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Report to Congressional Requesters

August 2017

HIGHER EDUCATION

Students Need More Information to Help Reduce Challenges in Transferring College Credits

GAO-17-574

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GAO Highlights

Highlights of GAO-17-574, a report to congressional requesters

Why GAO Did This Study

College students sometimes opt to transfer schools in response to changing interests or for financial reasons. The extent to which students can transfer previously earned course credits can affect the time and cost for completing a degree. Given the federal government's sizeable investment in student aid—$125 billion in fiscal year 2016—and potential difficulties students may face in transferring credits, GAO was asked to examine the college transfer process.

GAO examined (1) transfer rates and challenges students face in transferring credits, (2) the possible financial implications of transfer, and (3) the extent to which students are provided with transfer information to help them plan their college path. GAO analyzed Education's data, including its most recent available transfer data from the 2004-2009 student cohort, interviewed a non-generalizable sample of stakeholders from 25 schools and higher education organizations, and reviewed a nationally-representative sample of 214 school websites.

What GAO Recommends

GAO recommends that Education (1) require schools to disclose on their websites (a) the list of other schools with which they have articulation agreements and (b) when no such agreements are in place; and (2) provide general transfer information to students and families. Education disagreed with the first and agreed with the second recommendation. GAO maintains that students can more easily understand transfer options if information is accessible on a school's website, as discussed in the report.

View GAO-17-574. For more information, contact Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov.

What GAO Found

Based on GAO's analysis of the Department of Education's (Education) most recently available data, an estimated 35 percent of college students transferred to a new school at least once from 2004 to 2009, and GAO found that students may face challenges getting information or advice about transferring course credits. An estimated 62 percent of these transfers were between public schools. According to stakeholders GAO spoke with, students can face challenges transferring credits between schools that do not have statewide polices or articulation agreements, which are transfer agreements or partnerships between schools designating how credits earned at one school will transfer to another. Stakeholders also said that advising and information may not be adequate to help students navigate the transfer process.

The possible financial implications of transferring depend in part on the extent of credits lost in the transfer. Using Education's transfer data, GAO estimated that students who transferred from 2004 to 2009 lost, on average, an estimated 43 percent of their credits, and credit loss varied depending on the transfer path. For example, students who transferred between public schools—the majority of transfer students—lost an estimated 37 percent of their credits. In comparison, students who took some of the less frequent transfer paths lost a relatively higher percentage of their credits. For example, students who transferred from private for-profit schools to public schools accounted for 4 percent of all transfer students but lost an estimated 94 percent of their credits. Transferring can have different effects on college affordability. Students seeking to obtain a bachelor's degree at a more expensive school may save on tuition costs by transferring from a less expensive school. On the other hand, transfer students may incur additional costs to repeat credits that do not transfer or count toward their degree. Transfer students can receive federal financial aid. GAO's analysis showed that almost half of the students who transferred from 2004 to 2009 received Pell Grants and close to two-thirds received Federal Direct Loans. Students who lose credits may use more financial aid to pay for repeated courses at additional cost to the federal government, or they may exhaust their financial aid eligibility, which can result in additional out-of-pocket costs.

While GAO estimated that the websites for almost all schools nationwide provided credit transfer policies, as required by Education, about 29 percent did not include a list of other schools with which the school had articulation agreements. Among those schools, GAO found that some did not have any articulation agreements, while others did but did not list partner schools on their websites. Schools must provide such listings, but they are not required to do so specifically on their website. As a result, students may not have ready access to this information to fully understand their transfer options. Moreover, Education provides limited transfer information to students and their families, contrary to federal internal control standards that call for agencies to provide adequate information to external parties. General information on key transfer considerations that are applicable across schools and more complete information on schools' articulation agreements can help students avoid making uninformed transfer decisions that could add to the time and expense of earning a degree.

Contents

Letter		1
	Background	3
	About a Third of College Students Transferred Schools from 2004 to 2009; Students May Face Challenges in Transferring Credits	7
	Credits Lost in a School Transfer Could Result in Additional Tuition Costs and Limited Financial Aid Eligibility for Students	15
	Almost All Schools Provided Credit Transfer Policies on Websites, but Comprehensiveness of Information Varied	29
	Conclusions	37
	Recommendations for Executive Action	37
	Agency Comments and Our Evaluation	38
Appendix I	Objectives, Scope, and Methodology	40
Appendix II	Example of Implementing an Articulation Agreement through a Transfer Guide	48
Appendix III	Additional Information on Credit Loss and Tuition Averages, and Additional Examples of Transfer Scenarios	49
Appendix IV	Comments from the Department of Education	55
Appendix V	GAO Contact and Staff Acknowledgments	57
Tables		
	Table 1: Select Federal Student Aid Program Characteristics in Fiscal Year 2016	6
	Table 2: Estimated Percentage of First-Time College Students Who Transferred by Type of First School, Academic Years 2003-04 to 2008-09	8
	Table 3: Estimated Percentage of Credits Lost in Transfer, on Average, by School Type, Academic Years 2003-04 to 2008-09	49

Table 4: Estimated Percentage of Credits Lost in Transfer, on Average, by Transfer Direction, Academic Years 2003-04 to 2008-09 50
Table 5: Estimated Percentage of Credits Lost in Transfer, on Average, by Transfer Path, Academic Years 2003-04 to 2008-09 51
Table 6: Estimated Average Net Tuition by School Type, Academic Year 2013-14 52
Table 7: Estimated Percentage of Transfer Students Who Did Not Obtain a Degree by Transfer Direction, Academic Years 2003-04 to 2008-09 53

Figures

Figure 1: Estimated Percentage of Transfer Students by Transfer Path, Academic Years 2003-04 to 2008-09 9
Figure 2: Estimated Percentage of Credits Lost in Transfer, on Average, by School Type, Academic Years 2003-04 to 2008-09 16
Figure 3: Estimated Percentage of Credits Lost in Transfer, on Average, by Transfer Path, Academic Years 2003-04 to 2008-09 18
Figure 4: Examples of Potential Outcomes for Students Transferring from a Less Expensive to a More Expensive School 20
Figure 5: Transfer Scenarios and Potential Financial Implications for Students 23
Figure 6: Transfer Scenario and Potential Costs to the Government in Student Financial Aid 27
Figure 7: Estimated Percentage of School Websites Listing Partner Schools for Transfer Articulation Agreements, by School Type 31
Figure 8: Estimated Percentage of School Websites with Additional Transfer-Related Information 34
Figure 9: Example of a Transfer Guide Based on an Articulation Agreement 48
Figure 10: Additional Transfer Scenarios and Potential Financial Implications for Students 54

Abbreviations

BPS	Beginning Postsecondary Students Longitudinal Study
Education	Department of Education
IPEDS	Integrated Postsecondary Education Data System

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

August 14, 2017

The Honorable Rosa DeLauro
Ranking Member
Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
Committee on Appropriations
House of Representatives

The Honorable Richard Durbin
United States Senate

The Honorable Brian Schatz
United States Senate

Students may opt to transfer schools in response to changing interests or for financial reasons, though the path to obtain a college degree can be complicated if a student decides to transfer.[1] As part of the transfer process, destination schools determine whether to accept the course credits earned at a student's previous school, and any loss of credits affects a student's progress and costs in earning a degree. In addition, school closures in recent years have affected thousands of students, leaving many of them with credits but no degree. The extent to which students can transfer their credits from one school to another can thus affect their ability to complete a degree at an affordable cost. To help students pay for college, the federal government provided approximately $125 billion in financial aid to college students in fiscal year 2016.

In light of the federal government's investment in student financial aid and the potential difficulty some students may face in transferring credits, you asked us to examine the college transfer process. This report answers the following questions:

1. How many college students transfer and what challenges, if any, do they face in transferring credits?
2. What are possible financial implications associated with transferring credits?

[1] In this report we use the term "college" or "school" to refer to all types of postsecondary education institutions.

3. To what extent are students provided with information about transfer policies to help them plan their college path?

To address these questions, we used a variety of methods. To estimate how many college students transfer, we analyzed transfer rate data from the Department of Education's (Education) most recently completed 2004 to 2009 Beginning Postsecondary Students Longitudinal Study (BPS) and mid-point data from the 2012 to 2017 BPS study, which has not yet been completed. To examine any challenges students face in transferring credits, we obtained perspectives from a range of knowledgeable stakeholders from 25 higher education organizations and schools. Specifically, we interviewed representatives from 17 higher education organizations and officials from eight schools.[2] We selected higher education organizations based on their expertise in researching or developing guidance on transfers and their representation of relevant groups, including students. To ensure we obtained perspectives from different types of schools, we selected a mix of public, private nonprofit, and private for-profit schools, and 2- and 4-year schools. We then interviewed admissions/advising staff, registrar officials, and transfer offices, as appropriate, from the eight selected schools. In addition to these interviews with stakeholders from higher education organizations and schools, we collected some first-hand accounts from several individual transfer students who were identified for us by stakeholders from higher education organizations. The views we obtained were not generalizable.

To analyze any potential financial implications associated with transferring credits, we estimated credit loss rates and financial aid receipt for transfer students using the most recent available transcript data from the 2004 to 2009 BPS study. We supplemented this data with mid-point data from the ongoing 2012 to 2017 BPS study, as appropriate. We used the Integrated Postsecondary Education Data System (IPEDS) to calculate average tuition by school type to inform illustrative examples of potential cost implications of credit loss. We assessed the reliability of BPS and IPEDS data by reviewing survey documentation and interviewing officials knowledgeable about the data. We determined that the data were sufficiently reliable for our purposes.

[2] In this report, higher education organizations refer to organizations or associations that conduct relevant higher education policy research or represent relevant groups involved in the transfer process. For example, selected organizations included higher education research centers; associations that represented certain school types, such as community colleges; and organizations that work with state policymakers.

To determine the extent to which schools provided students with transfer information to help them plan their college path, we reviewed the websites for a nationally-representative stratified random sample of 214 schools participating in federal student aid programs. We also reviewed relevant federal law and Education's guidance and regulations on credit transfer disclosure requirements and consumer information for college students, and we compared Education's practices to federal internal control standards. Lastly, we reviewed relevant studies and interviewed Education officials. See appendix I for more information on our objectives, scope, and methodology.

We conducted this performance audit from March 2016 to August 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Students' pursuit of a college degree may include transferring from one school to another. Students typically transfer from a 2-year school to a 4-year school, a direction known as a vertical transfer. Students can also transfer from a 4-year school to a 2-year school, known as a reverse transfer, or laterally transfer between similar schools (e.g., 2-year to 2-year or 4-year to 4-year). Students can transfer for different reasons, depending on their goals and the type of transfer involved. For example, if a student is seeking to obtain a degree from a relatively expensive school, transferring credits from a less expensive school could help them save on tuition costs. Students may transfer vertically to facilitate completion of a bachelor's degree. Alternatively, students may initiate a reverse transfer in order to complete an associate's degree. Further, students who transfer laterally may do so to find a better institutional fit or a degree program that more closely aligns with their goals.

Colleges also vary with respect to governance structure, length of degree programs, and other characteristics. Public schools are generally operated by publicly elected or appointed officials. Private schools are operated by individuals or agencies other than governmental entities. Further, private schools can be nonprofit or for-profit entities. Private nonprofit schools are traditionally operated by independent or religious organizations and earnings do not benefit any shareholder or individual, whereas private for-profit schools are owned and operated by private

organizations and earnings can benefit shareholders or individuals. Schools are also classified by whether they offer degree programs that are 4 years or 2 years in duration. In this report, we refer to six school types: 2-year public, 2-year private nonprofit, 2-year private for-profit, 4-year public, 4-year private nonprofit, and 4-year private for-profit.

A student who wants to transfer credits generally must provide the destination school with a transcript of previously earned credit. Destination schools generally have discretion in determining whether to accept these credits and use various criteria to evaluate them. Criteria can include, for example, a minimum grade requirement, the quality of the student's coursework, the level and content of the coursework compared to similar courses at the destination school, and the applicability of a course to the degree or programs at the destination school.

Many schools enter into voluntary transfer agreements or partnerships with each other—broadly referred to as articulation agreements—which specify how transferred course credits meet program or degree requirements among those schools. Additionally, states can establish statewide articulation agreements as well as credit transfer policies that are generally applicable to schools within the state. Our prior work found that states had enacted a variety of legislation and implemented statewide initiatives, primarily covering public schools, that established transfer agreements and common curricula to facilitate credit transfer.[3] For example, in 2005, we reported that some states identified a block of general education courses for which credits were fully transferable across public schools within that state. We previously reported that, at that time, 39 states had legislation pertaining to transfer of credit between colleges.

The Higher Education Opportunity Act requires schools participating in any program authorized under Title IV, which contains various student financial assistance programs, to publicly disclose their credit transfer policies. Specifically, the Act requires schools to publicly disclose, in a readable and comprehensible manner, a statement of their credit transfer policies that includes, at a minimum: (1) any established criteria the school uses regarding the transfer of credit earned at another school and

[3] GAO, *Transfer Students: Postsecondary Institutions Could Promote More Consistent Consideration of Coursework by Not Basing Determinations on Accreditation,* GAO-06-22 (Washington, D.C.: Oct. 18, 2005).

(2) a list of schools with which the school has established an articulation agreement.[4]

The cost of attending college generally includes tuition, room and board, books and school supplies, fees, travel costs, and other miscellaneous expenses. As costs increase, college may become less affordable for many students and their families.[5] To help students cover these costs, according to Education, in fiscal year 2016, $125 billion was available to students primarily through the Federal Pell Grant (Pell Grants) program and William D. Ford Federal Direct Loan program (Federal Direct Loans). Pell Grants, which do not have to be repaid, are awarded to undergraduate students based on financial need.[6] Federal Direct Loans, either subsidized or unsubsidized by the government and which generally have to be repaid, are available up to the cost of attendance as determined by a student's school and in accordance with federal limits. Pell Grants and Federal Direct Loans also have eligibility limits based on lifetime use or program length (see table 1).

[4] Pub. L. No. 110-315, § 488(g), 122 Stat. 3078, 3298 (2008), codified at 20 U.S.C. § 1092(h).

[5] According to Education data, average published tuition increased 40 percent from academic years 2003-04 to 2015-16, after adjustment for inflation.

[6] According to Education, there are certain circumstances under which students may have to repay federal grants, such as withdrawing early from a program for which the grant was received.

Table 1: Select Federal Student Aid Program Characteristics in Fiscal Year 2016

Student Aid Program	Amount of Aid Available	Number of Student Awards	Award and Eligibility Limits Per Student
Federal Pell Grants - are available to low income undergraduate students and generally do not have to be repaid.	$27 billion	7.2 million	Annual Maximum Award: up to $5,775[a] Limit: up to 12 semesters or equivalent
Subsidized Direct and Unsubsidized Direct Loans - provides loans to students that must generally be repaid.	$46 billion for undergraduate students	13.8 million (new awards) for undergraduate students	Annual Maximum Award for Undergraduate Students: • Subsidized:[b] $3,500-$5,500 • Unsubsidized:[c] $5,500-$12,500 (less any subsidized amount) Limit: Generally 150% of published length of program for subsidized loans (e.g., if the published length for a bachelor's degree program is 4 years, the limit would be 6 years). The aggregate loan limit is $31,000-$57,500 for undergraduates, and no more than $23,000 of this amount may be in subsidized loans.

Source: Department of Education budget and financial aid documents. | GAO-17-574

[a]This is the maximum Pell Grant award amount for award year 2015-2016 which runs from July 1, 2015 through June 30, 2016.The maximum Pell Grant award amount for award year 2016-2017 is $5,815.

[b]To receive subsidized loans, where the federal government pays the loan interest while the student is in school, students must demonstrate financial need.

[c]Students do not have to demonstrate financial need to receive unsubsidized loans. The federal government does not pay interest on unsubsidized loans while students are in school.

About a Third of College Students Transferred Schools from 2004 to 2009; Students May Face Challenges in Transferring Credits

An Estimated 35 Percent of College Students Transferred, with Most Transferring Between Public Schools from 2004 to 2009

An estimated 35 percent of first-time students transferred schools over a 6-year period, according to Education's most recent BPS data on students who started in academic year 2003-04 (2004 cohort).[7] Transfer patterns are similar for the cohort of students in the ongoing BPS study who started in academic year 2011-12 (2012 cohort).[8] In addition, the transfer rate among students who originally attended a private for-profit school was lower than among students who attended public or private nonprofit schools (see table 2).

[7] Each cycle of BPS follows a cohort of students enrolling in postsecondary education for the first time. BPS tracks these students over a 6-year period and collects both survey and transcript data. The most recently completed BPS study tracked a cohort that first enrolled in postsecondary education in the 2003-04 academic year. The final follow-up with this cohort group was the 2008-09 academic year. Unless otherwise noted, all percentage estimates from the BPS data analysis have 95 percent confidence intervals within +/- 10 percentage points of the estimate. For the purposes of our data analysis, we define students who transferred as those who moved from one school to another for a period longer than 4 months, with estimates reflecting only the student's first transfer.

[8] For example, based on mid-point data, 20 percent of students in the 2004 cohort transferred within 3 years and 17 percent of students in the 2012 cohort transferred within 3 years.

Table 2: Estimated Percentage of First-Time College Students Who Transferred by Type of First School, Academic Years 2003-04 to 2008-09

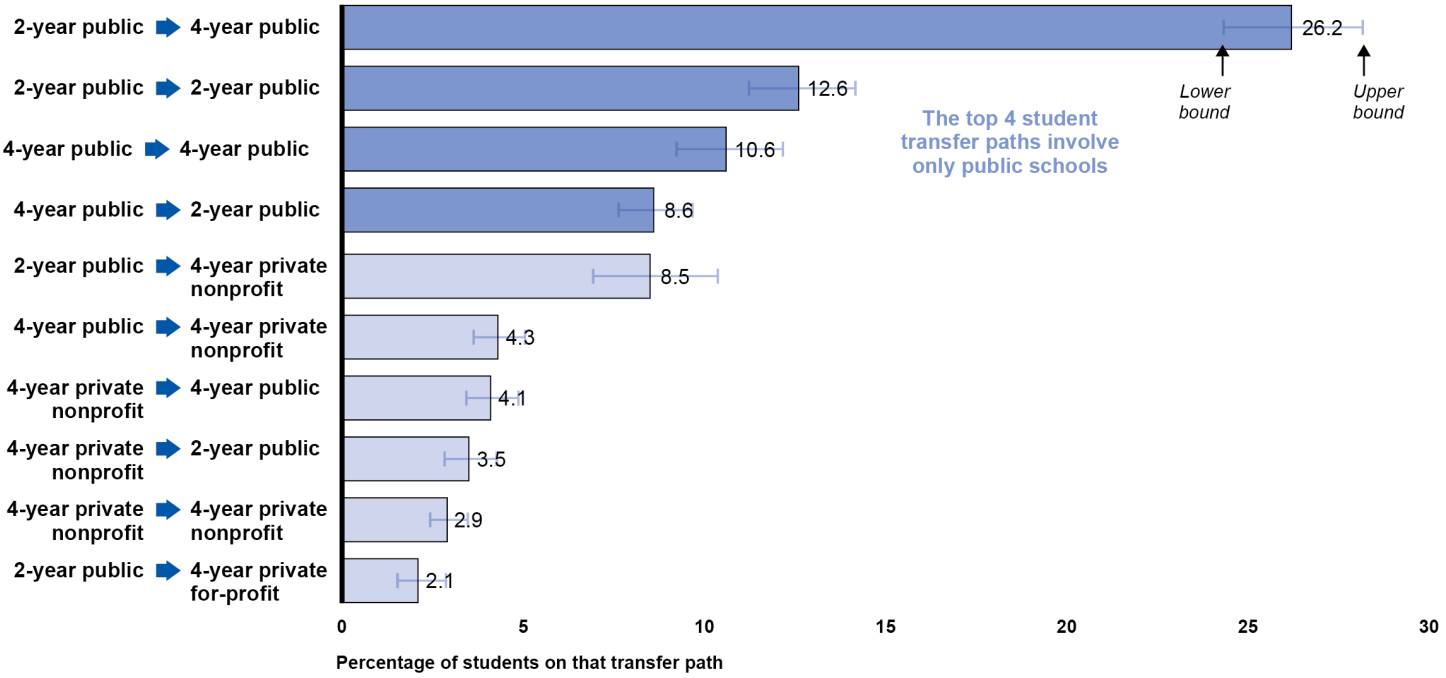
	All Students	Public	Private Nonprofit	Private For-Profit
Transferred at Least Once	35%	37%	44%	16%
Did Not Transfer	65%	63%	56%	84%
Total	**100%**	**100%**	**100%**	**100%**
(Estimated Number of Students Enrolled)	**(3,742,889)**	**(2,664,632)**	**(569,443)**	**(508,814)**

Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: This table shows the estimated relative percentage of all students who did or did not transfer, by type of first school attended. The 95 percent confidence intervals for these estimates are within +/- 4 percentage points of the estimate itself.

Of the students who transferred, an estimated 62 percent of them transferred between public schools. The most common transfer path was from a 2-year public to 4-year public school (see fig. 1). Transfer patterns for the 2012 cohort also show that students transferred between public schools at a higher rate than among other types of schools, based on mid-point data.

Figure 1: Estimated Percentage of Transfer Students by Transfer Path, Academic Years 2003-04 to 2008-09



Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: Transfer paths included in this figure include only paths taken by more than 2 percent of students.

Additionally, of the students who transferred, a majority (about 75 percent) originally attended a public school. Fewer transfer students originally attended a private nonprofit or private for-profit school, an estimated 19 and 7 percent, respectively.[9]

[9] Percentages do not add to 100 due to rounding.

Stakeholders Said Students Can Face Challenges Transferring Credits between Schools without Agreements or Schools of Different Types

One Student's Perspective

One student wished that his school took greater care to ensure students know exactly which classes they should take to avoid losing credits and incurring additional costs as a result of transferring schools. He is worried that he might have to pay twice for classes he has already taken.

Source: Student story collected from a higher education organization. | GAO-17-574

Successful transfer of course credits can be hampered when the two schools involved have not established an agreement that specifies how credit transfers will occur. As we previously reported, many schools enter into transfer agreements or partnerships, often referred to as articulation agreements, which specify which course credits meet program or degree requirements at one or more schools (see app. II for an example of a transfer guide based on an articulation agreement).[10] Based on our review of school websites, articulation agreements were more commonly listed among public schools, but private nonprofit and for-profit schools also establish articulation agreements.[11] This level of clarity helps students better plan their college path by helping them understand how specific earned credits will transfer. Stakeholders we interviewed from 16 of 25 higher education organizations and schools said it is more difficult to transfer credits when there is no articulation agreement between schools or state policy outlining how credits will transfer.[12]

It is often easier for students to transfer credits when transferring to a school in the same state, especially in states that have policies outlining how credits should transfer, according to stakeholders we interviewed from 7 of 25 higher education organizations and schools. For example, according to the National Conference of State Legislatures, Florida has a statewide articulation agreement which generally guarantees that students who earn an associate's degree from a Florida community college can transfer at least 60 credits to one of the 4-year public schools in the state. However, nearly one in five students who started at a 2-year public school and one in four who started at a 4-year public school transfer to a school in a different state, according to a recent National Student Clearinghouse report.[13] One program designed to facilitate successful transfers for students across state lines is the Western

[10] GAO-06-22.

[11] All of the schools from our interviews had articulation agreements. Additionally, according to our website review analysis, an estimated 68 percent of schools that participated in federal student aid programs had articulation agreements listed on their website. See appendix I for more information on our website review methodology.

[12] We interviewed higher education organizations and schools individually, and in total we spoke with stakeholders from 17 higher education organizations and 8 schools.

[13] D. Shapiro, A. Dundar, P.K. Wakhungu, X. Yuan, and A. Harrell, *Transfer and Mobility: A National View of Student Movement in Postsecondary Institutions, Fall 2008 Cohort,* Signature Report No. 9. (Herndon, VA: National Student Clearinghouse Research Center, 2015).

Interstate Commission for Higher Education's Interstate Passport program. According to its description, the program accomplishes this by focusing on common learning outcomes across schools in different states rather than determining how individual courses compare to each other. Specifically, faculty and others in the field, such as registrars and advisors, in schools across multiple states agreed upon student learning outcomes and proficiency criteria in different skill areas for general education courses intended to be completed during the first half of a bachelor's degree program. Students who achieve these learning outcomes are then able to transfer their lower division general education credits to any of the other schools participating in the program. Currently there are 21 schools that are members of the Interstate Passport Network.

The type of school is also a factor in successfully transferring credits between schools, according to stakeholders we interviewed from 18 of 25 higher education organizations and schools. For example, according to stakeholders, transferring credits from private for-profit schools can be more difficult than transferring credits from other types of schools. Private for-profit schools are typically nationally accredited whereas public and private nonprofit schools are historically regionally accredited, and we previously reported that regionally accredited schools usually prefer to accept credits only from other regionally accredited schools.[14] Stakeholders from several higher education organizations and schools said national accreditation is seen as less stringent than regional accreditation, though Education recognizes and applies the same standards to both types of accreditors. Additionally, according to one stakeholder, nationally accredited schools tend to offer more technical or vocational degrees where the coursework may be difficult to transfer to other schools. According to our analysis of BPS data, a relatively small percentage of students who originally attended private for-profit schools transfer to another school (16 percent).

[14] We previously reported in GAO-06-22 that destination schools often considered the type of accreditation held by origin schools when deciding which credits to accept. National accreditors operate nationwide and regional accreditors operate in a particular geographic region. Education requires recognized accrediting agencies, which are generally nongovernmental, nonprofit organizations, to set and enforce standards to ensure that the courses or programs offered by schools are of sufficient quality to achieve their objectives. We previously reported that Education applies the same requirements to both regional and national accrediting agencies.

Students transferring from a 2-year school, such as a community college, can face similar challenges transferring credits. For example, credits earned at 2-year schools may in some cases be seen by 4-year schools as less academically rigorous or more technical in nature than credits earned at the 4-year school, according to stakeholders we interviewed from 12 of 25 higher education organizations and schools. Students can also face challenges transferring credits between public and private schools. According to our prior work, statewide transfer policies generally applied only to public schools.[15] Therefore, when transferring within the public school system, students potentially lose fewer credits compared to transferring between public and private schools.

Stakeholders Said Students Have Limited Access to Adequate Advising and Transfer Information, and Transferred Credits May Not Apply Toward Their Degrees

Students may experience challenges in obtaining adequate advising or information about transfers to help plan their path, according to stakeholders we interviewed from 17 of 25 higher education organizations and schools. One study based on student interviews in Illinois also found that advising quality was inconsistent across the schools that students transferred between, and stakeholders we spoke with similarly cited such challenges for students.[16] One stakeholder provided an example of a student who received inconsistent information about transfer credits from advisors at two different schools. This student met with an advisor at her origin school, a community college, to plan which courses were needed to transfer to a 4-year business degree program. After she transferred, this student met with an advisor at the 4-year school only to learn that much of her coursework would not apply to her intended degree because the business classes she previously took were not in an applicable field. Further, stakeholders from some higher education organizations and schools cautioned that the mere existence of an articulation agreement is not sufficient to prevent students from encountering challenges when attempting to transfer. They said that schools also need to provide students with adequate advising and transfer resources as early as possible to maximize the chances a student will transfer successfully. Students may also need advice on what to expect when they transfer, according to stakeholders from one higher education organization. For

[15] GAO-06-22.

[16] Lisa Hood, Erika Hunt, and Lynne M. Haeffele, “Illinois Post-Secondary Transfer Students: Experiences in Navigating the Higher Education Transfer System,” *Planning and Changing* 40 (1) (2009): 116.The findings from this study are applicable to the 32 participating students who transferred in 2007 from one private and three public universities in Illinois.

One Student's Perspective

One student said that he met with an advisor prior to transferring so that he could plan his coursework appropriately; however, he did not learn about some of the degree requirements until after he transferred. This resulted in taking an additional semester of classes to fulfill lower-level requirements.

Source: GAO Interview with student.| GAO-17-574

example, these stakeholders said that advisors should provide students with information to help them transition to the destination school and adjust to a new campus, in addition to helping them understand how their credits will transfer.

Some schools may be under-resourced when it comes to providing quality advising to students, according to stakeholders we interviewed from 13 of 25 higher education organizations and schools. According to our analysis of BPS data, students most commonly transferred from public 2-year—such as community colleges—to public 4-year schools. Some of the stakeholders we spoke with specifically mentioned resource challenges faced by community colleges. One stakeholder at a community college said that it can be challenging for schools to identify which students intend to transfer in order to connect them with available advisors to help plan their path. According to stakeholders from one school, 4-year schools can also face resource challenges. Specifically, they identified multiple efforts to help transfer students, but said that their registrar and admissions staff do not have the capacity to meet with every student individually, and that students could go without advising as a result.

Stakeholders from some of the higher education organizations and schools we interviewed said that the timing of advising and transfer information is also important. Specifically, they said that much of the transfer process is influenced by student decisions made early during their college career. For example, without early information about the transfer process, students may change majors or sign up for technical courses at their origin school without being aware of the implications such choices have on the transferability of their credits. Stakeholders also said that it is important for students to meet with advisors from both schools. Ultimately, the destination school generally has the final say on how credits are evaluated and accepted, so it is important for students to confirm with the destination school that the information they receive from their origin school is accurate, according to one stakeholder. The timing of when the destination school completes an official credit evaluation can also pose challenges for students, according to stakeholders from some higher education organizations and schools. Students may not know prior to enrollment at the destination school whether their credits will transfer because some schools do not complete an official credit evaluation until after the enrollment deadline.

Even if a student's credits transfer, they may not apply toward fulfilling degree requirements for their intended major, according to stakeholders

we interviewed from 12 of 25 higher education organizations and schools. Some stakeholders saw this as a more important issue than the ability to transfer credits. Destination schools may determine that the courses the student wants to transfer are not equivalent to the requirements of the major at their school or may prefer their own curriculum, according to some stakeholders. For example, according to one stakeholder, a biology course may count as a general science elective but not count toward the science requirement for a degree in biology. In these cases, a student will likely have to take additional courses at the destination school, which could potentially delay graduation. One study that conducted student focus groups at two Indiana higher education systems similarly found that some students experienced challenges with credits applying toward degree requirements.[17]

[17] Public Agenda, *Indiana Regional Transfer Study: The Student Experience of Transfer Pathways Between Ivy Tech Community College and Indiana University* (San Francisco, CA: 2014). The findings from this study are based on themes from focus groups conducted between November 2012 and May 2013 with 333 individuals from eight Indiana University regional campuses and eight Ivy Tech campuses. The study did not identify the prevalence of the reported themes, and findings apply only to the group of students studied.

Credits Lost in a School Transfer Could Result in Additional Tuition Costs and Limited Financial Aid Eligibility for Students

Almost Half of Credits Earned Were Lost During Transfer from 2004 to 2009, and the Extent of Loss Varied by Type of School

Students lost an estimated 43 percent of college credits when they transferred, or an estimated 13 credits, on average, according to our analysis of BPS data on students who started in academic year 2003-04 and were tracked over a 6-year period.[18] Typically, semester courses are awarded three credits each, so the average credits lost during transfer (13) is equivalent to about four courses, which is almost one semester of full-time enrollment for students taking 15 credits per semester.[19] Credit loss among the 2004 cohort varied greatly by the types of schools involved in a transfer (see fig. 2). For example, students who transferred between public schools—which accounted for almost two-thirds of transfer students—lost 37 percent of their credits, on average. In comparison, students who transferred from private for-profit schools to public schools—which accounted for 4 percent of students who transferred—lost an estimated 94 percent of their credits, on average.[20]

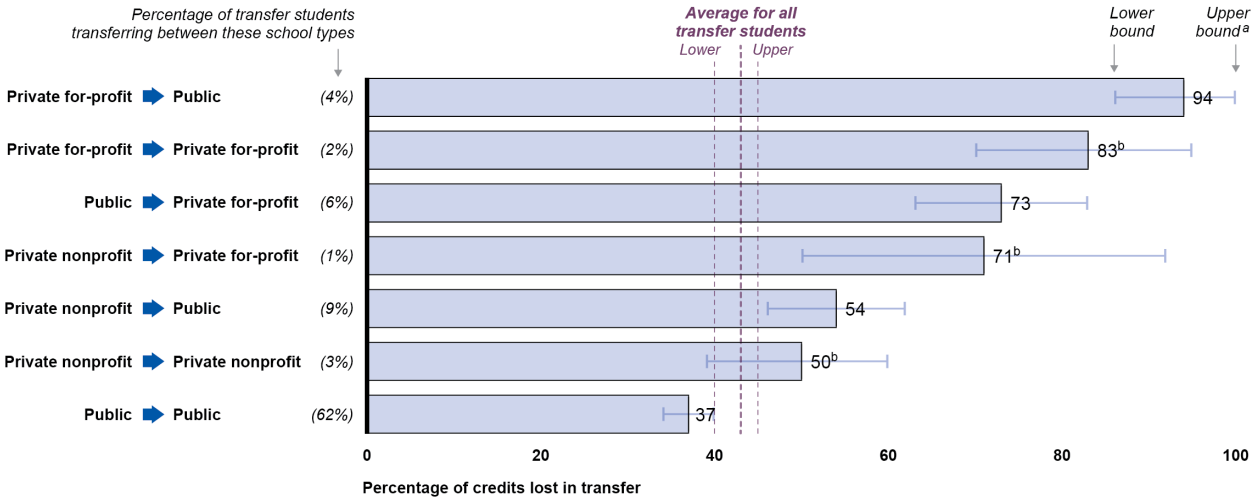
[18] For the purposes of our data analysis, we define students who transferred as those who moved from one school to another for a period longer than 4 months in the 2004 to 2009 study period, and we analyzed data only for a student's first transfer. Unless otherwise noted, all percentage estimates from the BPS data analysis have 95 percent confidence intervals within +/-10 percentage points of the percent estimate, and other numerical estimates have confidence intervals within +/-10 percent of the estimate itself. We define credit loss as credits earned at the origin school that were not accepted by the destination school. Our analysis does not address the reasons why credits were not accepted.

[19] Credit hours per course can vary by institution. Bachelor's degree programs generally require at least 120 credits to graduate if courses are offered on a semester basis, so full-time students would need to take 15 credits per semester to graduate in 4 years.

[20] The credit loss estimate for students transferring between public schools is statistically different from the credit loss estimates for transfers between the other school types presented in this report.

(See table 3 in app. III for more information). Our analyses provide descriptive information on credit loss and do not control for certain factors that may be related to the ability to transfer credits, including whether students informed the school of possible credits eligible for transfer based on previous attendance at another school.

Figure 2: Estimated Percentage of Credits Lost in Transfer, on Average, by School Type, Academic Years 2003-04 to 2008-09



Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: All estimates presented in this figure are statistically different from the public-to-public school comparison group. Transfer students are defined as those who moved from one school to another for a period longer than 4 months, and estimates in this graphic reflect a student's first transfer only. Our analysis did not control for certain factors that may be related to the ability to transfer credits, including whether students informed the school of possible previously earned credits eligible for transfer.

[a]The upper bound for some estimates was capped at 100 percent.

[b]The 95 percent confidence interval is greater than +/-10 percentage points.

Credit loss also varied by transfer direction. For example, based on our analysis of the 2004 cohort, students who transferred vertically from 2-year to 4-year schools lost an estimated average of 26 percent of their credits, while those who transferred laterally between 2-year schools lost an estimated average of 74 percent of their credits. Vertical transfers from 2-year to 4-year schools accounted for 40 percent of transfer students, whereas lateral transfers between 2-year schools accounted for 17 percent of transfer students (see table 4 in app. III for more information). While academic performance can be an important determinant in the

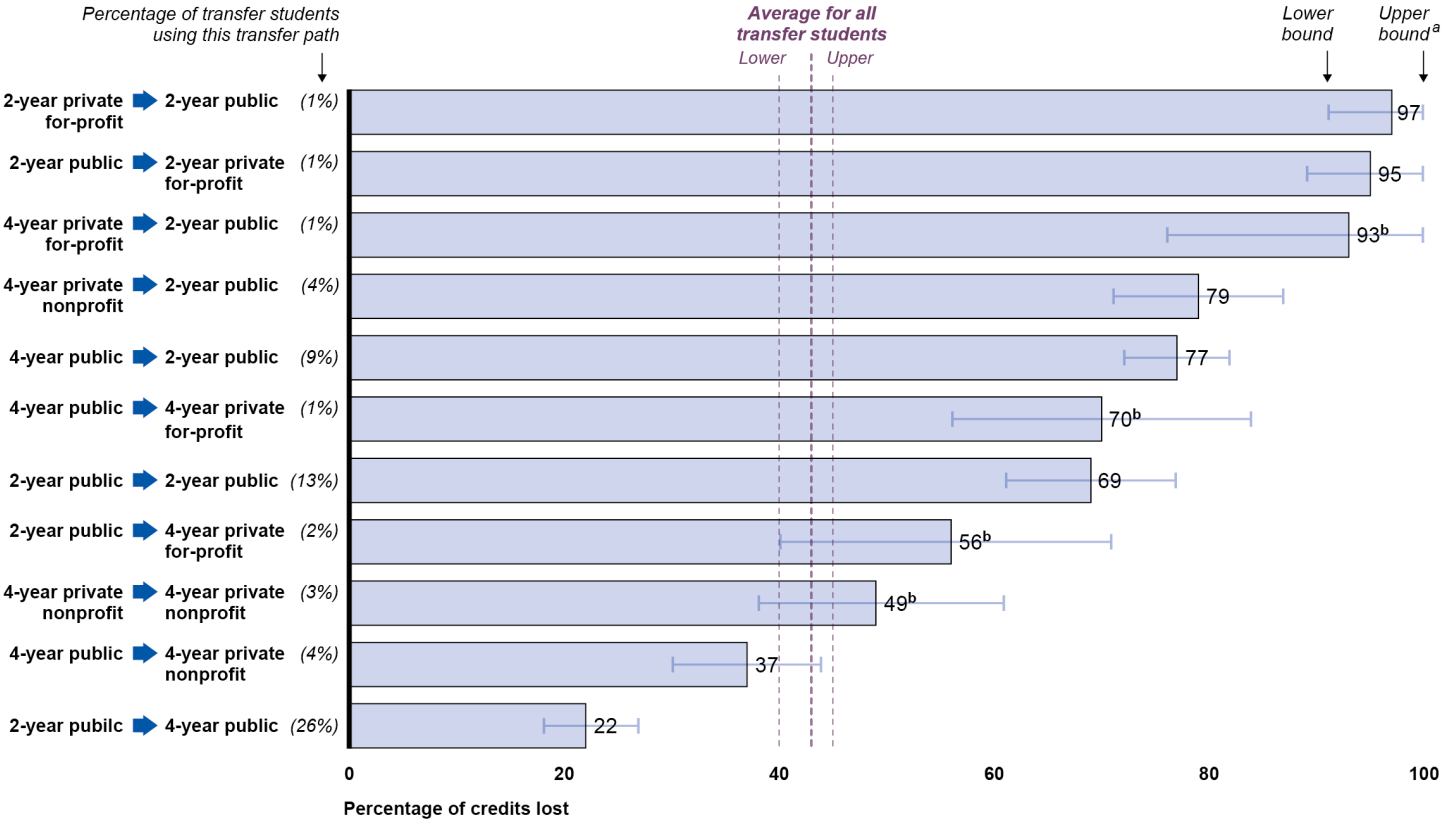
transferability of credits, we did not assess how such factors affected the extent of credit loss.[21]

Our analysis also showed a wide range of credit loss when taking into account both the type of school and direction of transfer, or transfer path (see fig. 3).[22] For example, students transferring from 2-year public to 4-year public schools, which was the most common transfer path and accounted for 26 percent of transfer students, lost an estimated average of 22 percent of their credits. This was a lower rate of credit loss than the overall average for all transfer students. In addition, students transferring between 2-year public schools—another common transfer path that accounted for 13 percent of transfer students—lost an estimated average of 69 percent of their credits. Students who took some of the less frequent transfer paths lost a relatively higher percentage of their credits. For example, students who transferred from 2-year private for-profit to 2-year public schools lost an estimated average of 97 percent of their credits. Similarly, students who transferred from 2-year public to 2-year private for-profit schools lost an estimated average of 95 percent of their credits. Each of these transfer paths accounted for about 1 percent of transfer students. (See table 5 in app. III for more information).

[21] Based on an analysis of BPS data, Education's National Center for Education Statistics (NCES) found that grade point average (GPA) was as predictive as the direction of transfer in terms of the student's level of credit loss. Specifically, NCES found that a one point increase in GPA yielded 22 percent more credits transferred. For more information, see S. Simone, *Transferability of Postsecondary Credit Following Student Transfer or Coenrollment,* NCES 2014-163 (Washington, D.C.: August 2014)

[22] Transfer path accounts for the combination of the origin and destination school types (i.e., public, private nonprofit, or private for-profit) and the level of degree programs the schools offer (i.e., 2-year or 4-year programs).

Figure 3: Estimated Percentage of Credits Lost in Transfer, on Average, by Transfer Path, Academic Years 2003-04 to 2008-09



Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: All estimates presented in this figure are statistically different from the 2-year public to 4-year public transfer path comparison group. Transfer students are defined as those who moved from one school to another for a period longer than 4 months, and estimates in this graphic reflect a student's first transfer only. Our analysis did not control for certain factors that may be related to the ability to transfer credits, including whether students informed the school of possible previously earned credits eligible for transfer.

[a]The upper bound for some estimates was capped at 100 percent.

[b]The 95 percent confidence interval is greater than +/-10 percentage points.

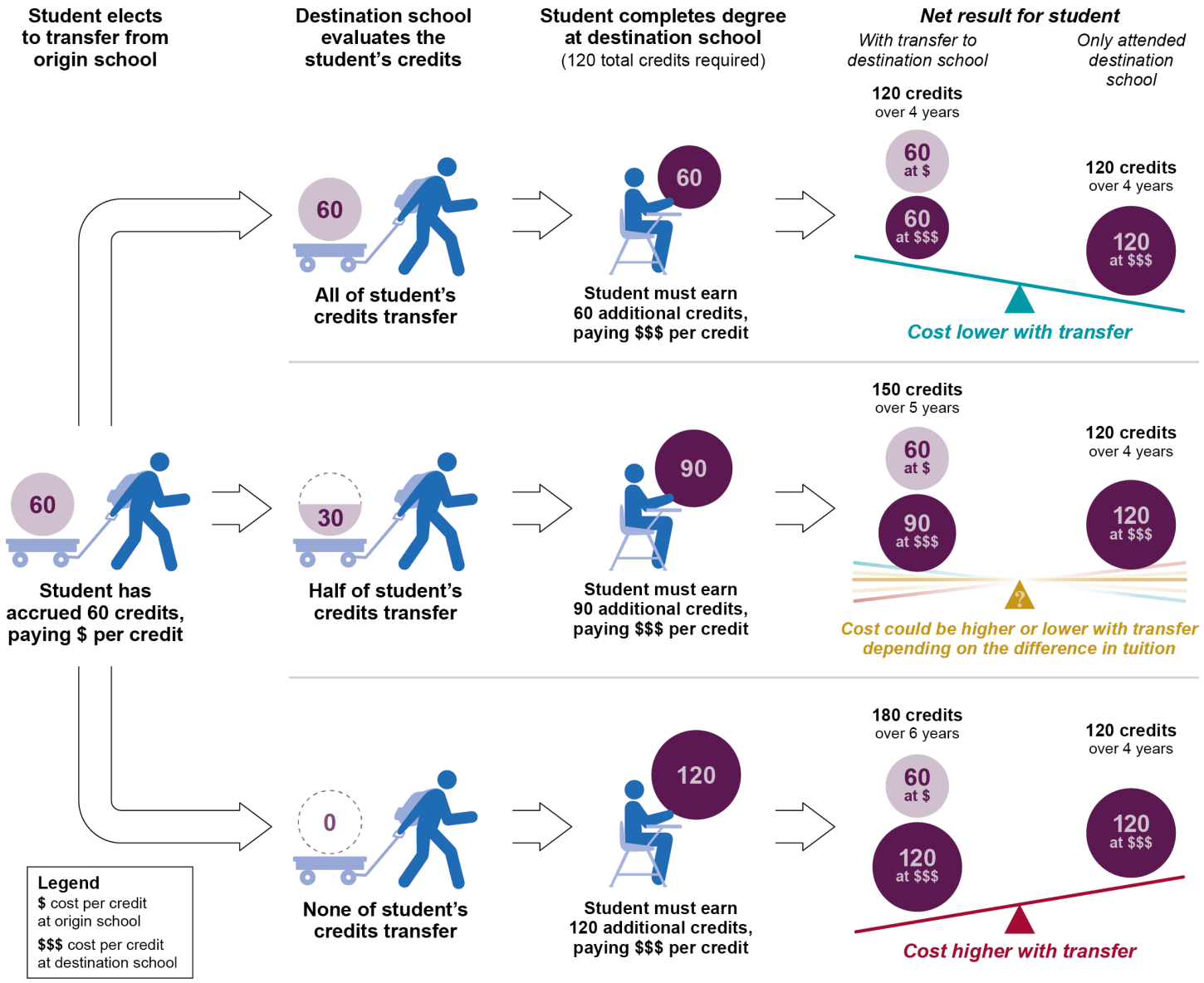
Potential Tuition Cost for Transfer Students Depends, in Part, on Number of Credits Lost and Tuition Rates

Stakeholders from about half of the higher education organizations and schools we interviewed said some students may seek to save on tuition costs by starting at a less expensive school and then transferring to a more expensive school to complete a degree. However, stakeholders from about the same number of higher education organizations and schools told us that some students face additional tuition costs due to repeated coursework or additional time to degree as a result of lost

credits. See figure 4 for examples of the transfer process and its potential outcomes.[23]

[23] Available data do not allow us to estimate actual costs to the student because the data do not identify which credits are paid with financial aid versus out-of-pocket, and available tuition data do not account for variation in the structure of tuition charges (e.g., whether tuition is charged on the basis of a credit hour or the program as a whole) or reflect actual tuition charges incurred.

Figure 4: Examples of Potential Outcomes for Students Transferring from a Less Expensive to a More Expensive School



Source: GAO analysis of transfer process. | GAO-17-574

Note: These examples assume that the student takes 15 credits per semester, all transferred credits count toward degree requirements, and retaking lost credits results in additional time to earn a degree.

If a student is seeking to obtain a bachelor's degree from a relatively expensive school, transferring could help the student save on tuition costs. Specifically, if a student is able to successfully transfer all credits from the less expensive school, and those credits count toward his or her degree program, then the student saves on tuition costs by having earned a portion of the credits at the lower-cost origin school. If a student loses some credits during the transfer, then the student's overall tuition costs depend on the combined effect of the credit loss and the difference in tuition rates between the two schools. However, with any level of credit loss, the student will likely need to stay in school longer to complete degree requirements and pay tuition for repeated coursework. If a student loses all of his or her transfer credits, then the cost of completing a degree is generally higher because the student not only incurs tuition costs from the origin school but must also retake credits required for a degree at the more expensive destination school. This also extends the time to complete a degree.

The direction of transfer also affects college affordability. Stakeholders we interviewed from 12 of 25 higher education organizations and schools said that students transferring vertically may achieve savings because 2-year schools are relatively low cost. Based on our analysis of 2013-2014 IPEDS tuition data, average net tuition per year—which is the cost of attendance minus financial aid and non-tuition costs, such as room and board—varied by school type and ranges from about $1,900 for a 2-year public school to about $13,800 for a 4-year private nonprofit school (see table 6 in app. III for more tuition data).[24] However, net tuition may underestimate costs for transfer students because, according to Education, schools often do not offer the same amount of institutional aid to transfer students compared to first-time, non-transfer students. Transfer may be more difficult when transferring laterally. In comparison to vertical transfers, students who transferred laterally experienced higher rates of credit loss, according to our analysis of BPS data for the 2004 cohort. Stakeholders we spoke with from one school said that students who are transferring between 4-year schools may not have been planning to transfer, and it is more difficult to advise students about which credits will transfer laterally. One stakeholder from another school said that if

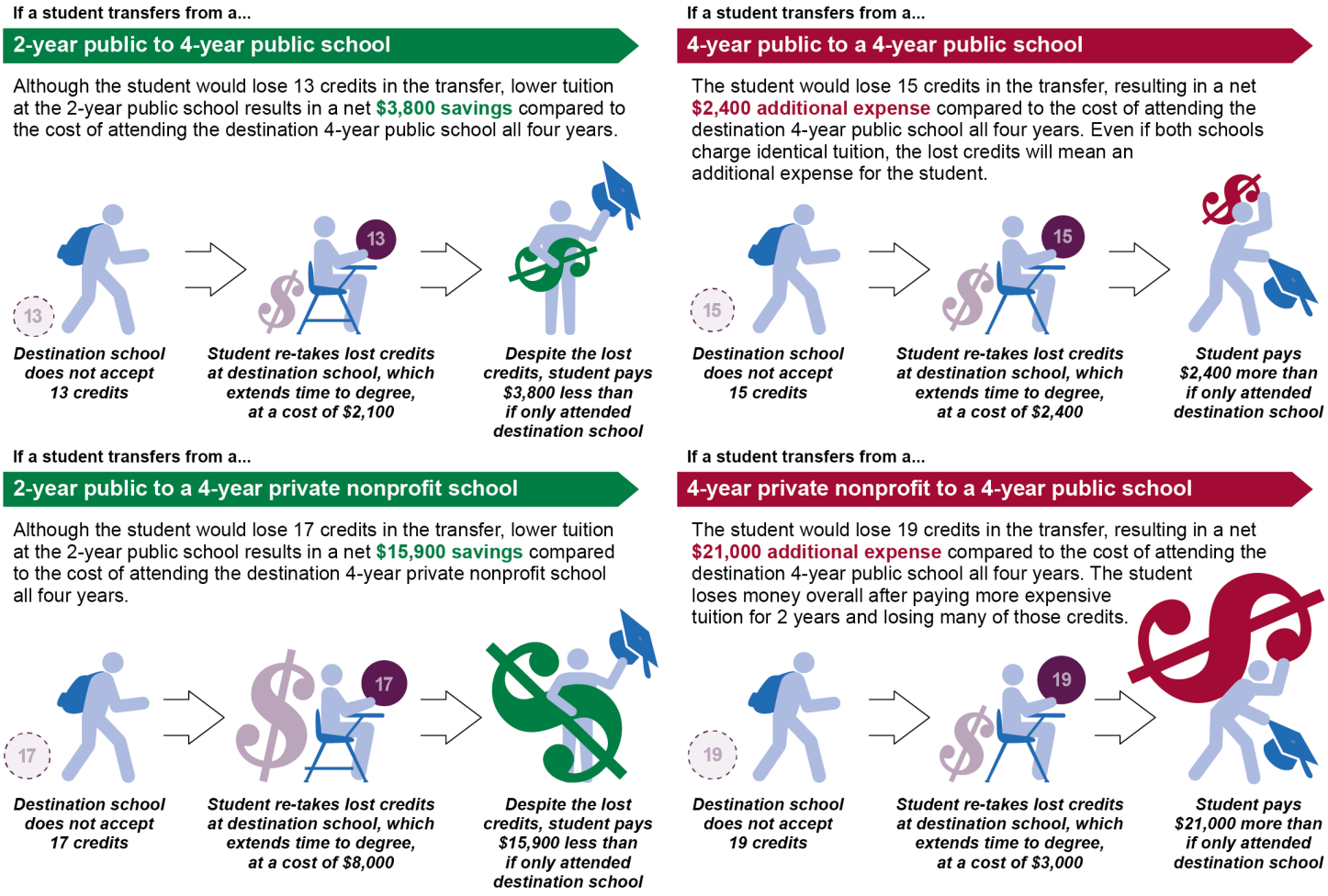
[24] Net tuition would be lower than the "sticker price," which represents published tuition and fees and does not reflect what students and families actually pay once financial aid has been taken into account. Net tuition is based on first-time, full-time undergraduate students. At some schools, these students may represent a small proportion of the total student population. See appendix I for more details on our methodology.

students transferring laterally switch their degree program, few of their courses will transfer. Students who lose more credits during transfer would typically incur additional tuition costs by paying for repeated or additional coursework. To illustrate some potential financial implications for students, we created examples of several different transfer scenarios (see fig. 5 and fig. 10 in app. III).[25]

[25] Assumptions for credit loss and net tuition are based on estimated averages from BPS and IPEDS data. See appendix I for more details on our methodology.

Figure 5: Transfer Scenarios and Potential Financial Implications for Students

These example transfer scenarios show possible financial implications of transferring schools compared to attending the destination school for the entire degree program. Calculations used the average credit loss by transfer path and average tuition, assume the student attempts to transfer 60 credits to a 120-credit degree program, and that the student retakes any lost credits.



Source: GAO analysis of Department of Education transfer and tuition data. | GAO-17-574

Notes: Credit loss and net tuition assumptions are based on estimated averages for each specified transfer path from the 2004-2009 Department of Education's (Education) Beginning Postsecondary Students Longitudinal Study (BPS) and 2013-2014 Integrated Postsecondary Education Data System data. The scenarios assume that the student transfers after 2 years and all transferred credits apply to degree requirements, the student pays tuition on a per-credit basis to retake credits lost during transfer, and the student pays in-state tuition if attending a public school. The financial implications for students do not account for how students may use financial aid to offset out-of-pocket tuition costs. Net tuition is based on data for first-time, full-time undergraduate students and may underestimate costs for transfer students because, according to Education, schools often do not offer the same amount of institutional aid to transfer students compared to first-time, non-transfer students. Based on our analysis of BPS data on students who transferred, 26 percent transferred from 2-year public to 4-year public schools; 11 percent transferred between 4-year public schools; 9 percent transferred from

2-year public to 4-year private nonprofit schools; and 4 percent transferred from 4-year private nonprofit to 4-year public schools.

Credit loss data do not reflect the reasons why credits were not accepted, though there are a variety of reasons why credits may not transfer successfully. In some cases, the credits students attempt to transfer may not be applicable or comparable to the coursework at the destination school.[26] For example, vocational or remedial coursework from a 2-year school may not be transferable to a 4-year degree program.[27] Further, factors that are not entirely within a school's control, such as students' decisions and academic performance, also affect credit transfer and the time it takes to complete a degree. For example, students may not ask to have their credits evaluated or they may decide to change majors. Our analysis does not reflect certain student decisions or characteristics, which can also factor into the extent of credit loss.[28] Further, aside from tuition, other factors can affect a student's costs, such as changes in cost of living or forgone earnings while attending school, according to stakeholders from several higher education organizations and schools.

[26] In some cases, schools may accept transfer credits as elective credits but not allow the credit to be used toward a specific degree program.

[27] Remedial courses are designed to help students learn developmental skills so they are adequately prepared for college-level coursework. Many schools do not accept remedial coursework for transfer of credit, according to our review of school websites.

[28] For more information on Education's analysis of factors related to credit transfer, see S. Simone, *Transferability of Postsecondary Credit Following Student Transfer or Coenrollment*, NCES 2014-163 (Washington, D.C.: August 2014).

Many Transfer Students Received Federal Financial Aid from 2004 to 2009, and Credit Loss Can Limit Students' Eligibility and Result in Additional Costs to the Federal Government

Almost half of transfer students received Pell Grants and almost two-thirds received Federal Direct Loans, according to our analysis of BPS data collected between 2004 and 2009.[29] According to mid-point data from the more recent BPS cohort, many transfer students who started school in academic year 2011-12 also received Pell Grants (55 percent) and Federal Direct Loans (62 percent) in their first 3 years.[30] Access to such aid is affected by the length of time needed to complete a degree. The Pell Grant program imposes a lifetime limit of 12 semesters (6 years) of eligibility. Direct Subsidized Loans, which are loans in which the government pays part of the interest, are limited to a maximum timeframe of 150 percent of the published length of a program at a school (e.g., 150 percent of a 120-credit, 4-year degree program would be 6 years).[31] According to our analysis of both BPS cohorts during their first 3 years in school, an estimated 48 percent of students in the 2004 cohort received Direct Subsidized Loans and an estimated 57 percent of students in the 2012 cohort received Direct Subsidized Loans.[32]

According to stakeholders we interviewed from higher education organizations and schools, transfer students may exhaust available aid before they complete their degree. Transfer students who lose credits must pay for and spend additional time to retake credits needed to graduate, which may make them exceed time frames for financial aid

[29] According to our BPS analysis, transfer students received Pell Grants which totaled an estimated average of $7,400 per student and Federal Direct Loans which totaled an average of $13,100 per student over the 2004-2009 period. In our analysis, Federal Direct Loan includes receipt of both subsidized and unsubsidized loans.

[30] For mid-point data, we define the transfer population based on students who reported transferring rather than those who moved schools based on transcript data because transcript data are not available at the mid-point. Estimates based on mid-point data are therefore not directly comparable to estimates for the entire study period.

[31] Federal Direct Subsidized Loans are structured so that the government generally pays the interest that accrues while the borrowers are in school and during a 6-month grace period after leaving school. The student pays the interest that accrues during other periods.

[32] According to our BPS analysis, transfer students received Direct Subsidized Loans which totaled an estimated average of $4,700 per student over the 2004-2009 period.

eligibility.[33] BPS data do not indicate whether students exhausted their financial aid eligibility before obtaining a degree. However, many transfer students who started college in academic year 2003-04, an estimated 40 percent, did not obtain any type of degree within a 6-year time period.[34] Further, while available data do not provide enough information to adequately identify a student's intention to obtain a specific type of degree (e.g., 2-year associate's degree versus 4-year bachelor's degree), about a third of students who chose to transfer from a 2-year to a 4-year school did not ultimately obtain a bachelor's or other type of degree within the 6-year time period (see table 7 in app. III for more information). In cases where students lose access to aid, they may be financially unprepared or unable to earn their degree. Additionally, stakeholders from some higher education organizations and schools told us that schools may not offer as much scholarship funding for transfer students as they do for new, first-time students.

Credits lost in a transfer also can result in additional costs for the federal government in providing student aid. The government's costs may increase if transfer students who receive financial aid take longer to complete a degree as a result of retaking lost credits. Education's data do not identify whether particular funding sources, such as Pell Grants or other financial aid, are used to pay for credits taken or to pay for other costs. Therefore, we used an example to show how lost credits can result in potential additional costs in student aid to the federal government

[33] The Department of Education allows schools to stipulate through their own satisfactory academic progress policy whether full-time students can use Pell Grants and Direct Loans to pay for repeated coursework. A satisfactory academic progress policy establishes conditions students must meet to continue receiving federal financial aid. In cases where a student wants to retake previously passed courses, Education allows students to use Pell Grant and Direct Loan funds to pay for repeated coursework as long as the student repeats a given course only once.

[34] An estimated 50 percent of all students in the 2004 cohort did not obtain any type of degree in 6 years, and an estimated 56 percent of non-transfer students did not obtain any type of degree in 6 years.

(see fig. 6).[35] Actual costs to the federal government would vary.[36]

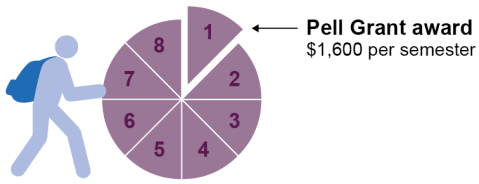
Figure 6: Transfer Scenario and Potential Costs to the Government in Student Financial Aid

This scenario shows how losing credits during transfer could result in potential costs to the government in student financial aid. Calculations assume that the student is attempting to transfer 60 credits to a 4-year, 120-credit degree program. It is also assumed that the student re-takes any lost credit and uses a Pell Grant award of $1,600 per semester to offset tuition costs.

If a student earns a complete degree at a...

4-year public school without a transfer

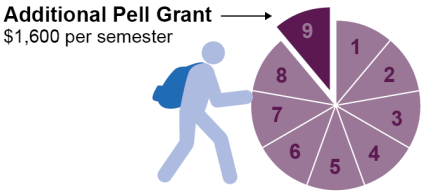
The student would avoid losing any credits by completing the degree program at the same school. A student who earns a complete degree this way would use a total of **$12,800 in Pell Grant funds** to offset the cost of the degree program.



If a student earns a complete degree...

With a transfer from a 2-year public school to a 4-year public school

Assuming 13 credits would be lost in the transfer, the student would need an additional semester to complete the degree program. If eligible, the student could receive an additional $1,600 Pell Grant award (for a total of **$14,400 in Pell Grant funds**) to help offset the cost of the degree program.



Source: GAO analysis of Department of Education transfer and tuition data. | GAO-17-574

Note: Credit loss and net tuition assumptions are based on estimated averages for each specified transfer path from the 2004-2009 Department of Education's Beginning Postsecondary Students Longitudinal Study and 2013-2014 Integrated Postsecondary Education Data System data. The scenario also assumes that the student transfers after 2 years, takes at least 15 credits per semester, all transferred credits apply to degree requirements, the student pays tuition on a per-credit basis to retake credits lost during transfer, the student pays in-state tuition if attending a public school, and the student is eligible for the same amount of Pell Grant each semester. To the extent that a student needs to stay in school longer to re-take additional lost credits and receive additional semesters of Pell Grant funding up to the student's lifetime eligibility limit, the government could incur additional Pell Grant program costs and the student could incur additional out-of-pocket tuition costs.

Some students may transfer as a result of the closure of their current school, and they face additional challenges and financial aid considerations. In recent years, multiple school closures have affected large numbers of students and resulted in costs to the federal government. School closures pose financial risks to students who wish to

[35] The example depicts the possible financial cost to the government of a student completing a degree with a transfer compared to a student completing a degree having attended the destination school for the whole program. Assumptions for credit loss, net tuition, and Pell Grant receipt are based on estimated averages from BPS and IPEDS data. This example focuses only on Pell Grants; however, lost credits can also result in additional costs related to the provision of Federal Direct Loans.

[36] Actual costs to the federal government would vary based on how many students use Pell Grant funds, the amount they receive, program restrictions, and the number of credits students must retake to meet degree requirements.

continue their education because of the potential difficulty in transferring credits from a closed school.

When a school closes, students must decide whether to complete their degree at another school—which can include transferring credits—or stop pursuit of that degree and, according to Education policy, apply for a discharge of their federal student loans. Education policy states that students are eligible to discharge (i.e., not pay) 100 percent of their federal student loans if they (a) did not complete their program because of a closure, and (b) did not continue in a comparable program at another school.[37] Education officials said some students who have requested discharges of their student loans after their private for-profit school closed said they were unable to transfer their credits. For students who transfer to a comparable program at another school, their existing Direct Subsidized Loans continue to count in calculating eligibility (150 percent of published program length). Students with Pell Grants who are unable to complete their program at the closed school can restore the portion of their lifetime eligibility for grants used at the closed school, according to a December 2016 Education announcement. Closures can pose a financial risk for the government and taxpayers to the extent that federal student loans are forgiven and students reset their Pell Grant eligibility.

[37] According to Education policy, students may be eligible to discharge their federal student loans under certain circumstances, including if they continue in a comparable program and do not transfer credits from their closed school. Education policy also states that students who continue their education through a closing school's teach-out agreement—an agreement with another school that in the event of a closure students can complete their program at the other school—cannot discharge their student loans. In addition, Education policy states that students who withdraw more than 120 days before the school closes or who have completed all the coursework for their program, but have not yet received a diploma or certificate, also cannot discharge their student loans.

Almost All Schools Provided Credit Transfer Policies on Websites, but Comprehensiveness of Information Varied

Almost All School Websites Disclosed Credit Transfer Policies, but Not All Were Clear About Agreements with Other Schools on Transfers

Under federal law, schools participating in any Title IV program are required to publicly disclose the transfer of credit policies established by the school, including a list of schools with which they have articulation agreements.[38] According to Education officials, schools must disclose credit transfer policies on their website,[39] but the list of schools can be disclosed through a website or other appropriate publications or mailings.[40] Based on our review of websites for a nationally

[38] 20 U.S.C § 1092(h)(1).

[39] Education officials cited 20 U.S.C. § 1015a(i)(1)(V)(iv) as the source of this requirement. This provision requires Education to make publicly available on the College Navigator website various information about schools that participate in programs under Title IV, including a link to the school's website that provides, in an easily accessible manner, the policies of the school related to transfer of credit from other institutions.

[40] See 34 C.F.R. §§ 668.41(d) and 668.43(a)(11).

representative stratified random sample of 214 schools,[41] an estimated 99 percent contained the school's credit transfer policies.[42]

Of those websites with credit transfer information, an estimated 68 percent listed the names of partner schools with which they have articulation agreements.[43] An estimated 29 percent of websites did not provide such a list, while an estimated 4 percent explicitly stated that the school did not have any articulation agreements.[44] In addition, the prevalence of websites listing partner schools varied by school type. While most (89 percent) public school websites with credit transfer information listed partner schools with which they have articulation agreements, fewer private nonprofit and for-profit school websites had such a list (see fig. 7).[45] In some cases, school websites included information on statewide articulation policies, such as the Illinois Articulation Initiative, where, according to its website, over 100 participating schools in the state have agreed to accept a package of

[41] Using Education's 2014-2015 IPEDS, we drew a stratified random sample of 214 schools from a universe of 4,309 schools to determine the extent to which schools included transfer information on their websites. Unless otherwise noted, all overall population estimates from the website review have 95 percent confidence intervals within +/- 7 percentage points of the estimate itself, and any overall estimates in this report are based on sample counts greater than 20 schools. See appendix I for additional information about the website review methodology.

[42] The estimated percentage of schools that include credit transfer policies on their websites applies to schools for which we could locate transfer information. During our review, we could not locate credit transfer information online for three schools. One of these schools did not have a website. Education officials told us that they regard schools without websites as not being subject to this requirement. Officials from the other two schools said that credit transfer policies were available to students in a course catalog, and we were unable to locate the catalog on the website. Education officials told us that if a school's website lacks this information, it would not be in compliance with the requirement for inclusion on the website. We did not, as a part of our review of school websites, make any attempt to assess the schools for legal compliance with disclosure requirements. Instead, this review was intended to understand what information is made accessible to students. We provided Education with information on these two schools for further review.

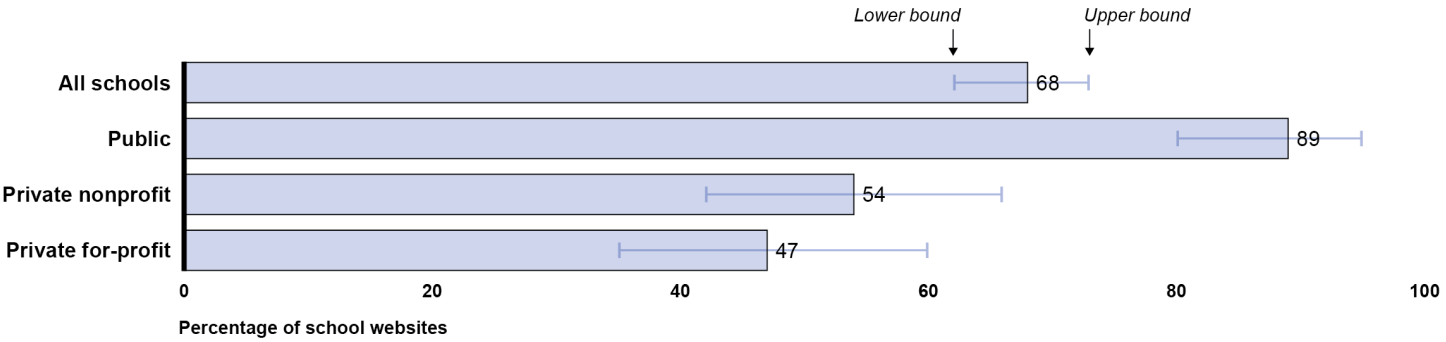
[43] We refer to the list of schools with which there are articulation agreements as a list of "partner schools."

[44] Percentages do not add to 100 due to rounding. The sample count for the estimate of websites that stated the school did not have any articulation agreements is 8 schools, and the 95 percent confidence interval for the percentage of school websites that state the school does not have articulation agreements is between 2 and 7 percent.

[45] The 95 percent confidence interval for the percentage of public school websites that listed partner schools is between 80 and 95 percent.

general education courses in lieu of their own general education classes.[46] Students have access to varying levels of detail about credits covered by articulation agreements. Of the websites that listed partner schools, an estimated 63 percent provided the agreement's provisions, and an estimated 21 percent provided a link to partner school websites.[47]

Figure 7: Estimated Percentage of School Websites Listing Partner Schools for Transfer Articulation Agreements, by School Type



Source: GAO analysis of websites from a nationally representative sample of schools, September 2016-February 2017. | GAO-17-574

Note: This figure shows the percentage of schools with websites that listed other schools with which they have articulation agreements. The 95 percent confidence intervals for these estimates are within +/- 15 percentage points of the estimate itself. All estimates are based on sample counts greater than 20 schools. Although schools participating in Title IV programs are required to publicly disclose a list of the schools with which they have articulation agreements, they do not have to disclose this information specifically on their websites but may choose to do so in another appropriate publication or mailing. For schools that did not provide a list of partner schools on their website, it is difficult to determine, without further follow-up, whether the lack of information indicated that the school did not have such agreements or that the school was not providing the list of partner schools.

For the schools that did not provide a list of partner schools on their website or explicitly note that they had no such agreements, it was difficult to determine, without further follow-up, whether the lack of information indicated that the school did not have such agreements or that the school was not providing the list of partner schools. Based on targeted follow-up with officials at 10 schools, we found that some did not

[46] About 38 percent of school websites included information about state policies or programs related to transfer, though the policies mentioned were not necessarily related to statewide articulation. For example, some of the state policies mentioned are common course numbering systems, which is a uniform system for numbering courses across schools.

[47] The 95 percent confidence interval for the percentage of websites with a description of articulation agreements is between 55 and 71 percent. The 95 percent confidence interval for the percentage of websites with links to partner schools is between 15 and 29 percent.

have articulation agreements while others had articulation agreements but their partner schools were not listed on the website.[48] Specifically, officials at 5 of the schools said that their school did not have, or they were unaware of, established articulation agreements. Officials at 3 schools said that they had articulation agreements and they were listed in publications available onsite at the school or by contacting school staff. (We did not verify the physical presence of publication copies at school locations or the information included). Officials at 2 schools said that they were currently reviewing articulation agreements and planning to update the school website.

Although schools participating in any Title IV program are required to publicly disclose a list of the schools with which they have articulation agreements, they do not have to disclose this information specifically on their websites but may choose to do so in another appropriate publication or mailing. In addition, Education officials stated that it is unclear whether the department has the authority to require schools to post the list of articulation-agreement schools online because federal law does not specify the means of disclosure. The purpose of this disclosure requirement is for schools to share transfer information with students, and selecting an appropriate means of disseminating this information enhances the effectiveness of such communication. Furthermore, Education officials told us that schools are increasingly using websites to share consumer information and that the department already requires that credit transfer policies and other disclosures, such as net price calculators, be posted on school websites. Awareness of articulation agreements can benefit students because such agreements clarify how credits transfer between schools. Posting this information online would make it more easily accessible to prospective students and their families than restricting it to publications located on campus, particularly since almost all school websites already include information on credit transfer policies.

In circumstances where the school does not have articulation agreements with other schools, Education's guidance does not specify how or whether

[48] Based on the results of our website reviews, we conducted targeted follow-up to obtain additional information from two groups of schools: schools whose websites appeared not to include transfer policy information, and schools whose websites did not list partner schools. Schools in the second group were a subset of the first, and were also selected to represent a range of school types. For more information on our follow-up methodology, see appendix I.

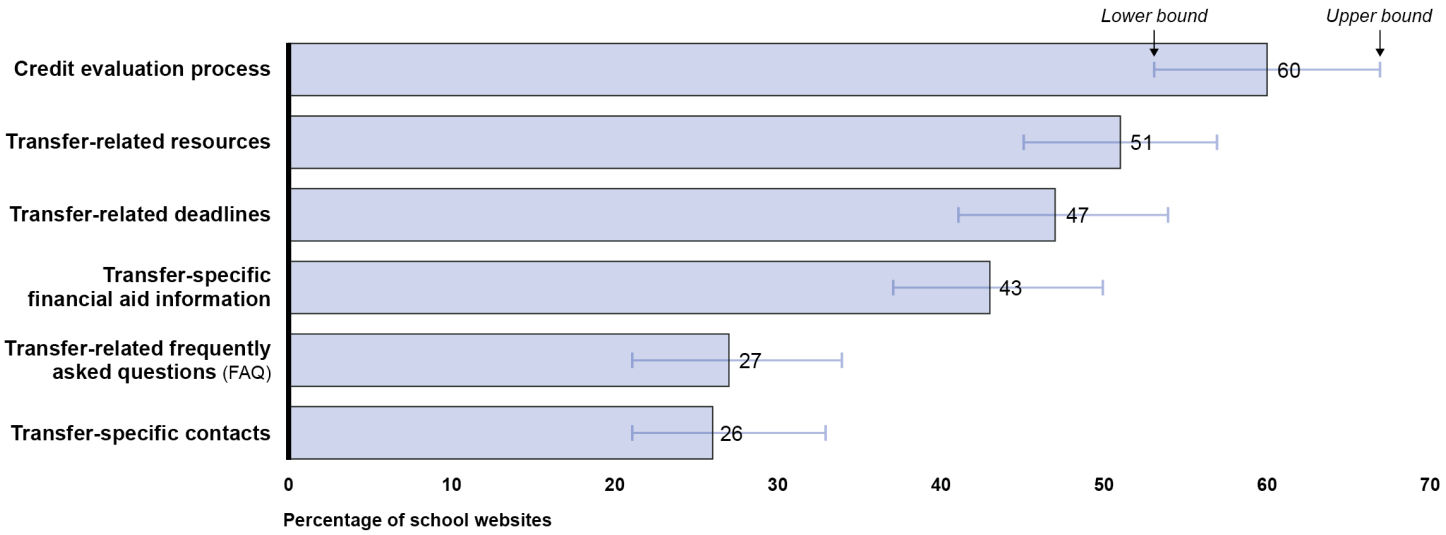
to document this. According to Education officials, federal law and related regulations do not require schools to disclose the fact that they do not have articulation agreements, and the officials stated that it is unclear whether the department has the authority to require such a disclosure. Online information on the presence of articulation agreements would make it easier to determine whether schools are disclosing a list of partner schools as required. Clarification on what a school should depict on its website when it does not have articulation agreements could also help provide more information to students and enhance their understanding of potential transfer options. Moreover, one of Education's goals is to increase college completion and affordability, and adequate communication with transferring students supports this goal.[49] More complete information on school websites about articulation agreements on transfers could help students fully weigh alternatives when making a transfer decision.

Extent of Additional Information Provided on Transfers Varied by School

Aside from the required school transfer policies noted earlier, school websites varied in the extent of any additional information they provided on transfers. An estimated 60 percent of school websites had some general information about how students could initiate the process of having their course credits evaluated for transfer (see fig. 8). In addition, about half of school websites included resources to help students understand the transfer process. These resources were more common on websites for public schools than for other school types. Some websites, for example, had course equivalency databases where students could input their prior coursework to see how it would translate into earned credits at the destination school. In addition, some school websites provided information on transfer-related resources, such as transfer fairs and other in-person activities at which students could meet with school representatives to learn more about the transfer process.

[49] U.S. Department of Education, *Fiscal Year 2015 Annual Performance Report and Fiscal Year 2017 Annual Performance Plan* (Washington, D.C.: 2016).

Figure 8: Estimated Percentage of School Websites with Additional Transfer-Related Information



Source: GAO analysis of websites from a nationally representative sample of schools, September 2016-February 2017. | GAO-17-574

Note: The 95 percent confidence intervals are within +/- 7 percentage points of the percentage estimate. Credit evaluation process information includes school websites that provided general information on how students can initiate the process of having courses evaluated for transfer. Transfer-related resources include information that helps students understand the transfer process, such as course equivalency databases, or website information on school-hosted activities, such as transfer workshops. All estimates are based on sample counts greater than 20 schools. The transfer-related information in this figure represents information that is in addition to what schools are required to disclose.

An estimated 47 percent of school websites published transfer deadlines and 43 percent published transfer-specific financial aid information. Knowing deadlines in advance can help students ensure that they do not miss key steps of the transfer process, such as submitting admissions or credit evaluation applications. Financial aid information, including whether a school awards transfer scholarships, can help students identify transfer options that are financially feasible. Fewer schools provided listings of transfer-related frequently asked questions or transfer-specific contacts. Such information can help students more easily navigate to applicable transfer information if they have questions and identify relevant school staff for assistance.

The format of transfer information also varied on school websites. Three-quarters of school websites used multiple formats to convey transfer information, including various combinations of webpages or websites (including external sites) and downloadable documents, such as copies of course catalogs. In comparison, an estimated 25 percent provided credit

transfer information in a single format, either through a single webpage or document. Nevertheless, it may still be difficult to access transfer information, even if it is provided in a single format, if the transfer material is not easy to locate on the school's website. For example, we found one school's credit transfer policies in a course catalog that we downloaded from the website. However, the school website's search function did not show the location of this material and it was not obvious that a student would need to download the course catalog to access transfer information. In other instances, schools listed credit transfer policies on their consumer information disclosure webpages, but if a student is unaware that consumer disclosures include credit transfer policies, they may not know to look on that particular page for transfer information.

Education's Information about Transfers Is Limited

In addition to school websites, Education's websites also provide college students and their families with information on transfers, but it is limited. We found that the transfer information was neither focused nor targeted toward transfer students. In particular, Education's StudentAid.gov website highlights descriptions of school types and things to consider when choosing a school, and while these pages briefly refer to transfer information, it is presented in the context of other topics rather than having a substantive focus on transfer. For example, as part of a broad description of community colleges, it is noted that many community colleges have articulation agreements and students from this type of school often transfer. Education officials said that they do not see a need to develop consumer information on transfers because students typically would not seek transfer information from Education, and they see little demand based on the volume of transfer-related searches of the department's website. However, even for students who seek transfer information, it would be difficult for them to access relevant information given Education's limited offerings on the topic. Providing additional transfer-focused information could encourage more students to access the department's website for this purpose. Education also includes some transfer information for students affected by school closures in a frequently-asked-questions page on Education's website. While this information is helpful, it does not address the broader population of transfer students, which accounted for over a third of first-time students, according to our analysis of transfer data. Finally, according to student complaint data, Education officials sometimes provided general information on the transferability of credits in response to complaints about transfer issues. Although such information could broadly apply to all

transfer students, it is provided infrequently and is limited to students who happen to submit a complaint.[50]

Other reasons Education officials cited for not developing consumer information on transfers are that resources for transfer students are mostly provided by schools, transfer is school specific, and the federal government does not oversee schools' curriculums. However, we found that close to half of school websites are not providing transfer resources that can help students understand the process beyond the minimal required information. This could compound the challenges we noted earlier of students potentially not obtaining adequate advising and information. In addition, while transferring is ultimately based on a student's unique circumstances coupled with a school's transfer policy, there are nevertheless general considerations that apply across schools. Education already provides consumer guidance, such as on college applications, which applies across schools. Similarly, Education could provide guidance on college transfers, such as common credit evaluation criteria, tips for locating transfer resources, and the potential effect of transferring on financial aid eligibility.[51] Furthermore, while Education does not oversee schools' curriculums, it oversees federal financial aid programs that provide over $125 billion to students. The department also has a goal of promoting college affordability. Given the substantial number of students who transfer and the effect of credit loss on potential costs to the student and the federal government, general consumer information on factors to consider when transferring could be valuable. According to federal internal control standards, agencies should externally communicate the necessary quality information to help achieve their goals.[52] Transfers can affect the time and cost of completing a degree. Knowledge of key considerations could help students and their families make better-informed transfer decisions.

[50] According to Education officials, student complaints submitted about transfer credits comprised 2 percent of the student complaints received from April through November 2016.

[51] Education officials cautioned that consumer information for students in this area should not discourage students from transferring. However, general information on key transfer considerations could help students navigate the process.

[52] GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

Conclusions

About one-third of students transferred schools on their path toward a college degree based on our analysis of Education's data. While for some, transfer can provide an avenue for saving on tuition costs, many of the credits that students earn may not ultimately help them earn a degree after they transfer. As tuition rises and college becomes less affordable for many, the financial implications of losing credits during transfer are particularly salient for students, their families, and the federal government.

Articulation agreements between schools can facilitate credit transfers because they detail how and which credits will transfer from one school to another. When schools make information about these agreements accessible on their websites, students can more easily understand their transfer options. In addition, since many school websites do not provide helpful transfer resources for students, consumer guidance from Education that includes key factors to consider when transferring could help students more easily navigate the process. With such guidance, students can more accurately weigh their options and make an informed decision about transferring schools that takes into account how much time and money they must invest in pursuit of a college degree.

Recommendations for Executive Action

To help improve students' access to information so that they can make well-informed transfer decisions, we recommend the Secretary of Education take the following two actions:

- Require schools to (1) disclose the list of schools with which they have articulation agreements online if the school has a website, and (2) clearly inform students, on the school's website if it has one, when no articulation agreements on credit transfer are in place. If the department determines that it does not have the authority to require this, it should nonetheless encourage schools to take these actions (through guidance or other means).
- Provide students and their families with general transfer information, for example by developing a consumer guide and posting it on Education's website or augmenting transfer information already provided on the website, to help increase awareness of key considerations when transferring schools.

Agency Comments and Our Evaluation

We provided a draft of this report to Education for its review and comment. Education's comments are reproduced in appendix IV. In its written comments, Education disagreed with our recommendation to require schools to disclose on their websites the list of partner schools with which they have articulation agreements and inform students when there are no agreements in place. Education reiterated that it already requires schools to disclose a list of other schools with which they have established articulation agreements. Given that the purpose of required consumer disclosures on articulation agreements is to inform students, we believe that posting this information online would make it more accessible to prospective students compared to publications located physically on a school's campus. The increased accessibility would be especially beneficial for prospective students who live far away from the school. Education also said that students should contact specific schools to obtain accurate and updated information. While it is important for students to contact schools, we found that not all schools listed transfer-specific contacts on their websites. Therefore, it is particularly important that the required consumer information on articulation agreements be easily accessible to students. Moreover, according to Education, online disclosure is already required with respect to a school's credit transfer policies if the school has a website, and schools are increasingly using their websites to provide other consumer information to students.

Education also cautioned that placing special emphasis on articulation agreements could mislead students because the agreements—or lack thereof—do not fully reflect the transferability of credits. Specifically, Education said that if the few schools with articulation agreements are listed on the school's website or if a school notes that it has no articulation agreements, students may erroneously believe that their credits will transfer only to those few schools or that none of their credits will transfer. However, regardless of the number of articulation agreements a school may have, schools are already legally required to disclose the list of partner schools. We found that a majority of schools already disclose a list of partner schools on their websites, and it is unclear why posting this required information online would be more confusing than disclosing this information through publications or other means. Further, according to Education, schools are also legally required to disclose their credit transfer policies online, in effect, outlining the circumstances under which students can generally transfer credits. Therefore, using a school's website to disclose the list of other schools with which there are articulation agreements, or the fact that there are no

agreements, would enhance students' understanding of their transfer options and help reduce confusion rather than mislead students.

Education agreed that it would assist students to have more general transfer information when students are considering transferring to other schools, and said that it plans to include this information on its studentaid.gov website. Education also provided technical comments, which we incorporated in our report as appropriate. In its technical comments, Education proposed that we address the relevance of academic performance to the transferability of credits. We agree that this is an important factor that can affect credit loss and provided additional clarification and references to Education's research on this topic.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of the Department of Education, and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov. If you or your staff have any questions about this report, please contact me at (617) 788-0534 or emreyarrasm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

Melissa Emrey-Arras, Director
Education, Workforce, and Income Security

Appendix I: Objectives, Scope, and Methodology

Overview

This report examines: (1) How many college students transfer and what challenges, if any, do they face in transferring credits? (2) What are possible financial implications associated with transferring credits? and (3) To what extent are students provided with information about transfer policies to help them plan their college path? To address these questions, we interviewed stakeholders from 25 higher education organizations and schools, analyzed transfer and tuition data from Education's Beginning Postsecondary Students Longitudinal Study (BPS) and Integrated Postsecondary Education Data System (IPEDS), and reviewed websites for a nationally-representative stratified random sample of schools. We assessed the reliability of BPS and IPEDS data by reviewing existing information about the data and the system that produced them and interviewing officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of describing transfer students and credit loss rates. We also reviewed Education's guidance and regulations on credit transfer disclosure requirements and consumer information for college students, and we compared Education's practices to federal internal control standards. Finally, we reviewed relevant literature, federal laws, and interviewed Education officials. This appendix provides a detailed description of the methodology used to (1) gather testimonial evidence through interviews, (2) analyze Education's transfer and tuition data, and (3) conduct website reviews.

We conducted this performance audit from March 2016 to August 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Interviews

To understand what challenges, if any, students face in transferring credits, we interviewed stakeholders from a non-generalizable sample of 25 higher education organizations and schools. More specifically, we interviewed representatives from 17 higher education organizations and officials from eight schools that have expertise in transfers and represent a range of viewpoints. We selected higher education organizations that met one or more of the following criteria: (1) published relevant research or other work, (2) developed guidelines for credit transfer processes, (3) developed tools or state policies to help facilitate credit transfers, or (4) represented relevant groups involved in the transfer process such as

associations for students, admissions or advising staff, school systems, accrediting agencies, and/or state or regional higher education bodies.[1] Further, we interviewed stakeholders from eight selected schools to obtain additional perspectives from those directly involved in the credit transfer process. At each school, we interviewed stakeholders involved in the credit evaluation process, such as admissions/advising staff, registrar officials, and relevant transfer offices, as appropriate. To ensure we obtained perspectives from different school types, we selected a mix of public, private nonprofit, and private for-profit schools, and 2- and 4-year schools. While we selected a diverse range of schools, we did not equally select schools among each school type since some school types have a low prevalence or are not typically part of a transfer path. For example, we did not interview stakeholders from a 2-year private nonprofit school because this school type represents a small segment of schools and, correspondingly, a small number of students who transfer to or from that type of school. In our selection, we included at least one pair of schools with articulation agreements. We chose schools in different geographic locations and that represent different transfer environments. For example, we identified schools in states with a variety of statewide transfer policies and student transfer rates. We used state transfer rate data from the National Student Clearinghouse Research Center to inform our selection of schools to conduct interviews. We interviewed National Student Clearinghouse Research Center officials and reviewed the methodology to determine if there are any limitations associated with using the total state transfer rate, and determined these data to be reliable for our purposes.

For these interviews with stakeholders from 25 higher education organizations and schools (stakeholders), we used semi-structured interview protocols. To summarize results, we identified commonly mentioned themes regarding challenges in the transfer process. We used the following terms to summarize themes mentioned by stakeholders: “some” or “a few” higher education organizations and schools represent 3 to 5; “several” represents 6 to 10; and “many” represents 11 to 15. For themes mentioned by stakeholders from more than 15 higher education organizations and schools, we generally specified the number of groups in the text. We corroborated testimonial evidence on transfer challenges

[1] Speaking with stakeholders from national-level associations allowed us to collect perspectives from organizations that represent large numbers of our targeted groups.

with findings from our analysis of Education's transfer data and documentary evidence from transfer literature or publications.

In addition to the interviews with 25 higher education organizations and schools, we collected first-hand accounts from several individual transfer students identified by stakeholders from higher education organizations. The students provided non-generalizable illustrative examples of experiences with the transfer process.

Data Sources and Analysis

BPS: To estimate the extent to which students' credits transfer the first time they change schools and to identify other characteristics of transfer students, we analyzed transfer data from Education's Beginning Postsecondary Students Longitudinal Study (BPS). To estimate the extent of credit loss among students, we analyzed transcript data from the 2004 cohort, the most recently completed. Each cycle of BPS follows a cohort of students enrolling in postsecondary education for the first time. BPS tracks these students over a 6-year period and collects both survey and transcript data. The most recently completed BPS cohort first enrolled in postsecondary education in the 2003-04 academic year. The final follow-up with this cohort group was the 2008-09 academic year. For the purposes of our data analysis, we define transfer students as those who moved from one school to another for a period longer than 4 months, and the analyses reflect a student's first transfer only. We define credit loss as credits earned at the origin school that were not accepted by the destination school. The sector variable was used to categorize schools according to whether they were public, private nonprofit, or private for-profit schools at the 2-year or 4-year level. The sector variable reflects the level of the highest degree offered at the school. The highest degree offered may be different from the predominant degree obtained at the school. To incorporate more recent data into the analysis and to further understand the potential implications for federal financial aid, we also used BPS mid-point data from the cohort of students who began school in academic year 2011-12—the 2012 cohort—to describe the number of transfers and the financial aid characteristics of more recent transfer students. This will only represent data collected midway through the study period, and transfer characteristics will change over the remainder of the study period as students continue to progress through their undergraduate studies and the 6-year time period. While we used transcript data to estimate transfer data for the full 6-year study period of the 2004 cohort, transcript data are not yet available for the 2012 cohort. As a result, to calculate mid-point transfer and financial aid receipt rates in the first 3 years of the study, we used BPS data based on transfers

reported in student interviews. Estimates based on transcript data may differ from estimates based on student interview data because interviews represent one point in time, whereas transcript data cover an entire study period.

To better understand any potential implications for federal financial aid, we determined the extent to which transfer students received federal financial aid, including Pell Grants and Federal Direct Loans. Federal financial aid is awarded based on a student's total costs, which can include non-tuition expenses. Available data do not identify whether the cost of credits are covered by Pell Grant, Federal Direct Loans, or other financial aid funds specifically.

Because the BPS data are based on probability samples, estimates are calculated using the appropriate sample weights provided and reflecting the sample design. Each of these samples follows a probability procedure based on random selection, and they represent only one of a large number of samples that could have been drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval. This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. Unless otherwise noted, all percentage estimates from the BPS data analysis have 95 percent confidence intervals within +/-10 percentage points of the percent estimate, and other numerical estimates have confidence intervals within +/-10 percent of the estimate itself. We compared 95 percent confidence intervals to identify statistically significant differences between specific estimates and the comparison groups.

While the BPS data illustrate the extent to which credits transfer, the data do not track the reason why credits did not transfer or the academic quality of those credits. The data also do not distinguish whether credits accepted counted toward degree requirements for a student's major. This means that credit acceptance cannot be equated with progress toward a degree, which would also have financial implications for students. Additionally, student decisions may also affect credit transfer and the time it takes to complete a degree. For example, students may not ask to have their credits evaluated or they may decide to change majors, which would make it difficult to attribute the costs of lost credits to the transfer process.

Given these limitations, the potential financial effects associated with lost credits are not solely attributable to schools' credit transfer policies. Similarly, differences in financial outcomes for transfer versus non-

transfer students may be due to multiple reasons and not just the credit transfer process.

IPEDS: To provide information on tuition by school type (i.e., public, private for-profit, and private nonprofit) and level of degree program (i.e., 2-year, 4-year), we calculated average net tuition by analyzing the tuition and non-tuition portions of the 2013-2014 academic year cost of attendance obtained from the institutional characteristics component of the Integrated Postsecondary Education Data System (IPEDS). We chose the 2013-2014 period because it contained the most recent net price data available at the time of our analysis. IPEDS gathers data from every college, university, and technical and vocational institution that participates in federal student aid programs, so the data cover the population of interest for this study. Net tuition is the cost of attendance minus financial aid and non-tuition portions of attendance.[2] To estimate net tuition, we started with the net price variable, which is equal to the cost of attendance (i.e., tuition, fees, room and board, books and other expenses) minus financial aid. We then used other IPEDS variables to calculate the non-tuition portion of the cost of attendance and subtracted that value from the net price to estimate net tuition. We used net tuition data instead of published tuition because it is a more realistic portrayal of what students might actually pay. IPEDS net price data is collected at the school-level based on average charges for first-time, full-time undergraduate students, and does not account for variation in the tuition charged to individual students at the same school. In addition, many schools charge tuition by program or have different fees based on the specific major, which is not accounted for in the per-credit net tuition average estimates. Further, net tuition may underestimate costs for transfer students because, according to Education, schools often do not offer the same amount of institutional aid to transfer students compared to first-time, non-transfer students.

Transfer Scenarios: To describe possible financial implications for students and the federal government associated with transferring credits, we present a variety of example transfer path scenarios. To create scenarios illustrating financial implications for students, we selected the transfer paths that were among the most common paths based on our

[2] Non-tuition portions of cost of attendance include books and supplies, room and board, and other expenses. Net tuition is based on first-time, full-time undergraduate students. At some schools, these students may represent a small proportion of the total undergraduate student population.

transfer frequency analysis of each school control type (public, private nonprofit, and private for-profit).[3] These transfer scenarios vary in the number of credits lost during transfer, type of transfer, type of school, and average net tuition. To create a scenario to illustrate the financial implications of transfer for the government, we assume the student received the average per credit Pell Grant receipt based on BPS data. For both types of transfer scenarios (showing possible financial implications for students and the government), we base credit loss assumptions on 2004-2009 BPS transcript data. The assumption for the number of credits lost is informed by the average percentage of credits lost for the relevant transfer path. We base tuition assumptions on 2013-2014 IPEDS data on tuition by school type, and tuition values are from the 2013-2014 academic year. Because these scenarios are used for illustrative purposes and we are not estimating tuition costs of a particular cohort of students, we chose assumptions that were reflective of the higher education environment using the best available data. Accordingly, we used the most recently available data from BPS and IPEDS, though the time periods do not match because the datasets have different collection periods.

We calculated the financial implications for students in the transfer scenarios by comparing the potential tuition for completing a degree at the origin and destination schools for a transfer student to the potential tuition for completing the same (120) credits for a degree at the destination school. We made various assumptions for these calculations. The scenarios assume that all students would pay tuition on a per-credit basis to retake credits lost during transfer, and that students attending public schools would pay in-state tuition. The financial implications of transfer would be impacted by whether a student attending a public school pays in-state or out-of-state tuition. We also assume that credits that are transferred will count toward graduation requirements. However, it is important to note that schools can accept transfer credits as elective credit but not allow the credit to be used toward a specific degree program. The calculations for the financial implications for students do not account for how students may use financial aid to offset out-of-pocket tuition costs, so the identified costs may not all be borne by the students.

[3] The two transfer paths we selected for each school control type are: 2-year public to 4-year public and 4-year public to 4-year public (for public schools); 2-year public to 4-year private nonprofit and 4-year private nonprofit to 4-year public (for private nonprofit schools); and 2-year public to 4-year private for-profit and 2-year private for-profit to 2-year public (for private for-profit schools).

The calculations also do not account for the opportunity cost of staying in school longer, in the form of lost wages, or other factors that may affect a student's decision to transfer, such as differences in room and board, expected lifetime earnings, quality of life, etc. Lastly, we apply average credit loss rates for the purposes of these scenarios. It is important to note that schools may have legitimate reasons to not accept some transfer credits, such as insufficient quality of prior instruction or lack of applicability to the chosen program of study, among other reasons.

Website Review

To determine the extent to which schools provide students with information on transfers to help them plan their college path, we reviewed websites from a nationally-representative sample of 214 schools participating in federal student aid programs. The sample was stratified and randomly drawn from Education's 2014-2015 IPEDS, which contains data for all schools that participate in federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Our sampling frame consisted of all public, private nonprofit, and private for-profit 2-year and 4-year degree granting schools that participated in Title IV federal student aid programs, had undergraduate programs, were not U.S. military academies, and had at least 100 students, yielding a universe of 4,309 schools. We dropped schools from our sample that were no longer operational at the time of our review. During our review period, several schools selected for our sample closed. To ensure that we had an adequate sample size for each school type, we drew an additional sample of schools from IPEDS that excluded the schools from our original sample and the closed schools. We created six strata to stratify the sampling frame by school type (public, private nonprofit, and private for-profit) and level of degree program (2-year and 4-year). This sample of schools allowed us to make national estimates about the availability of transfer information, as well as estimates by school type. The percentage estimates for website review results for the overall population reported from this review have 95 percent confidence intervals of +/- 7 percentage points unless otherwise noted.

In order to review comparable information across the sampled schools, we developed a standardized web-based data collection instrument that we used to examine on each website the availability of credit transfer policies, articulation agreement lists, and other transfer information, such as contacts and tools to help transfer students, frequently asked questions, and deadlines for submitting information. We used a combination of information from our interviews, transfer literature, and relevant federal laws, regulations, and website usability guidelines to

develop the questions included in the data collection instrument. We reviewed websites from September 2016 through February 2017. One analyst recorded information in the data collection instrument. The information was then checked and verified by another analyst. We collected complete information for all 214 schools in our sample. We then analyzed the information across schools. We did not, as a part of our review of school websites, assess the schools for compliance with legal disclosure requirements. Instead, this review was intended to understand what information is made accessible to students.

Based on the results of our website review, we conducted targeted follow-up with school officials to obtain additional information related to course credit transfer disclosures. We followed up with two groups of schools. For the first group, we prioritized schools whose websites we initially determined did not include credit transfer policies or criteria for evaluating transfer credits. We contacted all schools in this group and asked school officials about how they provided students with information on credit transfer policies. For the second group, we contacted a select group of schools that did not list partner schools online. We selected schools in the second group based on whether they were already selected for follow-up in our first group as well as on their representation of different school types.

Appendix II: Example of Implementing an Articulation Agreement through a Transfer Guide

The following figure depicts information that a school provided on its website and illustrates how the school implemented its articulation agreement. In this example, a destination school created transfer guides specific to origin schools with which it established an articulation agreement. These guides show how courses from the origin school would transfer into one of the destination school's degree programs. The format of information provided about articulation agreements and the specifics of their provisions vary from school to school.

Figure 9: Example of a Transfer Guide Based on an Articulation Agreement

Effective for the 2014 – 2015 Catalog. [redacted] University, [redacted] accepts up to 70 hours of credit from a two-year college toward the completion of a four-year program of studies. Only courses with a grade of C- or above will be accepted for transfer credit. Students must also complete a minimum of 30 hours at [redacted] with a minimum of 12 hours completed at the 300 or 400 level.

[redacted] BA – Business Administration				[redacted] AA – Business Administration	
[redacted] Course #	[redacted] Course Name	Hours	[redacted] Course #	[redacted] Course Name	Hours
	General Education		Students who complete an Associate of Arts Degree at another institution shall be considered to have completed all but the [redacted] requirements of the general education requirements. (Refer to the current Undergraduate Catalog for specific general education requirements.)		
Econ 101	Principles of Macroeconomics	3	ECON 2110	Principles of Macroeconomics	3
Econ 102	Principles of Microeconomics	3	ECON 2120	Principles of Microeconomics	3
Bus 121	Financial Accounting	3	ACCT 1200	Principles of Accounting I	3
Bus 122	Managerial Accounting	3	ACCT 1210	Principles of Accounting II	3
Bus 261	Marketing	3			
Bus 281	Business Communication	3	BSAD 2050	Business Communications	3
Bus 300	Business Law	3	BSAD 2700	Business Law I	3
Bus 331	Finance	3			
Bus 343	Operations Management	3			
Bus 351	Human Resources Management	3			
Bus 371	Information Systems	3	INFO 1010	Fundamentals of Information Technology	3
Bus 399	Internship	3			
Bus 400	Business Ethics	3			
Bus 443	Organizational Behavior	3			
Bus 446	Strategic Management	3			
Math 122	Introduction to Statistics	3	MATH 2030 or BSAD 2030	Introduction to Statistics or Business Statistics	3
	Total Hours	**48**			

Source: Excerpt of a transfer guide from a school website. | GAO-17-574

Appendix III: Additional Information on Credit Loss and Tuition Averages, and Additional Examples of Transfer Scenarios

This appendix provides estimates of the percentage of credits lost by school type, transfer direction, and transfer path; average net tuition by school type; the percentage of transfer students who did not obtain a degree; and two additional transfer scenario examples that illustrate transfer paths that include private for-profit schools.

Table 3: Estimated Percentage of Credits Lost in Transfer, on Average, by School Type, Academic Years 2003-04 to 2008-09

School Type	Percentage of Credits Lost	Lower Bound of 95 Percent Confidence Interval	Upper Bound of 95 Percent Confidence Interval	Percentage of Students Transferring between These School Types
Overall Average	43%	40%	45%	Not Applicable
Private for-profit to public	94%	86%	100%	4%
Private for-profit to private for-profit	83%	70%	95%	2%
Public to private for-profit	73%	63%	83%	6%
Private nonprofit to private for-profit	71%	50%	92%	1%
Private nonprofit to public	54%	46%	62%	9%
Private nonprofit to private nonprofit	50%	39%	60%	3%
Public to public	37%	34%	40%	62%

Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: All estimates presented in this table are statistically different from the public-to-public school comparison group. Percentage of students refers to the percentage of the total transfer student population in each category. Transfer students are defined as those who moved from one school to another for a period longer than 4 months, and estimates in this graphic reflect a student's first transfer only. Our analysis did not control for certain factors that may be related to the ability to transfer credits, including whether students informed the school of possible previously earned credits eligible for transfer. The upper bound for some estimates was capped at 100 percent.

Table 4: Estimated Percentage of Credits Lost in Transfer, on Average, by Transfer Direction, Academic Years 2003-04 to 2008-09

Transfer Direction	Percentage of Credits Lost	Lower Bound of 95 Percent Confidence Interval	Upper Bound of 95 Percent Confidence Interval	Percentage of Students Transferring in This Direction
Overall Average	43%	40%	45%	Not Applicable
4-year to 2-year	79%	75%	83%	14%
2-year to 2-year	74%	67%	80%	17%
4-year to 4-year	33%	29%	38%	25%
2-year to 4-year	26%	22%	29%	40%

Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: All estimates presented in this table are statistically different from the 2-year to 4-year transfer direction comparison group. Percentage of students refers to the percentage of the total transfer student population in each category. Transfer students are defined as those who moved from one school to another for a period longer than 4 months, and estimates in this graphic reflect a student's first transfer only. Our analysis did not control for certain factors that may be related to the ability to transfer credits, including whether students informed the school of possible previously earned credits eligible for transfer.

Table 5: Estimated Percentage of Credits Lost in Transfer, on Average, by Transfer Path, Academic Years 2003-04 to 2008-09

Transfer Path	Percentage of Credits Lost	Lower Bound of 95 Percent Confidence Interval	Upper Bound of 95 Percent Confidence Interval	Percentage of Students Using This Transfer Path
Overall average	43%	40%	45%	Not Applicable
2-year private for-profit to 2-year public	97%	91%	100%	1%
2-year public to 2-year private for-profit	95%	89%	100%	1%
4-year private for-profit to 2-year public	93%	76%	100%	1%
4-year private nonprofit to 2-year public	79%	71%	87%	4%
4-year public to 2-year public	77%	72%	82%	9%
4-year public to 4-year private for-profit	70%	56%	84%	1%
2-year public to 2-year public	69%	61%	77%	13%
2-year public to 4-year private for-profit	56%	40%	71%	2%
4-year private nonprofit to 4-year private nonprofit	49%	38%	61%	3%
4-year public to 4-year private nonprofit	37%	30%	44%	4%
2-year public to 4-year public	22%	18%	27%	26%

Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: All estimates presented in this table are statistically different from the 2-year public to 4-year public transfer path comparison group. Percentage of students refers to the percentage of the total transfer student population in each category. Transfer students are defined as those who moved from one school to another for a period longer than 4 months, and estimates in this graphic reflect a student's first transfer only. Our analysis did not control for certain factors that may be related to the ability to transfer credits, including whether students informed the school of possible previously earned credits eligible for transfer. The upper bound for some estimates was capped at 100 percent.

Table 6: Estimated Average Net Tuition by School Type, Academic Year 2013-14

School Type	Estimated Average Net Tuition Per Year	Estimated Average Net Tuition Per Credit
Overall Average	$ 8,980	$ 300
Private nonprofit 4-year	$ 13,830	$ 460
Private for-profit 4-year	$ 12,730	$ 420
Private for-profit 2-year	$ 11,290	$ 380
Private nonprofit 2-year	$ 10,640	$ 360
Public 4-year	$ 4,820	$ 160
Public 2-year	$ 1,880	$ 60

Source: GAO analysis of 2013-2014 data from the Integrated Postsecondary Education Data System (IPEDS). | GAO-17-574

Note: Net tuition was calculated by using IPEDS tuition data to estimate the non-tuition portion of the cost of attendance and subtracting that value from the net price. Net price is the cost of attendance (i.e., tuition, fees, room and board, books, and other expenses) minus financial aid. Tuition values are from the 2013-2014 school year.

Table 7: Estimated Percentage of Transfer Students Who Did Not Obtain a Degree by Transfer Direction, Academic Years 2003-04 to 2008-09

Transfer Direction	Percentage of Students Who Did Not Obtain a Degree	Lower Bound of 95 Percent Confidence Interval	Upper Bound of 95 Percent Confidence Interval
All Transfer Students	40%	38%	42%
2-year to 2-year	57%	52%	63%
4-year to 2-year	55%	51%	60%
4-year to 4-year	34%	31%	38%
2-year to 4-year	32%	29%	35%

Source: GAO analysis of 2004-2009 Beginning Postsecondary Students Longitudinal Study. | GAO-17-574

Note: Transfer students are defined as those who moved from one school to another for a period longer than 4 months, and estimates in this graphic reflect a student's first transfer only. The types of degrees accounted for are certificate, associate's degree, and bachelor's degree.

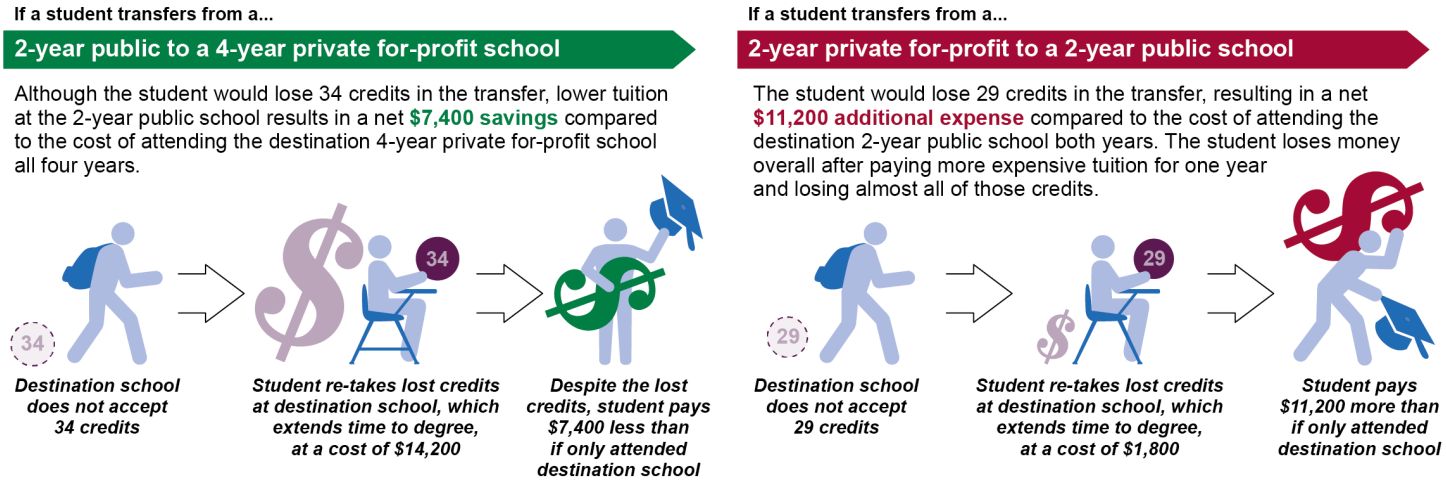
Additional Transfer Scenarios

The transfer scenarios in the following figure illustrate possible financial implications of additional transfer paths for students.[1] More specifically, these transfer scenarios illustrate potential financial implications for two transfer paths that are among the most common and involve private for-profit schools, based on our BPS analysis. Nonetheless, each of these transfer paths accounted for 2 percent or less of transfer students. In the transfer from 2-year public to 4-year private for-profit school example, the student accrues savings compared to attending the destination 4-year private for-profit school for the entire degree program because the student is able to transfer almost half the 60 credits earned at the less expensive 2-year public school. Net tuition at the 4-year private for-profit school is approximately seven times more expensive than at the 2-year public school. In the transfer from 2-year private for-profit to 2-year public school example, the student incurs additional costs compared to attending the destination 2-year public school for the entire degree program because the student has to repeat almost all of the 30 credits earned at the 2-year private for-profit school. This transfer path has a high credit loss rate. In addition, the credits the student lost from the 2-year private for-profit school were relatively expensive compared to the cost of credits at the destination 2-year public school.

[1] Assumptions for credit loss and net tuition are based on estimated averages from BPS and IPEDS data. See appendix I for more details on the methodology and table 6 for net tuition averages by school type.

Figure 10: Additional Transfer Scenarios and Potential Financial Implications for Students

These example transfer scenarios show the cost of transferring schools compared to attending the destination school for the entire degree program. Calculations use the average credit loss by transfer path and average tuition. The 2-year to 4-year example assumes that the student transfers after two years, attempts to transfer 60 credits to a 120-credit degree program, and retakes any lost credits. The 2-year to 2-year example assumes that the student transfers after one year, attempts to transfer 30 credits to a 60-credit degree program, and retakes any lost credits.



Source: GAO analysis of Department of Education transfer and tuition data. | GAO-17-574

Notes: These scenarios base credit loss and net tuition assumptions on estimated averages for each specified transfer path from the 2004-2009 Department of Education's (Education) Beginning Postsecondary Students Longitudinal Study (BPS) and 2013-2014 Integrated Postsecondary Education Data System data. The scenarios assume that all transferred credits apply to degree requirements, the student pays tuition on a per-credit basis to retake credits lost during transfer, and the student pays in-state tuition if attending a public school. Financial implications for students do not account for how students may use financial aid to offset out-of-pocket tuition costs. Net tuition is based on data for first-time, full-time undergraduate students and may underestimate costs for transfer students because, according to Education, schools often do not offer the same amount of institutional aid to transfer students compared to first-time, non-transfer students. Based on our analysis of BPS data on students who transferred, 2 percent transferred from 2-year public to 4-year private for-profit schools, and 1 percent transferred from 2-year private for-profit to 2-year public schools.

Appendix IV: Comments from the Department of Education

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
THE ASSISTANT SECRETARY

Ms. Melissa Emrey-Arras
Director, Education, Workforce
and Income Security Issues
United States Government Accountability Office
Washington, D.C. 20548

July 5, 2017

Dear Ms. Emrey-Arras:

Thank you for providing the U.S. Department of Education with a draft copy of the Government Accountability Office's (GAO's) report entitled, "HIGHER EDUCATION: Students Need More Information to Help Reduce Challenges in Transferring College Credits" (GAO-17-574; Job Code 100724). We appreciate the hard work that went into the audit and the opportunity to comment on the draft report. Technical comments regarding statistical validity from the Department's National Center for Data Statistics are being provided separately. The report's two recommendations, and the Department's responses, are set out below.

Recommendation 1: Require schools to (1) disclose the list of schools with which they have articulation agreements online if the school has a website, and (2) clearly inform students, on the school's website if it has one, when no articulation agreements on credit transfer are in place. If the Department determines that it does not have the authority to require this, it should nonetheless encourage schools to take these actions (through guidance or other means).

Response: The Department does not agree with this recommendation. The Department already requires that an institution make publicly available a list of institutions with which the institution has established an articulation agreement. The Department does not require that this list be posted online, or that the institution disclose it has no articulation agreements. The Department cautions that placing this kind of special emphasis on articulation agreements could seriously mislead students. A school's lack of articulation agreements is not a true measure of the school's credits' transferability. For example, a community college could have articulation agreements with a number of local four year colleges; but there could be many other colleges that will accept most, if not all, of the credits earned by students at the community college. A student who sees the few schools with articulation agreements listed on the school's website will think that he/she will not be able to transfer his/her credits to any other school. Alternatively, if the school notes on its website that the school has no articulation agreements, the student may erroneously believe that none of his/her coursework at that school would be accepted by other schools.

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

As discussed below, the Department has concluded that the best approach for achieving the goals of this recommendation in the report is urging students to contact the specific schools to obtain the most accurate and updated transfer information.

Recommendation 2: Provide students and their families with general transfer information, for example by developing a consumer guide and posting it on Education's website or augmenting transfer information already provided on the website, to help increase awareness of key considerations when transferring schools.

Response: We agree it would assist students to have more general transfer information when they are considering transferring to other schools. Federal Student Aid (FSA) will add additional language to StudentAid.gov providing general transfer information and encouraging students to contact the schools to which they wish to transfer to obtain school-specific information on the transfer of credits. We note, however, that the U.S. Department of Education and FSA are not the primary sources for students on individual schools' transfer policies since FSA has no role in determining individual school policies on transferring credits.

I appreciate your examination of this important issue.

Sincerely,

Kathleen A. Smith
Acting Assistant Secretary

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Melissa Emrey-Arras, (617) 788-0534 or emreyarrasm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Meeta Engle (Assistant Director); Amrita Sen (Analyst-in-Charge); Elizabeth Hartjes, Connor Kincaid, Jean McSween, John Mingus, and Dae Park made key contributions to this report. Also contributing to this report were Susan Aschoff, James Bennett, Deborah Bland, Alicia Cackley, Evelyn Calderon, Yue Pui Chin, Michelle Duren, Gustavo Fernandez, Alexander Galuten, Timothy Guinane, Sharon Hermes, Laura Hoffrey, Bill Keller, Sheila McCoy, Jennifer McDonald, Jeffrey Miller, Amy Moran Lowe, Alexandra Rouse, Katherine Siggerud, Alexandra Squitieri, and Christopher Zbrozek.

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