) colleges of the City University of New York (CUNY). We find that middle- and upper-income students are most likely to benefit from the program, largely because of the eligibility formula's last-dollar nature; most middle- and low-income students already have their tuition covered by other aid. This is not the whole story, however. Even among students who appear eligible for substantial awards, initial program take-up is low. Ultimately, only 5 percent of first-time, first-year students at CUNY receive an award, and only about half of these students renewed the scholarship for a second year. Based on evidence from other financial aid programs, we hypothesize that the application process and complex contracts students must sign may impede access to benefits.

Key Design Features of New York's Excelsior Scholarship

Besides being the first statewide free college program to cover the four-year sector, the Excelsior Scholarship is distinctive in several ways. First, it was designed to target "middle class families."³ Although statewide free community college programs typically have no income cap, Excelsior is limited to students with family incomes below \$125,000.⁴ There is no explicit minimum income for students to qualify, but students whose tuition at public colleges is already covered by other scholarships, such as Pell grants or the state's need-based Tuition Assistance Program (TAP) awards, cannot receive any additional benefit from Excelsior.⁵ Last-dollar designs such as this are not uncommon in free college programs, but New York's is particularly stringent in that it covers only the last dollar of *tuition*—even though students may face other significant direct costs, including mandatory fees and the costs of books, meal plans, and transportation.⁶

Compared with other statewide programs, Excelsior also has particularly stringent enrollment and credit completion criteria for receiving and renewing the scholarship. Many programs require full-time enrollment (generally 12 credits per semester), but in New York, some courses that count toward full-time enrollment for other state and federal aid programs may not count toward Excelsior's definition (e.g., remedial courses). And students who do not enroll for at least 15 credits per semester will not be

³ Office of Governor Andrew M. Cuomo, "Governor Cuomo Presents 1st Proposal of 2017 State of the State."

⁴ See Anna Helhoski and Colin Beresford, "States with Free College Programs," NerdWallet, March 8, 2022, <https://www.nerdwallet.com/article/loans/student-loans/tuition-free-college>. Exceptions include New Jersey's Community College Opportunity Grant, which has an income limit of \$65,000, and Oklahoma's Promise, which is limited to families earning below \$60,000 per year. New York's cap was initially set at \$100,000 for 2017 entrants, but the cap was raised to \$110,000 in 2018 and \$125,000 in 2019.

⁵ See, for example, E.J. McMahon, "Excelsior Illusion: Getting Real about 'Free College' in NY" (Albany, NY: Empire Center for Public Policy, 2019).

⁶ For example, Tennessee's free community college program covers both tuition and mandatory fees (see "Tennessee Promise Scholarship," TN.gov, accessed May 4, 2022, <https://www.tn.gov/collegepays/money-for-college/state-of-tennessee-programs/tennessee-promise-scholarship.html>). Oregon's Promise similarly covers only tuition, but it provides a minimum award of \$1,000, even if students' tuition is fully covered by other aid, ensuring low-income students still see some benefit. Observers have noted the regressive nature of Excelsior's eligibility criteria. See The Education Trust–New York, "To 'Excelsior' and Beyond: New York's Opportunity to Lead on College Access, Affordability, and Student Success" (New York: The Education Trust–New York, n.d.).

able to renew the grant. Further, Excelsior has no merit requirements to receive the award initially, but students must remain on track for on-time degree completion to renew the award. They must complete 30 credits toward their degree each year, with no breaks in enrollment (except in limited circumstances), and no additional allowances are given if students lose credits when changing schools or majors.⁷

Finally, to our knowledge, Excelsior is unique among state free college programs in converting grants to no-interest loans that must be repaid to the state if students fail to meet award obligations during or after college. For example, if students fail to meet the academic renewal criteria, they lose the scholarship going forward and must repay the amount received in their most recent term.⁸ After college, recipients must live and work *exclusively* in state for as many years as they received the award; otherwise, the grant converts to a loan.⁹

The scholarship's last-dollar nature, the stringent enrollment and renewal criteria, and the potential for grants to convert to loans if students fail to meet renewal or postaward criteria necessitate another distinction of the Excelsior program: extra paperwork. To claim Excelsior, students must complete three aid applications: the Free Application for Federal Student Aid (FAFSA), the state TAP grant application, and the Excelsior application. Unlike for the FAFSA or the TAP application, the window for filing the Excelsior application is only a few months. In 2021, it opened in May and closed in August.¹⁰ And because of the potential for grants to convert to a loan, students must sign an additional contract before receiving their award.

Who Is Eligible for, Receives, and Renews the Excelsior Scholarship at CUNY

We examine patterns of Excelsior eligibility, receipt, and renewal by student demographics and school type for first-time, first-year CUNY undergraduates who began in fall 2018 tracked into fall 2019.¹¹ The

⁷ See “Excelsior Scholarship FAQs,” New York Higher Education Services Corporation, accessed May 4, 2022, <https://www.hesc.ny.gov/pay-for-college/financial-aid/types-of-financial-aid/nys-grants-scholarships-awards/the-excelsior-scholarship/excelsior-scholarship-faqs.html>. See also SUNY Canton’s detailed explanation of Excelsior full-time enrollment requirements: State University of New York Canton (SUNY Canton), “Guidelines for Rules on Full-Time Status for New York State and Federal Financial Aid Programs and Other Information for Advisors” (Canton: SUNY Canton, n.d.).

⁸ “Excelsior Scholarship FAQs,” New York Higher Education Services Corporation.

⁹ This requirement to work exclusively in New York State is not made particularly clear in the scholarship’s frequently asked questions but is noted in Part B1 of the Excelsior Scholarship Contract, pursuant to Section 669-h of New York State Education Law, <https://www.nysenate.gov/legislation/laws/EDN/669-H>: “(e) A recipient shall agree to reside exclusively in New York state, and shall not be employed in any other state, for a continuous number of years equal to the duration of the award received within six months of receipt of his or her final award payment, and sign a contract with the corporation to have his or her full award converted to a student loan according to a schedule to be determined by the corporation if such student fails to fulfill this requirement.”

¹⁰ See web.archive.org’s May 10, 2021, and August 12, 2021, entries for “Excelsior Scholarship Program,” New York Higher Education Services Corporation, <https://www.hesc.ny.gov/pay-for-college/financial-aid/types-of-financial-aid/nys-grants-scholarships-awards/the-excelsior-scholarship.html>.

¹¹ We accessed the data under the terms of a restricted data agreement. The analyses and conclusions herein are those of the authors alone. The initial fall 2017 cohort may not provide a fair assessment of the program, given the

data include measures of actual aid received and the main components of eligibility but do not include any direct or official measure of Excelsior eligibility, for students who did not receive the award.¹² Overall, CUNY students represent 39 percent of public college enrollment statewide but account for only 16 percent of Excelsior expenditures, in part because of some of the eligibility and application patterns we describe below.¹³

Finding 1. Excelsior dollars mostly flow to students with family incomes above the citywide median, and far higher than the typical aid applicant.

We computed first-semester average grant aid amounts, by program, for first-time, first-year students in fall 2018 at different income levels. Figure 1 graphs the results, with aid amounts stacked to show how different grants add up, on average, for each income level.

Up to an income of about \$50,000, CUNY students, on average, receive enough in Pell and state TAP grants to fully cover tuition at community colleges, and students earning up to about \$40,000 receive enough, on average, to cover tuition at senior colleges.¹⁴ Thus, Excelsior primarily benefits first-year students with incomes above \$70,000, a level above the city’s median household income for the fall 2018 entry cohort, or the 80th percentile among aid applicants at CUNY.¹⁵ Roughly 57 percent of CUNY’s first-year Excelsior recipients, and 68 percent of associated Excelsior dollars, flow to students at or above this income level.

challenges of the initial rapid implementation, and tracking the experiences of later cohorts is complicated by the COVID-19 pandemic. The income limit for the 2018 cohort was \$110,000 rather than the current \$125,000 cap.

¹² We approximate Excelsior eligibility using information on (1) federal adjusted gross income (parent income for dependent students and student income for independent students); (2) CUNY-designated flags for first-time, first-year undergraduates in fall 2018; (3) enrollment records indicating the student attempted at least 12 college-level credits in fall 2018; and (4) remaining tuition need as measured by subtracting total fall 2018 grant aid (besides Excelsior) from stated fall 2018 tuition levels for CUNY’s community and senior colleges.

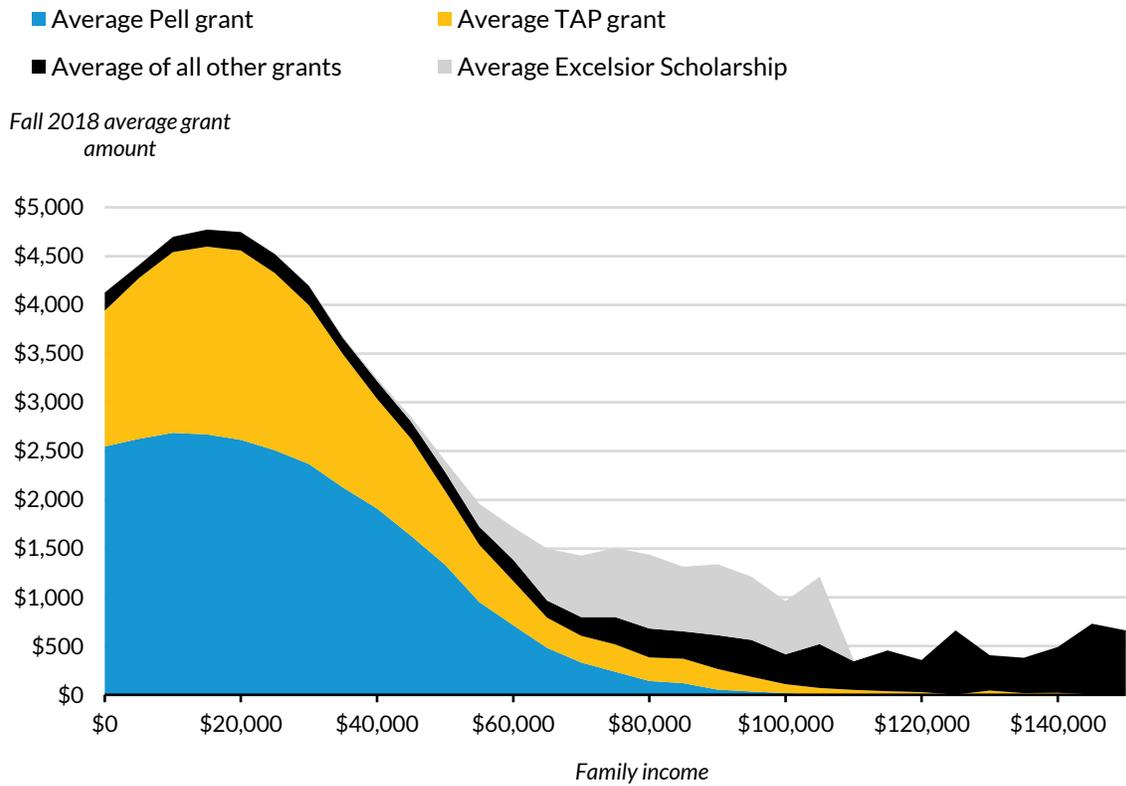
¹³ See “NY State Higher Education Enrollment (2020–21),” New York State Education Department, accessed May 4, 2022, <https://data.nysed.gov/highered-enrollment.php>; and “Excelsior Scholarship Recipients and Dollars by College Code: Beginning 2017,” NY.gov, last updated January 26, 2021, <https://data.ny.gov/Education/Excelsior-Scholarship-Recipients-and-Dollars-by-Co/c7f2-hjqd>. We do not have access to data for State University of New York institutions.

¹⁴ These averages include zeros for students who do not receive any of a certain type of grant.

¹⁵ For the fall 2018 entry cohort, the relevant income for financial aid comes from 2016 (the prior-prior tax year). Census data indicate that median household income in New York City between 2015 and 2019 was \$63,998 (in 2019 dollars). See “QuickFacts: New York City, New York,” US Census Bureau, accessed May 4, 2022, <https://www.census.gov/quickfacts/fact/table/newyorkcitynewyork/INC110219>.

FIGURE 1

Excelsior Is the Largest Source of Grant Aid for Upper-Middle-Income Students but Provides Limited or No Benefit for Low-Income Students



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Source: Authors' calculations using restricted City University of New York student-level data.

Notes: TAP = Tuition Assistance Program. Sample is limited to first-time, first-year undergraduates in fall 2018. Average grant amounts are per student at the relevant income level for the fall 2018 term only (not annual amounts) and include zeros for students not receiving the relevant grant. Income eligibility is defined as the student's relevant adjusted gross income (parents' income for dependent students or student income for independent students). "Other" includes grant aid from any other source, including other federal, state, private, or institutional scholarships.

Finding 2. Even for students appearing to meet all of Excelsior's eligibility criteria, take-up is low: only about 25 percent of eligible first-year students actually received an award, with even lower rates for eligible community college students, Black students, and Hispanic students.

Overall, fewer than 5 percent of first-time, first-year undergraduates at CUNY in fall 2018 received Excelsior, compared with 72 percent who received a Pell grant and 57 percent who received TAP, respectively. Much of this is because of the limited range of family incomes that qualify for the award. But even within the "sweet spot" of family incomes for Excelsior, most students receive no award.

Excelsior's stringent enrollment criteria could be part of the explanation. For example, more than one-third of first-year students in the relevant income range are ineligible because they do not meet the minimum credit enrollment requirements. When we consider all the eligibility requirements together, only about 17 percent of CUNY's first-time, first-year undergraduates appear to qualify for the award (meaning they are under the income cap, have remaining tuition need, and meet the minimum enrollment criteria). Still, fewer than 5 percent actually received it, implying a take-up rate of just 25 percent.

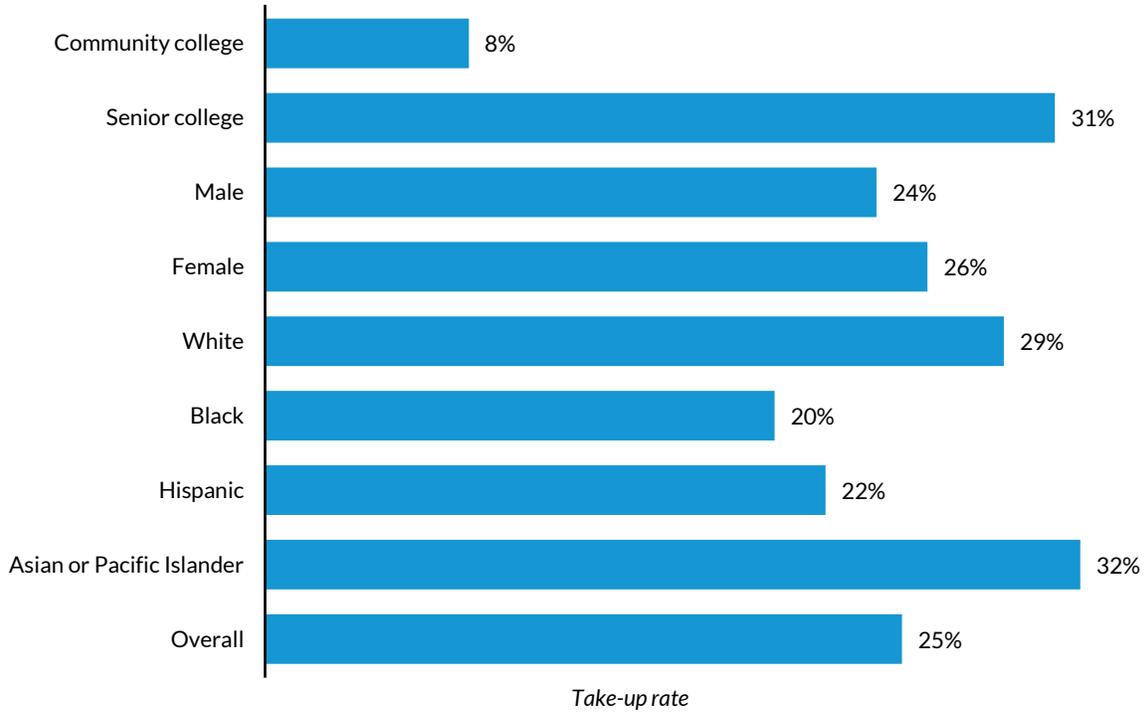
Take-up rates also vary substantially across college type and student demographics (figure 2). Only 8 percent of eligible community college students receive an award, compared with 31 percent of eligible senior college students. Men are slightly less likely than women to receive an award if eligible. Eligible Black and Hispanic students are about 10 percentage points less likely to receive the scholarship compared with eligible white and Asian students (20 and 22 percent versus 29 and 32 percent, respectively). These patterns by race and ethnicity are partly explained by low take-up rates at CUNY's community colleges. Figure 3 shows that similar patterns by race and ethnicity can be seen among eligible students *within* senior colleges as well.

Low take-up among eligible students raises the question of whether Excelsior's extra paperwork and complex award contract may be barriers to application. Certainly students with low potential award levels might have decided the scholarship was not worth the hassle. Indeed, one-quarter of eligible students who did not receive an award had less than \$500 of remaining tuition need. Still, a comparable 28 percent of eligible students who did not receive Excelsior stood to receive \$2,500 or more.

FIGURE 2

Excelsior Take-Up Is Low, Particularly for Community College Students and Black Students

Among fully eligible students in the 2018 cohort



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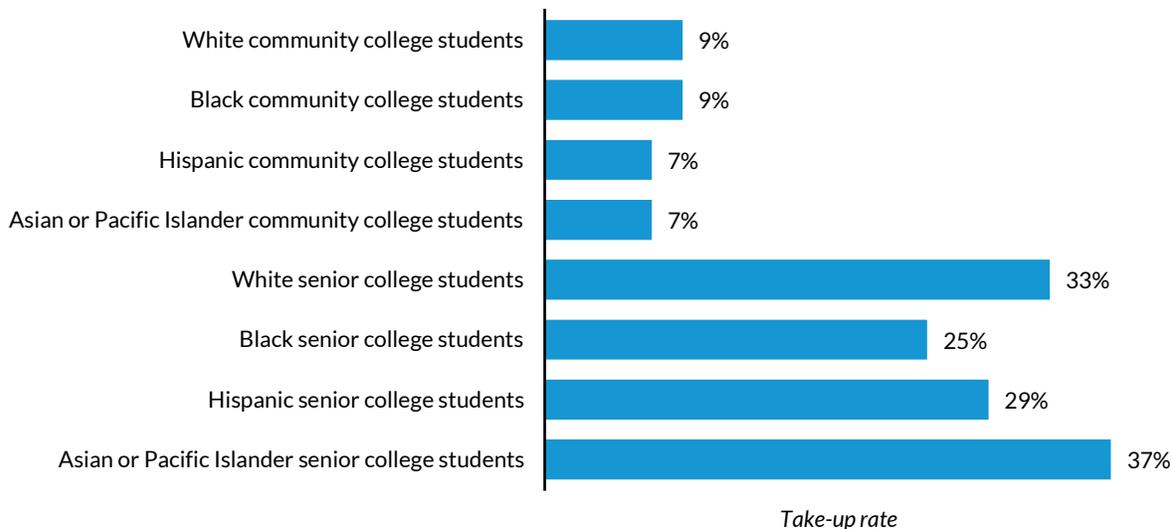
Source: Authors' calculations using restricted City University of New York student-level data.

Notes: Sample is limited to first-time, first-year undergraduates in fall 2018. Take-up is shown for the fall 2018 term only. Our estimate of Excelsior eligibility is based upon the measures of income, enrollment, and other aid received included in the data, which may not always be precisely the same as the measures used for official eligibility determination. Racial and ethnic categories are based on self-identification; Hispanic includes students of any race who identify as Hispanic or Latino/a. Data for American Indian and Alaskan Native students are not shown because of small sample size.

FIGURE 3

Excelsior Take-Up Varies by Race and Ethnicity, Even within Senior Colleges

Among fully eligible students in the 2018 cohort



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Source: Authors' calculations using restricted City University of New York student-level data.

Notes: Sample is limited to first-time, first-year undergraduates in fall 2018. Take-up is shown for the fall 2018 term only. Our estimate of Excelsior eligibility is based upon the measures of income, enrollment, and other aid received included in the data, which may not always be precisely the same as the measures used for official eligibility determination. Racial and ethnic categories are based on self-identification; Hispanic includes students of any race who identify as Hispanic or Latino/a. Data for American Indian and Alaskan Native students are not shown because of small sample size.

Finding 3. Initial receipt is not the only hurdle—only 52 percent of the fall 2018 first-year cohort retained the scholarship into a second year, or about 64 percent among those who reenrolled.

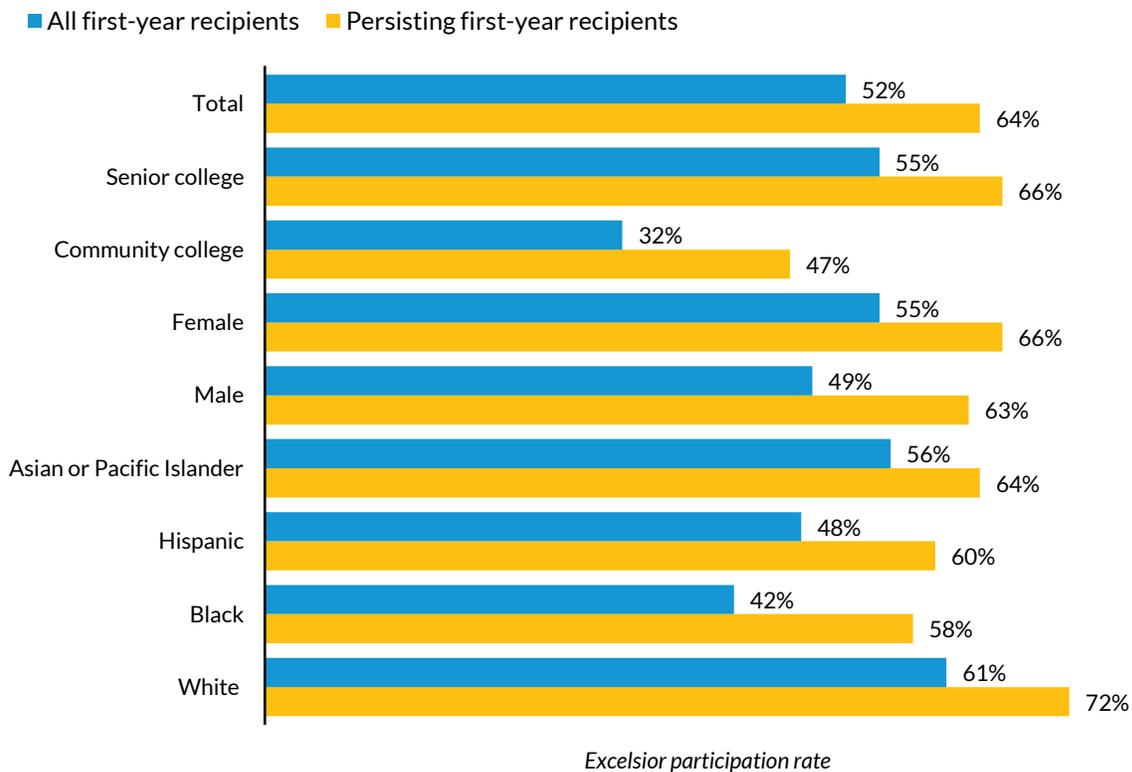
To retain the Excelsior Scholarship into a second year, students must resubmit both the FAFSA and the TAP application each year, no later than June 30, and must continue to meet all the initial eligibility criteria relating to income, enrollment, and remaining need.¹⁶ On top of that, students must complete 30 degree-relevant credits per year, a renewal requirement more commonly associated with state merit-based aid programs (e.g., West Virginia's Promise Scholarship) than with free college programs.

The resulting 52 percent renewal rate is substantially lower than for Pell or TAP grants (60 percent and 58 percent of these programs' beneficiaries renew, respectively). Some of these students simply did not reenroll for a second year. But even among those who did, only 64 percent retained Excelsior (compared with 84 percent and 76 percent of persisting students retaining Pell and TAP grants, respectively). Excelsior recipients at community colleges, Black students, Hispanic students, and men

¹⁶ New York State, "Excelsior Scholarship Program—How Eligibility Is Determined" (Albany, NY: New York State, n.d.).

were less likely to renew for a second year (figure 4). Here, too, the complexities of the renewal criteria may loom large. For example, students may lose credits while transferring schools or switching majors and may unwittingly find themselves falling behind Excelsior’s on-time completion standards. We do not have any direct measure of whether students met the credit completion criteria for renewal, but we can infer its role by looking at renewal rates among students who met the other criteria for Excelsior in their second year. We find that even among first-year Excelsior recipients who reenroll, refile their FAFSA, and receive TAP grants in their second year, 28 percent did not retain their Excelsior award.

FIGURE 4
Excelsior Renewal Rates Are Low, Whether as a Share of All Recipients or Considering Only Those Who Remained Enrolled in College
2018 cohort



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Source: Authors’ calculations using restricted City University of New York student-level data.

Notes: Sample is limited to first-time, first-year undergraduates in fall 2018. Yellow bars are further limited to students who enrolled at least part time one year later, in fall 2019. Racial and ethnic categories are based on self-identification; Hispanic includes students of any race who identify as Hispanic or Latino/a. Data for American Indian and Alaskan Native students are not shown because of small sample size.

Beyond Excelsior: Implications for Policymakers

After five years of experience with Excelsior, what broader lessons can we draw for higher education stakeholders nationally? First, New York’s program design highlights how seemingly small features of eligibility criteria can make a big difference in who qualifies. Covering tuition only, with no guaranteed minimum benefit, means the program targets students in a relatively narrow range of family income, above the median even for New York City and above the 80th percentile of aid applicants at CUNY.

Second, although FAFSA’s role as a barrier to aid access is well documented, state aid programs have not always taken the lessons of that literature to heart. Federal policymakers have made strides to simplify the FAFSA, but the form is only one of three required to access Excelsior. The state TAP grant application is also required because New York bases TAP and Excelsior eligibility on New York State taxable income, not federal adjusted gross income. Once these two applications are filed, students have a very short window to apply for Excelsior, typically from May to August, just before fall matriculation.

Third, although it is not possible to distinguish how much Excelsior’s low take-up may be because of its complex postaward residency requirements, this is an important area for future research. So far, critiques of such requirements have focused on the complexity of monitoring and enforcing the requirements after the fact, but our analysis suggests that the prospect of deterring eligible students from applying, even if they have no intention of working out of state, should be another factor to consider.

An important caveat to our analysis is that we examine only Excelsior eligibility, receipt, and renewal, and these are hardly the only metrics of program success. It is possible Excelsior might induce additional college enrollments, even for students who never receive a dollar of Excelsior funding. The security of knowing they will not be liable for tuition may be enough to encourage low-income students to apply to college. Other free community college programs in Tennessee and Oregon, as well as the University of Michigan’s HAIL (High Achieving Involved Leader) scholarship, for example, have found positive impacts on enrollment, despite many students receiving small tuition benefits.¹⁷ But the only available study of Excelsior’s enrollment effects so far finds negligible effects on enrollment.¹⁸ It is also possible the program may stimulate more on-time completions among those who receive the award initially, but as long as only 5 percent of students receive it, the effect on aggregate completion rates will be limited.

¹⁷ Oded Gurantz, “What Does Free Community College Buy? Early Impacts from the Oregon Promise,” *Journal of Policy Analysis and Management* 39, no. 1 (July 2019): 11, <https://doi.org/10.1002/pam.22157>; Celeste K. Carruthers, William F. Fox, and Christopher Jepsen, *Promises Kept? Free Community College, Attainment, and Earnings in Tennessee* (working paper, University of Tennessee, Knoxville, 2020); and Susan Dynarski, CJ Libassi, Katherine Micheltmore, and Stephanie Owen, “Closing the Gap: The Effect of Reducing Complexity and Uncertainty in College Pricing on the Choices of Low-Income Students,” *American Economic Review* 111, no. 6 (June 2021): 1721.

¹⁸ See Hieu Nguyen, “Free Tuition and College Enrollment: Evidence from New York’s Excelsior Program,” *Education Economics* 27, no. 6 (2019): 573, <https://doi.org/10.1080/09645292.2019.1652727>. This study uses data from the Integrated Postsecondary Education Data System in a difference-in-differences analysis, comparing trends in New York college enrollments before and after Excelsior with trends in a synthetic control group.

New York is no longer the only state with a free college program covering both two- and four-year colleges. New Mexico recently approved an even broader program, guaranteeing free tuition and fees at all in-state public and tribal colleges for all residents, regardless of family income or enrollment status (part time or full time). The program is also more generous, covering tuition and fees *before* other aid is applied, and without the kinds of stringent renewal and residency requirements New York’s program has.¹⁹

As policymakers nationwide consider alternative models of free college, New York’s experience with Excelsior highlights a broader tension: how much fine print is too much when it comes to free college? One of the main appeals of free college was supposed to be its simplicity. But as these programs proliferate, excessive fine print may reinstate the problem free college was supposed to solve: too many students still cannot find out the true price of college until after they decide to enroll.

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¹⁹ Simon Romero, “What If College Were Free? This State is Trying to Find Out,” *New York Times*, March 31, 2022, <https://www.nytimes.com/2022/03/31/us/new-mexico-free-college.html>.

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