

A BROKEN COLLEGE CREDIT TRANSFER SYSTEM AND POLICY REPAIRS

MARCH 2025

Nearly 2 in 5 students transfer between colleges before completing a degree.¹ But, this is a costly decision. Forty-three percent of transfer credits are lost on average² and one in seven students lose all their credits when transferring.³ This broken system results in learners taking longer to complete their degree or not completing at all – two out of five learners do not complete after transferring – leading to higher costs to completion and lost wages. These challenges disproportionately affect new traditional learners, including students of color, low-income students, and working adult learners.

Fast Facts

- 38% of students transfer between colleges before completing a degree⁴
- On average, 43% of transfer credits are lost⁵
- One in seven students lose all their credits when transferring⁶

Barriers During the Credit Transfer Process

Barriers to transfer show up in three phases of a student's transfer journey. Common barriers leading to lost credits include a lack of quality information, slow and burdensome processes, and institutions rejecting credits in response to short-sighted financial incentives.

Table 1. Barriers Leading to Lost Credits

Pre-Transfer	Transfer Process	Acceptance and Application of Credits
<ul style="list-style-type: none">• Limited access to advising• Poor information from transfer destination about transferability	<ul style="list-style-type: none">• Transcript request fees• Transcript holds²• Closed schools• Length of credit evaluation process• Difficulty of navigating processes	<ul style="list-style-type: none">• High standards for course equivalency• Using accreditors as a gauge of quality• Applying credits only as electives, not to the degree• GPA [grade point average] requirements• Less acceptance of non-standard course lengths, modalities, and sources of credit

Source: CHEPP, 2024

Costs to Learners

Fast Facts

- Learners transferring to a public four-year institution will pay an estimated average of \$13,000 in additional costs; those transferring to private four-year institutions will pay an estimated average of \$26,000 more.⁷
- An additional semester spent in school costs the average graduate \$15,400 in lost wages.⁸

On average, a bachelor's degree holder earns \$600,000 more than an associate degree recipient, and \$800,000 more than someone with SCNC.⁹

¹ Shapiro et al., 2018

² Ibid

³ Simone, 2014

⁴ Shapiro et al., 2018

⁵ U.S. GAO, 2017

⁶ Simone, 2014

⁷ CHEPP, 2024

⁸ NCES, 2023

⁹ Carnevale et al., 2011

Table 2. Costs Resulting from Lost Credits

Financial Costs While Enrolled	Human and Optimal Choice Costs	Opportunity Costs
<ul style="list-style-type: none"> • Transcript request fees • Transcript hold balances • Additional courses, fees, and other costs of attendance • Exhausting Pell Grant eligibility • Incurring more debt 	<ul style="list-style-type: none"> • Feeling inadequate and dejected • Choosing to stop out • Selecting a less desirable school or major based on acceptance of credit 	<ul style="list-style-type: none"> • Lost wages from additional time spent in school • Lost bachelor's degree earnings premium, if learners stop out

Source: CHEPP, 2024

Federal Policy Recommendations

Financial Aid: Two eligibility restrictions on federal financial aid can have an outsized impact on transfer students by limiting students' access to federal student aid, including Pell grants: Pell Lifetime Eligibility Used (LEU) and Satisfactory Academic Progress (SAP). Federal policy should ease the impact of these requirements by:

- Restoring Pell LEU limits to 18 terms (such as proposed in The Pell Restoration Act)
- Requiring institutions of higher education to have a reasonable and clear SAP policy
- Issuing SAP guidance that requires an appeals process and regular updating of institutional SAP policy, including examples of what is considered a "special circumstance."

Closed Schools: Students who attended closed schools struggle to access their transcripts. Federal policy should ensure learner records are retained and always available to learners by:

- Issuing guidance and regulations that require the development of record management plans and informing students on how to receive their transcripts for transfer.
- Funding a demonstration program to support the development and evaluation of comprehensive learner records.

Valuing All Learning: Federal policy should support ways to measure and validate skills and knowledge gained in and outside of the classroom, including through Competency-Based Education (CBE) and Credit for Prior Learning (CPL) by:

- Prohibiting states, accreditors, and institutions from banning credit from being accepted for transfer solely on the basis of the modality or type of credit and without assessing the learning demonstrated.
- Allowing the use of Title IV aid for CPL assessments, with some guardrails.
- Authorizing a robust CBE demonstration program that rigorously evaluates learner experiences and outcomes in a variety of models.
- Include funding to support institutions in mapping courses to competencies through the Fund for the Improvement of Postsecondary Education (FIPSE) authority.
- Supporting efforts to facilitate credit transfer between institutions in order to confer associates degrees through reverse credit transfer.

Transparency: Federal policy should expand data collection to better understand credit transfer pathways and the outcomes of students who transfer.

- Improve IPEDs by identifying whether transfer students are enrolling from a 2-year or 4-year degree program and separate these cohorts when reporting graduation outcomes.
- Expand and improve higher education student outcomes data to understand the varied pathways of transfer students and their outcomes.

For more information and further recommendations, read our full research and policy briefs: [The Costs of The College Credit Transfer System For Learners and the Mindsets and Practices That Reduce Them](#) and [Improving College Credit Transfer: Policy Recommendations](#).

Sources

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