Unpacking Financial Disincentives: Why and How they Stymie Degree-Applicable Credit Mobility and Equitable Transfer Outcomes

No Easy Answers
White Paper Series
Acknowledgments

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Introduction
In recent years, national attention has increasingly focused on improving equity in outcomes for students who transfer or would benefit from credit mobility. Excellent work is underway in areas such as mapping transfer pathways, building joint-institution student supports such as co-advising, and analyzing data to better understand student outcomes. Comparatively, little attention has been paid to the financial underpinnings of transfer and credit mobility.¹

Members of the Beyond Transfer Policy Advisory Board (PAB) share a commitment to dismantling inequitable credit mobility and transfer policies and practices.² Knowing there is no easy way to “fix transfer,” the PAB does not shy away from tackling complicated problems and hidden complexities associated with credit mobility and transfer. Financial disincentives—what they are, why they exist, and how they impede progress on transfer and credit mobility—represent hidden complexities that need to be fully explored. This white paper seeks to sharpen understanding of financial disincentives to transferring degree-applicable credits with the goal of fostering better conversations and solutions.

Why Focus on the Financial Disincentives that Impede Transfer and Credit Mobility?
The following reasons drove this effort to better understand the financial disincentives that impede transfer and credit mobility:

The current default approach is to reject credits until they are evaluated and approved for equivalency, a mindset that cannot be shifted without interrogating some of the complexities—such as financial disincentives—that lead institutions to operate in this way;

A Note on Terms such as Transfer and Credit Mobility

The Beyond Transfer PAB does not use the term “transfer students.” Instead, we refer to “students who transfer and can benefit from improved credit mobility.” In the 21st Century, most students are mobile and would benefit from credit mobility: receiving—and being able to carry with them—credit from a variety of high-quality learning experiences, ranging from dual enrollment to work-based learning, military experience, and digital badging (see Figure 1 and the section entitled “Why Focus on the Financial Disincentives that Impede Transfer and Credit Mobility?” for more details on students who are mobile). We celebrate the assets brought to postsecondary education by students who are mobile, while also recognizing the long history of bias and stigma used against “transfer students”—particularly those who start their educations at community colleges—and how labeling students in this way excludes them. Although students will still transfer across institutions, we need to support credit mobility writ large, and build awareness that we are doing nearly all students a disservice by not recognizing the knowledge and skills gained in non-traditional academic settings as well.³
Current credit mobility and transfer policies and practices too frequently deny students recognition of and credit for high-quality learning that occurred other than at the current institution, without substantial evidence that this is necessary. Addressing these challenges is imperative to achieving equitable outcomes for students; and

Current approaches to transfer and credit mobility can produce short-term financial benefits for institutions, but such approaches are also likely to produce long-term financial and/or reputational harm for the same institutions.

The following section tells more of that story.

**Shifting Mindsets to Make Mobility and Applicability of Credit a Default Assumption**

Currently, institutional actors approach transfer with the assumption that credit and non-credit experiences will be rejected until they are evaluated and approved for equivalency. That default stance of “reject credits unless they are proven worthy” is a pillar of a system that routinely denies academic credit to students for high-quality learning. Many thus ask, “Why can’t we shift mindsets so that the default becomes: credits are applied to program completion unless there is evidence that the required learning outcomes are not met?”

Such a student-centered and equity-minded approach would involve actors at receiving institutions beginning with the assumption that their goal is to accept and apply as many high-quality learning and work experiences as possible as credit toward the completion of a student’s degree. To shift mindsets, we must understand the hidden complexities—such as financial disincentives—of how the current system is structured and why that has led to the current assumptions and practices.

**Addressing Transfer and Credit Mobility Challenges is Imperative to Achieving Equity**

Students who transfer and are mobile are diverse by key characteristics such as race and ethnicity, age, and income. As Figure 1 demonstrates, the current postsecondary system does not serve them well, and they face high barriers to completion. Addressing barriers to completion for students who transfer and are mobile is imperative to achieving equitable outcomes.

In the 21st Century, students are moving in and out of work and learning experiences at high rates, accumulating high-quality learning. Consider a few key data points:

- At least 39 million Americans have some college credits and have not yet received a credential.
- 38% of all first-time students transfer institutions within their first six years of college enrollment. Of those who transfer, almost half (45%) change institutions two or more times.
Students who transfer also face barriers to completion and hidden complexities associated with transfer and credit mobility. Approximately 80% of students who enter community college intend to transfer and obtain a bachelor’s degree, yet just 14% complete a bachelor’s degree in six years. Those aggregated numbers cover deep inequities by income and race and ethnicity. The disaggregated data show that the barriers to completion are higher for Black and Latinx students and students from low-income backgrounds. For example, completion rates for a bachelor’s degree within six years of entering a community college by race and ethnicity are 10% for Black students, 13% for Latinx students, 21% for White students, and 26% for Asian students. Completion rates for a bachelor’s degree within six years of entering a community college by income are 9% for lower-income students and 20% for higher-income students. Moreover, Black, Latinx, and Indigenous students and students from low-income backgrounds are disproportionately more likely to begin their postsecondary careers at community colleges. Therefore, their pathway to a bachelor’s degree is more likely to be impeded by the hidden complexities of transfer and credit mobility.

**Short-Term Mindsets Create Long-Term Harm to Institutions**

While not widely discussed, institutions can sustain long-term financial harm and instability by rejecting transfer credits and impeding credential completion. Focused on short-term financial rewards, institutional actors target maximization of immediate tuition revenue. That mindset leads actors to not apply the maximum credits to degree

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**Why can’t we shift mindsets so that the default becomes: credits are applied to program completion unless there is evidence that the required learning outcomes are not met?**

While historically the field has focused on students who transfer—those who move across institutions—these data demonstrate that nearly all students would benefit from an intentional effort to connect learning and evidence of learning across the learning and work ecosystem and smooth students’ pathways.

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“WeWith nearly 40% of all learners porting credit from other institutions into their degree programs and the recent rise in interest in and focus on non-credit bearing learning opportunities, the number of learners who enter the institutional transfer labyrinth will only increase.”

– Melanie Gottlieb,
Executive Director,
American Association of Collegiate Registrars and Admissions Officers

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Approximately 34% of high school students now take college courses in high school and 88% of high schools offer these dual enrollment courses; Approximately one-third of veterans hold a certificate or certification but no additional education; and 64% of students work while in college.
Figure 1. Credit Mobility, Transfer, and Equity

If the traditional, full-time, uninterrupted approach to postsecondary education can’t change enough to work for today’s students, improvements in credit mobility and transfer must step in to fill the void.

- 38% of entering students transfer in first 6 years; 45% of those transfer 2+ times. Historically marginalized students are more likely to begin at community colleges, and are thus more likely to be harmed by flaws in transfer.

80% of community college students intend to complete a bachelor’s, but only 31% of community college students transfer to a 4-year institution and 14% earn a bachelor’s degree within 6 years of entry.

This oft-quoted data is critical, but does not tell the full story. Today, nearly all students would benefit from improved credit mobility and transfer. Moreover, barriers to completion lead to egregious and unacceptable equity gaps for Black, Latinx and Indigenous students and students from low-income backgrounds, which have been exacerbated by COVID-19.

34% of high school (HS) students take college courses in HS; they are more likely to enroll in and finish higher ed, but race and income gaps are severe and unacceptable.

24% of postsecondary students are raising children and 64% work

33% of veterans hold a certificate or certification but no additional education. Black men are far more likely to serve than their peers.

39 million Americans have college credits and have not completed a degree. Black, Latinx, and Indigenous learners are over-represented.

Many adults hold many college credits

COVID-19 Pandemic Effects:

- Disproportionate declines in enrollments, transfer and persistence for historically marginalized students.
- Dual enrollment declined, creating a gap for students in HS during COVID-19 (appears on rebound now).

Students managing many responsibilities faced barriers to staying enrolled during the pandemic.

Veterans projected to face disproportionate negative pandemic effects in areas ranging from employment to finances and mental health.

The number of adults with some college credits increased by 3.1 million since 2019.

(Data Sources: National Student Clearinghouse, US Department of Education, Community College Research Center, Monaghan and Attewell, and Aspen Institute)
However, students who transfer with fewer credits are less likely to complete their degrees. When students do not persist and complete, institutions receive less tuition over time, resulting in a financial loss and a threat to institutional sustainability. Additionally, in states with outcomes-based funding that rewards institutions for degree completion, reduced student completion can also reduce state funding over time.

Fewer students completing their degrees will also likely result in harm to the institution’s reputation. Key metrics focused on student persistence, retention, and completion will be affected by student attrition, and the students who leave will serve as examples and voices for how the system is failing. Consider the scenario outlined on page 7.

Institutions exist in an environment marked by declining enrollments; a declining birth rate and fewer high school graduates; loss of public trust in higher education; and growing attention paid to student outcomes by key stakeholders such as accreditors, philanthropic organizations, and state and federal policymakers. Leaders must weigh the long-term consequences for their institutions of denying degree-applicable transfer credit, taking into account the long-term harm that short-term decisions can cause.

Why and How Financial Disincentives Impede the Awarding of Degree-Applicable Credit

To further explore financial disincentives that impede the awarding of degree-applicable credit, we first acknowledge that postsecondary institutions do not make decisions; the people inside of them do. We considered the main reasons behind financial disincentives and then described what they are and how they play out in postsecondary institutions (see Figure 2).

The Beyond Transfer PAB’s Definition of Equity

Equity in postsecondary outcomes will be achieved if the identities assigned to oppressed groups, such as different race, ethnicity, sex, sexual identity, sexual orientation, socioeconomic status, age, disability and religion, no longer act as powerful predictors of how one fares, with the root causes of inequities, not just their manifestations, eliminated. In the case of postsecondary outcomes, at the national level, there is ample evidence that higher education institutions create particularly burdensome barriers to success for Black, Latinx, and Indigenous students and for students from low-income backgrounds.

In addition, states, systems, and institutions need to understand and address equity gaps in the populations they serve, paying attention to the full range of students who are not well supported through to completion. Local data might, for example, point to equity gaps for Asian Pacific Islander Desi American students, or lesbian, gay, bisexual, transgender and queer (or questioning) and others (LGBTQ+) that must be similarly addressed.
Consider this scenario rooted in a focus on short-term rewards:

- A student applies for transfer with 64 credits completed at another institution;
- An evaluator at the receiving institution reviews the student’s transcript with the current short-term mindset, leading the evaluator to reject five student courses, or the equivalent of a full semester of courses, potentially increasing course-taking and tuition revenue at the receiving institution;
- That student enrolls at the receiving institution for one semester, pays tuition for five courses, then drops out;
- The receiving institution gains one semester of tuition in the short-term, but loses additional semesters of tuition potential;
- The student is let down by transfer and credit mobility, as is the community that the institution serves;
- The receiving institution’s student outcomes metrics reflect poorly in the areas of student persistence, retention, and completion; and
- The receiving institution’s reputation in the local community is marred by a story of a student who wanted a bachelor’s degree, invested time and money to apply and transfer, but simultaneously lost time and money in the transfer process and made the rational decision that the bachelor’s degree is out of reach.

Reason

Discounting of delayed events: Psychology tells us that humans are guided far more by short-term rewards, rather than long-term rewards. In the postsecondary education arena, people within institutions are more likely to respond to short-term budgeting rewards, rather than long-term budgeting rewards.

Postsecondary institutional budgets are highly dependent on tuition. Actors within postsecondary institutions—quite rationally—focus on the rewards of immediate student enrollment and the tuition revenues connected to that immediate enrollment. The initial tuition the student will pay is prioritized over longer-term consequences. When viewed through the lens of transfer and credit mobility, short-term rewards lead to a mindset that guides institutional actors to deny degree-applicable transfer credits in favor of increasing course-taking at the receiving institution.

The prioritization of immediate tuition revenues is reinforced because institutions exist in a highly uncertain fiscal environment. Student enrollments ebb and flow, and state appropriations are not guaranteed and often change. In the arena of postsecondary finance, rational actors make decisions based on the short-term because the long-term is uncertain.

Additionally, the average tenure of institutional presidents has been declining. If leaders do not expect to stay in a role for more than a few years, they will prioritize short-term rewards that can be reaped during their tenure, discounting long-term consequences in favor of short-term gains.
The prioritization of immediate tuition revenues leads to decision-making that denies degree-applicable credit and harms students by costing them time and money while reducing their likelihood of completing credentials. Examples of how this plays out can be complex and varied:

- **Assumption of lost tuition**: When receiving institutions conduct credit evaluation for students transferring to the institution, institutional actors make decisions about which credits will apply toward program completion. Actors at the receiving institution may perceive credits accepted and applied as short-term financial disincentives, for the institution gives up the tuition it could have charged the student;

- **Assumption of lower revenue margins**: Lower-division courses are assumed to—and often do—have higher revenue margins than upper-division courses. Students who transfer have often completed many of their lower-division courses, such as general education courses. While not universally true, research suggests that "lower-level classes tend to be larger and therefore less costly, whereas upper-level and graduate courses have smaller class sizes and are therefore more expensive."20 If institutional actors use only a short-term lens, they may conclude that students who transfer are more likely to take costly upper-division courses and less likely to take more cost-effective courses. This leads to an assumption that students who transfer create a lower revenue margin for the institution;

- **Conflicting budgeting priorities within institutions**: Financial incentives can conflict across different departments’ budgets and within the same institution. For example, imagine a student wishes to transfer to a university and apply credit for a previously-taken calculus course to progress on a pathway in the physics
department. Then, the math department can charge tuition for that course, report higher course-taking, and assign faculty to more courses. That same decision may harm the physics department and the institution because the student may be less likely to persist and complete the physics degree; and

Encouraging students to stay at a sending institution for as long as possible: Sending institutions similarly face short-term incentives to encourage students to stay at their institutions for as long as possible. Sending institutions may want to maintain enrollment and tuition revenue of each student. Students may be encouraged, in this process, to stay longer than necessary or even advisable at the sending institution while taking courses that will not apply to a degree once the student transfers. Specifically, some community colleges encourage students not to transfer to bachelor’s programs until the students receive their associate degrees, even though the major courses the student takes at the community college may not transfer to the bachelor’s college. In such cases, in addition to the incentive of extra enrollment and tuition that the community college can receive, the community college may be behaving this way due to the presence of state incentives for increased associate degree graduation rates.

Reason

Current credit evaluation policies and practices are a hefty administrative burden.

When a student transfers into an institution, the receiving institution evaluates the student’s transcript and decides which courses will not transfer, which courses will transfer as excess elective credits, and which courses will transfer and apply to the student’s degree completion. Current approaches to credit evaluation are problematic and create financial disincentives for awarding degree-applicable credit.

First, credit evaluation is often done manually and can be complicated for reviewers. Ideally, transcripts should be received electronically to speed up the process and reduce costs for the institution. However, according to the American Association of Collegiate Registrars and Admissions Officers (AACRAO), less than a quarter of institutions share “digital credential[s] (primarily transcripts).” Only about half of the undergraduate-serving institutions in the country have “automated articulation rules” that will apply a decision made based on a prior course evaluation to the same course if another student brings it to the institution (and this does not account for the full universe of courses potentially on a transcript). Moreover, over 30% of institutions have no articulation rules in place, meaning that “each course evaluation for each student is determined at the time the transcript is evaluated for credit.” A pilot study found that automated articulation decisions are far more likely to result in credits transferring and applying to programs of study. However, this is not the norm. In many cases, multiple people will be engaged to review transcripts. As one Beyond Transfer PAB member recently noted, “If we can break down the human genome, why can’t we evaluate credit quickly and efficiently? It is still common practice for multiple people to weigh in on whether a single course will transfer!” These lengthy, manual, and complex credit evaluation processes are expensive because of the staff and
faculty hours involved in reviewing transcripts and making decisions about which credits will transfer. The process itself serves as a financial disincentive for institutions to recruit, accept, focus on, and work well with students who transfer.

Inefficient and lengthy credit evaluation processes can mean students do not learn which courses they need to take in a timely manner. This can lead to students having to wait to take needed courses, to students getting a nonoptimal schedule, or even to students taking the wrong courses—unnecessary credits that will not count toward degree completion.

In addition to serving as a financial disincentive, current credit evaluation approaches are also marred by conflicts of interest. To the degree that faculty are making decisions about credit transfer of courses that they themselves teach, they are making decisions about their own work lives. Decisions about which courses to accept and apply for transfer can influence which courses an institution will continue to offer. Therefore, these decisions directly influence faculty teaching loads. For example, if a receiving institution frequently transfers and applies certain courses (e.g., college algebra) for students who transfer in, that is helpful to the students. However, faculty at the receiving institution that teach college algebra might want or need students to take their course in order to maintain demand in courses they want to teach, or in courses that, if not filled, would threaten their job security.

We do not elevate conflicts of interest here to point fingers or place blame. Indeed, we call upon the following statement by the American Association of University Professors:

> Identifying a conflict of interest does not entail an accusation of wrongdoing. Conflicts of interest have been shown to affect judgments unconsciously, so a conflict of interest refers to a factual circumstance wherein an impartial observer might reasonably infer that a conflict is present.  

Nonetheless, conflicts of interest exacerbate the negative consequences of current approaches to credit evaluation, and they must be addressed. Decisions about which courses will transfer and apply must be made based upon evidence about critical items such as which courses students need (not decisions that maintain the status quo of courses offered at receiving institutions) and how students perform in specific subsequent courses following transfer (not assumptions about the quality of sending institutions or of prior learning experiences). If a student does poorly in all their courses in the semester following transfer (what is known as transfer shock), that does not necessarily prove that the quality of prior instruction in one or all courses was poor. Alternative explanations may include poor orientation, minimal support services following transfer, or delayed transcript evaluation that led to a problematic course schedule (e.g., with the least-desired timing, professors, etc.). Assessing the reason for poor performance in a course following transfer can be complex and requires data that faculty do not ordinarily possess.
State funding does not typically reflect a strong focus on students who transfer and are mobile. Institutions face many competing priorities, and leaders are forced to decide where to focus attention. A lack of state-level financial incentives or penalties for transfer and credit mobility speaks loudly. Although lawmakers routinely call for improved transfer and credit mobility, they have not adequately designed state funding models to influence institutional behavior in this realm. If states build clear and more meaningful financial incentives for institutions to help students transfer, apply their credits to completion, and complete their degrees, they may shift more institutional behavior. Examples of how this plays out include:

- **Lack of funding models that prioritize students who transfer and are mobile:** According to state funding expert Martha Snyder, postsecondary managing director at HCM Strategists, most states do not fund institutions at higher levels for enrolling students who transfer or for accepting prior learning credits. Snyder further reflected, “In fact, the underlying business model for institutions, including the level and orientation of funding provided by the state, runs counter to supporting strong transfer and prior learning policies for students” (emphasis added); A lack of state-level financial incentives or penalties for transfer and credit mobility speaks loudly.

- **Lack of outcomes-based funding models that emphasize transfer outcomes:** Very few states have funding models that reward both two- and four-year institutions for equitable transfer outcomes. According to research by HCM Strategists on outcomes-based funding models, just four states reward both two-year and four-year institutions for successful transfer, while two states reward only their four-year institutions for transfer, and 12 more states reward only their two-year institutions for transfer; A lack of state-level financial incentives or penalties for transfer and credit mobility speaks loudly.

- **Lack of alignment between transfer and funding policies:** As noted earlier, if an institution is rewarded via a funding policy for keeping students as long as possible, students may be encouraged to stay longer than necessary or even advisable at the sending institution. Transfer policies—such as guaranteed transfer and applicability of an associate degree—should be aligned to funding policies. For example, if a community college is rewarded for students completing associate degrees, students should also receive protection from policies that ensure their associate degrees will transfer and apply to completion; and A lack of state-level financial incentives or penalties for transfer and credit mobility speaks loudly.

- **Deep inequities in funding for community colleges:** Community colleges are often positioned as an accessible and affordable entry point to a bachelor’s pathway, but they are funded at far lower levels of support. Lower levels of support leave community colleges with fewer dollars to spend on important supports that help
students persist and complete, reinforcing inequities in outcomes for students who begin at community colleges.

**Toward Solutions: Recommendations for Institutions**

With a stronger understanding of financial disincentives and the reasons for them in hand, what is next? What are alternative ways for institutions to think about the financial underpinnings for transfer and credit mobility? We first seek to tackle a shift away from a hyper-focus on short-term tuition revenues, and then we offer recommendations related to credit evaluation and state funding.

**Shifting Mindsets: Reducing the Role of Short-Term Thinking in Decisions about Credit Applicability**

Psychology tells us that short-term rewards are more attractive than long-term rewards to most people. Short-term thinking is so prevalent and instinctive to human nature that it must be balanced with intentional policies and practices to offset its influences in decision-making. The following recommendations seek to spur direct action that changes the understanding and discussion about consequences, brings delayed consequences closer in time, or changes immediate consequences.

**Assess ROI of Students who Transfer and are Mobile**

This paper describes many moments when decisions about degree-applicable credit are based on assumptions about lost tuition or lower revenue margins. Replacing those assumptions with data about projected student enrollment and tuition revenues can help institutions better understand the value to their bottom line of students who transfer and are mobile. The TransferBOOST Affordability Financial Tool can accomplish these goals. TransferBOOST—a collaboration between the Institute for Higher Education Policy and HCM Strategists that was funded by the ECMC Foundation—partnered with rpk GROUP to build the Tool, which helps colleges and universities to:

- Assess the potential of increased pipeline enrollments by students who transfer;
- Evaluate the expenditures and resources needed to provide improved supports for students; and
- Calculate the potential financial ROI to colleges and universities from increased student enrollment, retention, and completion through transfer and credit mobility.

We encourage institutions to use the Tool to better understand and articulate the unique value of students who transfer and are mobile.
Using the TransferBOOST Affordability Financial Tool

How can institutional leaders use the TransferBOOST Affordability Financial Tool? More information can be found on the TransferBOOST website.

Step 1
Engage a transfer team that knits together expertise in transfer, academic pathways, strategic finance, and affordability.
Ideally, the transfer team has the power to make decisions about investments, financial aid, and academic programs. A single institution can fill out the Tool, but collaboration across sending and receiving partner institutions is highly recommended.

Step 2
Reflect on and understand your transfer pipeline.
Step back as a team to gather data on current transfer enrollments, and consider how and why you believe new students can be attracted to your institution and your partner transfer institutions. What will you do differently that you believe will lead to increased student recruitment, enrollment, retention, and completion?

Step 3
Enter data as directed in the TransferBOOST Affordability Financial Tool.
The Tool provides clear instructions to enable institutions to understand the cost structure of transfer pathways and provide more precise ROI estimates. The Tool provides guidance in the following areas: anticipating revenue (e.g., estimate enrollments); anticipating direct expenses (e.g., estimate staff time that is newly dedicated to supporting transfer); capturing additional revenues and expenses (e.g., if relevant, capture additional revenues and expenses such as grant funding or IT costs); and reviewing data assumptions (such as benefit rates that are used in underlying model calculations and can be customized to reflect the rate at your institution).

Step 4
With ROI in hand, direct investments to supporting students who transfer and are mobile.
With an understanding of new revenue anticipated from improved transfer, institutions can question assumptions and direct investments toward supporting students and ensuring their success.

Note: While the TransferBOOST Affordability Financial Tool was originally developed to support institutional work focused on student affordability for TransferBOOST, its basic approach and functionality for calculating ROI are applicable in other contexts.
Northern Virginia Community College (NOVA) and George Mason University (Mason) have invested in a partnership called ADVANCE which is seen as a national leader in reimagining transfer collaborations. Since 2017, NOVA and Mason have worked together to:

- Develop specialized, aligned curriculum designed to ensure all credits transfer and apply toward a student’s selected degree program;

- Offer dedicated, personalized supports in the form of success coaches who stick with students from enrollment at NOVA through to graduation from Mason;

- Create a sense of community and belonging by providing students access to recreational facilities, sporting and cultural events across both institutions, allowing students to take select Mason classes before they transfer, and helping students see they are a part of a special, co-branded experience called ADVANCE; and

- Reduce costs and fees for students by maximizing credits that transfer and apply to degrees and not requiring students to apply a second time to be admitted to Mason.\(^{31}\)

NOVA and Mason both wrestled with the costs of engaging in transfer work in this way, which were perceived by some as financial disincentives.\(^{32}\) For example, both institutions dedicated significant staff time to designing and coordinating the program, jointly communicating about it to students, and ensuring students are supported through to degree completion. NOVA made significant investments in salaries to support student success coaches. Additionally, some Mason stakeholders worried that Mason would see a financial loss. ADVANCE students are required to complete 60 credits at NOVA before transferring to Mason (though as noted above, students can take select Mason classes before they transfer). Thus, there were concerns that some students might have transferred to Mason before reaching 60 credits at NOVA, which would mean they would have taken more courses and paid more tuition to Mason absent ADVANCE.

To address these financial concerns, the institutions worked with a consulting firm to build a model that would help leaders understand and communicate about the cost and revenue projections for ADVANCE. Both institutions were able to see that ADVANCE would produce tangible benefits in the form of a financial return on investment as well as strengthen their service to the community.

ADVANCE is now in its sixth year, and stronger than ever. The program is educating a diverse body of students representing groups that have been historically and persistently marginalized. For example, 39% of ADVANCE students are Pell Eligible, 60% are First Generation, 13% are African American or Black, and 28% are Hispanic or Latino. Early data suggest very promising results. For example, 92% of ADVANCE students graduate from Mason in under two years. When compared to other students who transfer who are not in ADVANCE, on average ADVANCE students graduate two semesters earlier and with eight...
fewer credits. The fall-to-fall retention rate for the Fall 2020 ADVANCE cohort at NOVA was 83%, compared to a 61% national average. It is too early to know the full financial outlook for ADVANCE. However, due to high retention rates for ADVANCE students, the institutions are reaping the financial benefits of higher course-taking and reduced costs for new recruitment. As NOVA President Anne Kress observed, “ADVANCE is paying dividends to our students, institutions, region, and the Commonwealth of Virginia. In the end, it really paid off for us to ask, are these perceived financial disincentives real? Does the data support this? Because we found both in the analysis, and in the reality, that there are in fact many positive incentives to do this work.”

**Interrogate Short-term Financial Gains Alongside Long-term Financial and Other Gains**

There are both financial and reputational long-term incentives for improving credit mobility and transfer. For example:

- Students who can transfer and apply more credits are more likely to persist and complete, which translates into students taking more courses over time and also into improving both sending and receiving institutions’ persistence and completion metrics; students who transfer perform well academically and are very likely to persist and graduate, which means they provide a reliable tuition revenue source during their enrollment and generate rewards as students who graduate; and

- Due to attrition of students who started at an institution, upper-division courses do not always have as much enrollment as needed. Students who transfer can help to fill those courses, maximizing enrollments in them and creating economies of scale. Ultimately, institutions should be analyzing how much their upper-level courses could generate, rather than simply accepting the status quo.

Any look into how transfer and credit mobility benefits an institution should keep these types of long-term incentives in mind, for they can translate into increased tuition revenue over time; improvements in critical persistence, retention, and completion metrics; and improved reputations among students, policymakers, and other stakeholders for serving their regions well.

**Build a Strategy from within the President’s Office that Illuminates the Value of Students Who Transfer and are Mobile**

With a ROI analysis in hand, institutional presidents should take the next step and build strategic plans focused on transfer and credit mobility that demonstrate the consistency of the plans with their institutions’ missions. A very small subset of institutions in the nation can afford to not prioritize today’s mobile learners. As Figure 1 demonstrates, most learners
would benefit from receiving credit from a variety of high-quality learning experiences. Nationally, almost 40% of students transfer across institutions within their first six years. For many institutions, the percentage of students who are mobile is much higher. Moreover, in the 2022–23 academic year, institutions find themselves in a precarious position. Faced with declining enrollments following the COVID-19 pandemic, a lower birthrate that points to fewer high school graduates in the future, and eroding public trust in postsecondary education, many institutions will grapple with serious financial challenges, if not crises.

Institutions that serve a high proportion of students who transfer and are mobile should take the time to better understand the population and its unique value to the institution’s mission and overall sustainability (see examples from Northern Virginia Community College and George Mason University on page 14 and from The Ohio State University on page 17). A set of meaning-making questions and conversations for institutions to consider include:

- What percentage of the institution’s students transfer in or would benefit from credit mobility for work-based learning, dual enrollment in high school, etc.? What percentage of the institution’s students transfer out?
- How do all of those students perform, disaggregated by at least race or ethnicity, income, age, and gender? What barriers do they face? Do they receive equitable attention and services?
- How is the value of students who transfer or would benefit from credit mobility reflected in the institution’s mission and strategic plan?
- How is the value of students who transfer or would benefit from credit mobility communicated to faculty, staff, and students?
- How are students who transfer or would benefit from credit mobility prioritized in the budget, financial aid allocations, and strategic enrollment management plans?

A complete Inquiry Guide is on the Beyond Transfer website.

Boards have a role to play as well, especially given that the average tenure of institutional presidents has been declining. Boards—which may outlast presidents—should monitor similar questions while supporting presidents and their cabinets to ensure they will be retained and see success over substantial periods of time.
Improving Access and Success in Transfer Pathways

**Nursing Pathways at The Ohio State University**

Headlines frequently point to a “dire” national nursing shortage. Some predict the nation will face a crisis by 2025, with 10 to 20% fewer nurses than will be needed. To produce more nurses with bachelor’s degrees, which is increasingly required by employers, The Ohio State University (Ohio State) has collaborated with its partner community colleges to offer an online Registered Nurse (RN) to Bachelor of Science in Nursing (BSN) program designed to provide broader access to further education and ensure student’s associate degrees fully apply to bachelor’s completion. Some key features of the program include:

- Full applicability of the associate degree: Ohio State worked with seven Ohio community colleges to form the Path2BSN network ensuring that associate degree requirements are built into bachelor’s degree completion, thus creating a seamless pathway for those students who enter to fully apply associate degree credits;

- Career relevance: The program is designed for working nurses who already hold associate degrees. In addition, faculty across the Path2BSN network meet bimonthly to ensure program requirements are kept up-to-date and relevant;

- Early entry: Nursing students at the seven partner community colleges may apply to the program early, and begin taking courses at Ohio State while still completing the associate degree and RN credentials at their home community college;

- Accelerated completion: Students may begin their studies in the autumn, spring, or summer and can complete the RN to BSN in three semesters if they attend full time; and

- Acceptance of all qualified applicants: The RN to BSN program’s online modality broadens its enrollment capacity, which allows its admissions requirements to align with the foundations necessary to succeed in the program and allows the program to accept all applicants who meet those requirements.

This RN to BSN program provides Ohio State and its community college partners with important returns on both mission and financial investment. By helping to educate more nurses to the bachelor’s level, participating institutions are training a diverse workforce and supporting the health of their local, state, and regional communities. They are also reaping the benefits of increased enrollments by creating a pipeline designed to expand the number of people who complete the associate degree and then go on to complete a bachelor’s. Those returns on investment to mission and financial sustainability are critical to ensuring strong support for a program that is pushing participating institutions to collaborate in new ways.

**Path2BSN Partner Institutions:** Central Ohio Technical College, Columbus State Community College, Clark State Community College, Edison State Community College, Marion Technical College, North Central State College, and Rhodes State College.
**Improve Credit Evaluation Practices in Ways that Benefit both Students and Institutions**

As described earlier, current credit evaluation practices can be costly for institutions and students, as well as harmful to student outcomes. Institutions should take a hard look at how credit evaluation is currently conducted to assess opportunities for improvement. A set of meaning-making questions and conversations for institutions to consider include:

- Are decisions to require particular prerequisites, or to not accept courses from particular institutions, based on evidence related to student performance specifically related to those courses?

- Are statements such as “students from that community college do not perform as well” interrogated with data to understand the accuracy? Are other factors considered, such as student orientation and supports at the institution following transfer?

- For the typical (median) student, how long does credit evaluation take, both from start to finish and in relation to when students should be using the information to register?

- Do students who transfer into the institution register for courses before they receive their credit evaluation information?

- Are other students already registering for courses (and filling up the most preferred slots) before the students who transfer into the institution receive their credit evaluation?

- How many institutional representatives are engaged in the process? How much time do they spend?

- In what manner do students receive their credit evaluation information? Do they have to look for it? Is the information clear?

- Are the reasons for specific credits not transferring and applying documented and communicated back to students?

- How many credits does the institution accept for transfer? How many credits does the institution apply to program completion? Are there significant differences by program? By sending institution?

- If students who transfer are struggling in certain courses, has the institution considered ways to bridge specific, identifiable gaps (e.g., accept credit while offering corequisite supports to students)?

Further, are there opportunities for reducing the administrative burden of, and accelerating, the credit evaluation process through technology? The field is making advances in technologies that automate credit evaluation; a variety of vendors and
researchers are developing solutions that hold great promise (see page 21). These solutions can speed up the evaluation process, decrease the personal bias that can creep into manual evaluation, put information into students’ hands, and increase learner agency. Once implemented, these credit evaluation solutions should also save institutions time and money. In the case of institutions shifting to electronic transcripts alone, for example, AACRAO reports that while costs vary, “In general, institutions may experience 25 to 35% savings by switching from the sending of paper to electronic transcripts.”

Institutions examining credit evaluation policies and practices should also consider conflicts of interest and current faculty utilization policies and practices while helping to minimize perceived threats to faculty. This can include important considerations, such as:

- Who is making decisions about credit evaluation, and is there a conflict of interest present?

- Are sending and receiving transfer partners working together to ensure that well-designed programs, mapped across institutions, maximize student success while leading to stable conditions that support strategic faculty utilization?

- How can increased retention and success of students who transfer and are mobile translate into more course-taking overall for both sending and receiving institutions?

- Can increases in demand for courses by students who transfer offset reduced demand in other courses? For example, if students are not required to retake college algebra at a receiving institution, might they be more likely to persist into a subsequent math course? Could faculty be utilized differently to support alternative courses? Note: This analysis is relevant for all kinds of institutions, as students move in many different directions. The transfer rate for students who begin at four-year institutions is on par with (and slightly higher than) that of students who start at two-year institutions (38% vs. 37%), and most students who start at a four-year institution and transfer go to a two-year institution (almost 60%).

- Can short-term shifts in demand be addressed in creative ways, such as through faculty reassignment to support advising or other student support activities?

**Toward Solutions: Recommendations for Policymakers**

State policymakers have an important role to play as well. Research conducted by the Education Commission of the States and HCM Strategists demonstrates a lack of focus on state policies that incentivize institutions to do the hard work of transfer and credit mobility, elevate transparent data on outcomes for students who transfer and are mobile, and hold institutions accountable for improved transfer and credit mobility.

States can enact policies that support a long-term focus on transfer and credit mobility:

- Examine existing funding formulas and make sure that institutions receive the same—or even more—funding for serving students who transfer and are mobile;
Study institutions’ rationale for not applying credits to program completion and subsequent communication to students;

Design a study that helps understand how many credits are transferred and applied to credential completion by institution and program statewide;

Require institutions to provide an evidence-based rationale for rejection of credits, and design financial consequences for noncompliance (e.g., do not allow institutions to charge tuition for students to retake courses that were rejected without a clear rationale);

Develop innovation or challenge funding that supports institutions in improving transfer and credit mobility;

Ensure that transfer and funding policies are aligned. For example, if a state provides incentives for community colleges to retain students through the associate degree, the state should also ensure that students are guaranteed transfer and applicability of an associate degree;

Analyze budgeting models in place across the state and provide guidance, professional development, and technical assistance that encourages institutional leaders to consider budgeting models that better support students who transfer and are mobile; and

Consider student success funding formulas that include incentives for both two- and four-year institutions to focus on the outcomes of students who transfer.

In addition, the slow and uneven pace of technology adoption focused on improved transfer and credit mobility continues to stymie strong implementation of improved credit evaluation practices and policies. States and systems can support institutions by:

Developing systemwide tools that help institutions to understand the range of solutions and vendors;

Assessing the costs of technology implementation;

Providing innovation funding to support staff time to implement new technologies;

Supporting efforts to map out how new technologies will interact with existing systems; and

Providing professional development for the skilled and committed use of technologies aligned to equitable student success.
Evolution of Transfer and Credit Mobility Technology

- **Transfer portals**: Student-facing portals that provide baseline transfer information (e.g., credit equivalencies and information on programs, admissions, cost, financial aid, academic advising, etc.).
  **Benefits**: Provide one-stop access to guidance/information for learners.

- **Sharing of machine-readable electronic transcripts**: Electronic sharing of machine-readable records by postsecondary, K12, employers, community organizations, etc.
  **Benefits**: Automate and speed credit evaluation and verification processes for learners.

- **Course equivalencies and automated credit evaluations**: Student-facing tools that show course equivalencies and apply existing transfer rules to learner records.
  **Benefits**: Provide equivalency information and credit evaluation results to learners faster and reduce biases introduced by evaluators.

- **Degree audit and planning**: Student-facing tools that allow students to map evaluated credits to credentials of interest.
  **Benefits**: Allow students to identify optimal pathways (e.g., optimal credits to completion).

- **Dynamic credit mobility+ portals**: Student-facing portals that access transcripts to combine credit evaluation and identification of optimal degree pathways with determination of time and estimated costs to completion; career supports and labor market alignment; credit for prior learning; eligibility for Pell grants, military aid, and scholarships, etc.
  **Benefits**: Allow students to make well-informed decisions about program, cost, time, etc.

- **Comprehensive learning and employment records in wallets**: Documentation of learning from a variety of academic and non-academic settings, displayed in an electronic “wallet” that students carry with them (e.g., on an app).
  **Benefits**: Increase learner agency and help students to own, and holistically demonstrate, their skills, knowledge and prior learning and work experiences.

- **Artificial intelligence (AI) and machine learning advances**: New technologies designed to automate course equivalencies through algorithms rather than applying a limited set of transfer rules.
  **Benefits**: Dramatically expand capacity for fast, efficient credit evaluation that applies to a larger universe of courses, programs, IHEs, and learning experiences.

**Conclusion**

In an era when nearly all students would benefit from improved transfer and credit mobility, financial disincentives continue to stymie progress. It is critical to understand how financial disincentives, and the reasons for those disincentives, influence critical decisions made by institutional actors. With that understanding in hand, the field can build solutions that cultivate a responsive ecosystem designed to ensure that students who transfer and are mobile are fairly treated and equitably supported to complete credentials.
The higher education ecosystem still needs to do a lot of work. Via this white paper and set of visuals, the Beyond Transfer PAB is seeking to sharpen the definition of the leading problems and foster better conversations toward solutions. As we continue this work, we hope to tackle the crucial financial underpinnings that currently impede equitable transfer and credit mobility. Ideally, this will lead to a default approach that maximizes credit applicability and equitable outcomes for students who transfer and are mobile.

We welcome your ideas and suggestions on additional financial disincentives as well as solutions. Get involved. Join us on social media with #BeyondTransfer, and reach out with questions to lara.couturier@sova.org.
Notes


2. Originally established as the Tackling Transfer Policy Advisory Board, the Board changed its name in 2021 to the Beyond Transfer Policy Advisory Board to signal to the field the need for a system-level conversation that encompasses recognition of learning, credit mobility, and learner agency in addition to supports for traditional, linear transfer.


25. For a thought piece of conflicts of interest and how to mitigate them, please see Alexandra W. Logue and Ian Shrank’s “An Ignored Conflict of Interest,” Inside Higher Ed, August 3, 2015, https://www.insidehighered.com/views/2015/08/03/essay-conflicts-interest-regarding-faculty-members-and-curricular-decisions


34. Personal Communication from Anne Kress to Lara Couturier, Sova, November 1, 2022.


38. Doug Shapiro, Afet Dundar, Faye Huie, Phoebe Khasiala Wakhungu, Ayesha Bhimdiwala, Angel Nathan, and Youngsik Hwang, Transfer and Mobility: A National View of Student Movement in Postsecondary Institutions, Fall 2011 Cohort (Signature Report No. 15), (Herndon, VA: National Student Clearinghouse Research Center, July 2018).


40. Personal Communications from Shanna S. Jaggers and Wendy Bowles to Lara Couturier, Sova, October 2022.

Students from other colleges are eligible to apply, but their associate degrees may not transfer and apply in full in the same way.

Admission requirements for the RN to BSN program include: an associate degree from an accredited Nursing program (regionally accredited or with a nursing accreditation) with a GPA of at least 2.0, and RN licensure (which typically also means students have professional experience as an RN).

The Ohio State University College of Nursing, “Path2BSN Community College Option / Partner Institutions,” accessed October 30, 2022, https://nursing.osu.edu/academics/undergraduate/path2bsn-community-college-option/partner-institutions


Doug Shapiro, Afet Dundar, Faye Huie, Phoebe Khasiala Wakhungu, Ayasha Bhimdiwala, Angel Nathan, and Youngsik Hwang, Transfer and Mobility: A National View of Student Movement in Postsecondary Institutions, Fall 2011 Cohort (Signature Report No. 15), (Herndon, VA: National Student Clearinghouse Research Center, July 2018).


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