

As the price of a public college education has risen at well above the rate of inflation for decades, college affordability has become a key concern in public policy discussions.¹ At the same time, recent high school graduates from lower-income and middle-income families are nearly 20 percentage points less likely to enroll in college the following year than students from high-income families.² A number of states and communities have responded to these concerns by starting college promise programs, which typically promise qualified middle or high school students that they will cover part or all of tuition prices when a student enters college. A key goal of these programs is to encourage financially-needy students to think that college is possible and prepare academically for postsecondary education while they are in high school.

The wave of college promise programs can be in part linked to the visibility and success of two programs in the Midwest: the Indiana 21st Century Scholars program (which began in 1990) and the Kalamazoo Promise (which began in 2005). Seven states have implemented tuition-free college programs for some or all students since 2014, highlighted by the Tennessee Promise program that covered tuition at public two-year colleges and New York's recently-enacted Excelsior Scholarship program that covers tuition for eligible students at two-year and four-year public colleges.³ Today, there are nearly 200 active local and state college promise or free college programs across 41 states.⁴ Within the Midwest, all states but South Dakota have at least one active promise program—with a total of 56 programs within the 12-state region. (See Table 1 for a breakdown of the number of programs by state, as well as some of the key characteristics of these programs.)

¹ Ma, J., Baum, S., Pender, M., & Welch, M. (2016). *Trends in college pricing*. Washington, DC: The College Board.

² National Center for Education Statistics (2017, March). *Immediate college enrollment rates*. Accessed from https://nces.ed.gov/programs/coe/indicator_cpa.asp.

³ Pingel, S. (2017, March 30). Free college and adult student populations. *Education Commission of the States*. Accessed from <https://www.ecs.org/free-college-and-adult-student-populations/>.

⁴ PennAhead (2017, March). *College promise programs in the United States*. Accessed from <http://www.whimsymaps.com/view/collegepromise>. teacher effectiveness.

KEY INSIGHTS

- College promise or tuition-free college programs are becoming increasingly popular, and there is evidence that these programs can be effective under the right conditions. Prior research has found that college promise programs can generate increases in college enrollment from between two and five percentage points. Research on one particularly generous program demonstrated that postsecondary completions increased by 12 percentage points, yielding a return on investment of about 11%.
- Most programs operate on a last-dollar basis by providing aid after other grants have been applied, while a few programs offer more generous first-dollar scholarships that immediately cover tuition. In the case of last-dollar scholarships, it is crucial to help low-income students navigate the process of applying for financial aid to ensure program eligibility. In addition, states should consider giving a small stipend to low-income students whose tuition is already covered by federal or state financial aid sources to help them afford living expenses—the largest portion of the cost of attendance for students attending public colleges.
- Most promise programs are targeted toward recent high school graduates, but some programs are beginning to include adult learners. While the return on investment is likely higher for programs limited to traditional-age students, it is important to help lower-income adult students access college as a means to a more secure economic position.
- Another design consideration is whether to limit the promise program to community colleges or whether four-year colleges should also be included. Limiting the program to community colleges allows more students to be covered for a lower price tag, but it may reduce bachelor's degree completion rates due to difficulties in transferring from two-year to four-year institutions.

TABLE 1. College promise programs in the Midwest.

State	Total	First Dollar	Covers 2-yr only	Private colleges eligible
Illinois	11	3	7	3
Indiana	6	1	1	1
Iowa	1	1	0	0
Kansas	1	0	1	0
Michigan	19	4	6	7
Minnesota	2	0	2	0
Missouri	1	0	1	0
Nebraska	1	0	0	0
North Dakota	2	1	1	1
Ohio	3	1	1	1
South Dakota	0	0	0	0
Wisconsin	9	1	7	1
Total	56	11	27	15

Source: PennAHEAD's database of college promise programs (last updated March 2017).

These programs vary considerably in their eligibility criteria, institutions covered, and financial generosity. For example, the La Crosse Promise program in Wisconsin provides assistance to the children of new homeowners in less than one square mile of the city, while the Indiana 21st Century Scholars program covers four years of public college tuition for middle school students across the state.⁵ In this brief, the body of research is detailed on the effects of three well-known college promise programs in the Midwest before discussing some of the key questions that policymakers and funders must consider when designing college promise or tuition-free college programs.

RESEARCH ON COLLEGE PROMISE PROGRAMS

Most of the college promise programs in existence have not yet been researched, either because the programs are too new

to track student outcomes or because they are not suitable for an empirical study due to a small sample size or lack of an available comparison group. (The recent tuition-free college programs are all too new to be rigorously examined, although there was a sharp enrollment increase following the enactment of the Tennessee Promise in 2015.⁶) However, a growing body of research from several longstanding programs in cities around the country has shown positive effects on outcomes such as college enrollment levels and local housing prices.⁷ In this section, research is summarized for three larger promise programs within the Midwest that have been rigorously evaluated.

Indiana's 21st Century Scholars Program

The Indiana 21st Century Scholars program, the first statewide college promise program, was started in 1990 by former governor Evan Bayh and the state legislature by promising income-eligible seventh-grade and eighth-grade students that up to four years' tuition and fees at an Indiana public college or university would be paid by the state (after certain types of private and institutional grant aid is applied, but allowing any federal aid to be used for non-tuition expenses) if they meet certain eligibility criteria. In order to be initially eligible to apply during middle school, students must be a legal resident of Indiana and have a family income that would make them eligible to receive free or reduced-price lunch.⁸

Students must also satisfy a number of additional criteria during both high school and college to receive scholarship dollars. Beginning in 2013, all new scholars are required to complete a twelve-step Scholar Success Program designed to prepare students for college, with steps such as estimating the price of college, visiting a campus, and taking the ACT or SAT. All students also must graduate with a college-preparatory high school diploma with a 2.5 GPA and complete the FAFSA in order to receive funds. Students entering college in the fall of 2017 are the first group that has to meet all of these requirements, and early estimates are that only a minority of eligible students will actually complete all criteria and receive funds.⁹ Upon entering college, students must attend full-time, file the FAFSA each year,

⁵ La Crosse Promise (n.d.). *Home*. Accessed from <http://lacrossepromise.org/>. Indiana Commission for Higher Education (n.d.) *21st century scholarship*. Accessed from <http://scholars.in.gov/>.

⁶ Smith, A. A. (2015, November 24). Promise provides enrollment boost. *Inside Higher Ed*. Accessed from <https://www.insidehighered.com/news/2015/11/24/promise-program-sharply-lifts-tennessee-college-freshman-enrollment>.

⁷ Inti, J., Page, L. C., & Bickel, W. E. (2017). Place-based scholarships: Catalysts for systems reform to improve postsecondary attainment. *International Journal of Educational Development*. <https://doi.org/10.1016/j.ijedudev.2017.02.002>. Sohn, H., Rubenstein, R., Murchie, J., & Bifulco, R. (2017). Assessing the effects of place-based scholarships on urban revitalization: The case of say yes to education. *Educational Evaluation and Policy Analysis*, 39(2), 198-222.

⁸ Indiana Commission for Higher Education (n.d.). *FAQs*. Accessed from <https://secure.in.gov/21stcenturyscholars/2525.htm>.

⁹ Schneider, C. (2016, June 5). Most 21st century scholars not on track to receive state money. *The Indianapolis Star*. Accessed from <http://www.indystar.com/story/news/education/2016/06/05/most-21st-century-scholars-not-track-receive-state-money/85307842/>.

and maintain good academic standing in order to continue receiving funds.¹⁰ Indiana appropriated \$160 million in 2016-17 for the program, down \$14 million from the previous fiscal year.¹¹

Because the 21st Century Scholars program has been around for more than 25 years, its effectiveness has been rigorously evaluated by a number of researchers. Early analyses of the program found positive effects on college aspirations, enrollment rates, and persistence rates for students who participated in the program.¹² A recent analysis of 42,000 students who were in ninth grade in the 1999-2000 academic year attempted to more fully control for the possibility that students self-selected into the program by taking demographics and potential college plans into account. This study showed that students who signed up for the program (regardless of whether they completed it or not) were about 2.4 percentage points more likely to enroll in college than otherwise similar students who did not sign up; enrollment effects were the largest at in-state public colleges.¹³ However, no recent research has examined whether the program affected persistence or completion rates.

Missouri's A+ Program

The state-funded Missouri A+ program has covered eligible students' tuition and fees at the state's community and technical colleges since 1993, but this program gets relatively little attention compared to other states' college promise or free college programs.¹⁴ Part of the reason is that high schools have to sign up for the program and agree to meet academic rigor and performance plans in order for students to be eligible to participate in A+. The number of participating high schools has risen steadily from 38 in the 1994-95 academic year to nearly all public high schools in 2017, and the first private high schools were made eligible for the program in 2017.¹⁵

In order for a student to be eligible to receive funds, he or she must sign an agreement with their participating A+ high

school and attend it for at least three years, graduate with a 2.5 GPA, perform at least 50 hours of tutoring, and earn a grade of proficient or higher on an end-of-course exam in Algebra I or a higher-level course in mathematics. While in college, students must complete the FAFSA every year (with the A+ funds being applied after other federal grants) and receive a 2.5 GPA each semester. A new requirement as of fall 2016 is that students must complete 12 credits each semester in order to maintain eligibility.¹⁶ Prior to these changes, about 13,000 students received about \$32 million in A+ funds in the 2014-15 academic year.¹⁷

The A+ program has only been subject to one rigorous evaluation. A recent study used data from 1992 to 2010 to examine whether the A+ program affected enrollment rates at two-year and four-year colleges. Using a difference-in-differences estimation strategy that compared participating and non-participating high schools over the same time period, the estimated increase in college enrollment due to the A+ program was about 1.5 percentage points. However, this increase comprised a 5.2 percentage point increase in two-year enrollment and a 3.7 percentage point decrease in four-year enrollment, raising some concerns about overall educational attainment levels if bachelor's degree-seeking students do not successfully transfer to four-year colleges.¹⁸

Kalamazoo Promise

Announced in 2005, the Kalamazoo Promise was the first college promise program to be created at the local level. These programs typically have two goals—to promote local economic development by encouraging families to move to the community and to increase human capital by raising college attainment rates. The Kalamazoo Promise is a privately-funded college promise program that is limited to students who graduated from Kalamazoo Public Schools. These local programs are designed

¹⁰ Indiana Commission for Higher Education (n.d.). FAQs. Accessed from <https://secure.in.gov/21stcenturyscholars/2525.htm>.

¹¹ Indiana General Assembly (2015). *State of Indiana list of appropriations*. Indianapolis, IN: Author.

¹² St. John, E. P., Musoba, G. D., & Simmons, A. B. (2003). Keeping the promise: The impact of Indiana's twenty-first century scholars program. *The Review of Higher Education*, 27(1), 103-123. St. John, E. P., Musoba, G. D., Simmons, A. B., Chung, C., Schmit, J., & Peng, C. J. (2004). Meeting the access challenge: An examination of Indiana's twenty-first century scholars program. *Research in Higher Education*, 45(8), 829-871.

¹³ Toutkoushian, R. K., Hossler, D., Desjardins, S. L., McCall, B., & Canche, M. G. (2015). The effect of participating in Indiana's twenty-first century scholars program on college enrollments. *The Review of Higher Education*, 39(1), 59-95.

¹⁴ The program used to cover textbooks in addition to tuition and fees, but it no longer does so.

¹⁵ Robison, R. A. (1995). Missouri's A+ schools program: Providing quality education for all students. *NASSP Bulletin*, 79(574), 26-33. Missouri Department of Elementary and Secondary Education (n.d.) A+ designated schools. Accessed from <https://dese.mo.gov/quality-schools/designated-schools>.

¹⁶ Missouri Department of Higher Education (n.d.). A+ scholarship program. Accessed from <http://dhe.mo.gov/ppc/grants/aplus scholarship.php>.

¹⁷ Missouri Department of Higher Education (n.d.). MDHE statistical summary. Accessed from <http://dhe.mo.gov/data/statsum/>.

¹⁸ Munoz, J., Harrington, J. R., Curs, B. R., & Ehlert, M. (2016). Democratization and diversion: The effect of Missouri's A+ schools program on postsecondary enrollment. *The Journal of Higher Education*, 87(6), 801-830.

to cover full tuition and fees at virtually all public and private colleges in Michigan if students attended school and lived in the district since kindergarten, with a smaller percentage of tuition and fees covered for students who spent less time in the district. To continue receiving the funds in college, students must maintain full-time status and at least a 2.0 GPA.¹⁹ As of 2015, about 3,300 high school graduates have received almost \$54 million in scholarships since the program was announced.²⁰

The Kalamazoo Promise is an unusually generous scholarship program because it allows students to use any other grant aid received to cover non-tuition portions of the cost of attendance such as housing and textbook expenses. A number of research studies have shown that the program has achieved the two main goals of local college promise programs. First, it has contributed to an enrollment increase of about 25% in the Kalamazoo public schools, reversing a long enrollment decline in the district.²¹ Second, it has significantly improved educational outcomes: the percentage of eligible high school graduates who earned a college credential increased by 12 percentage points as a result of the program, thereby yielding a return on investment of about 11%.²²

DESIGN COMPONENTS

When considering a college promise or free college program, funders must figure out how they want the program to be designed. This often requires a series of delicate compromises between seeking to serve as many students as possible and fiscal considerations that affect whether the program may be financially sustainable in the future. In this section, three key design components are discussed.

First-dollar or last-dollar?

First-dollar scholarships are applied before all other financial aid is taken into account, while last-dollar scholarships are applied

after any other grants. The federal Pell Grant, the Kalamazoo Promise, and Indiana's 21st Century Scholars Program are examples of first-dollar scholarships, while most institutional grant aid and Missouri's A+ Program function as a last-dollar scholarship. The majority of promise programs function as last-dollar scholarships as federal and state grant aid picks up much of the tab. For example, the Tennessee Promise program had a price tag of \$1,090 per student in the 2016-17 academic year—less than one-third of the listed price for tuition and fees.²³ Some local programs, such as the Kalamazoo Promise, function as first-dollar scholarships and immediately cover tuition charges.

Although the examples above show that both first-dollar and last-dollar scholarships can improve student outcomes, most programs choose to function as last-dollar scholarships in an effort to make programs more financially sustainable in the long term and cover a larger number of students while still promising that students will be able to attend tuition-free. However, the last-dollar approach has two main drawbacks. The first is that students have to complete the Free Application for Federal Student Aid (FAFSA) in order to be eligible for last-dollar programs (with a few programs making exceptions for students who are ineligible to file the FAFSA due to their immigration status).²⁴ Filing the FAFSA is a significant hurdle for many low-income college students (particularly in the community college sector), with about one-fifth of students who would be eligible for Pell Grants based on their family income not completing the form.²⁵ Some programs do directly provide assistance for students who need help filing the FAFSA, while others refer students to nonprofit organizations that can provide that assistance. Programs that wish to operate on a last-dollar basis should certainly plan on either directly or indirectly providing FAFSA assistance.

The second drawback is that the lowest-income students may not see any additional scholarship money from a last-dollar program, particularly if the student is attending a community college. For example, the maximum Pell Grant of \$5,815 in 2016-17

¹⁹ The Kalamazoo Promise (n.d.). FAQs. Accessed from <https://www.kalamazoopromise.com/FAQ/faq12>.

²⁰ Miller-Adams, M. (2015). About the Kalamazoo Promise. *W.E. Upjohn Institute for Employment Research*. Accessed from <https://www.upjohn.org/about-kalamazoo-promise>.

²¹ Rodrigue, E., & Reeves, R. V. (2015, June 23). Promises, promises: What can we learn about education from Kalamazoo? *The Brookings Institution*. Accessed from <https://www.brookings.edu/blog/social-mobility-memos/2015/06/23/promises-promises-what-can-we-learn-about-education-from-kalamazoo/>.

²² Bartik, T. J., Hershbein, B., & Lachowska, M. (2016). The merits of universal scholarships: Benefit-cost evidence from the Kalamazoo Promise. *Journal of Benefit-Cost Analysis*, 7(3), 400-433. Bartik, T. J., & Lachowska, M. (2014). The Kalamazoo Promise scholarship: College funds boost grades of African American students. *Education Next*, 14(2), 72-78.

²³ Ohm, R. (2017, February 3). Tennessee Promise grows enrollment, has 63 percent retention rate. *Knoxville News Sentinel*. Accessed from <http://www.knoxnews.com/story/news/education/2017/02/03/tennessee-promise-grows-enrollment-has-63-percent-retention-rate/97440870/>.

²⁴ For example, the Chicago STAR Scholarship program allows students not in the country legally to fill out a separate form in lieu of the FAFSA.

²⁵ Kofoed, M. S. (2017). To apply or not to apply: FAFSA completion and financial aid gaps. *Research in Higher Education*, 58(1), 1-39. McKinney, L., & Novak, H. (2012). The relationship between FAFSA filing and persistence among first-year community college students. *Community College Review*, 41(1), 63-85.

was higher than community college tuition and fees in all but three states.²⁶ This means that many college promise programs primarily use their own program dollars to fund middle-income students. This does help a group of students who often get relatively little in financial aid to help pay for college, but these students and their families have a somewhat greater ability to finance a college education than lower-income students. Promise or tuition-free college programs may want to consider giving a small stipend to students whose tuition is already covered by federal or state financial aid sources to make sure that all students receive at least some money from the program and to help students afford books and living expenses—the largest portion of the cost of attendance for students attending public colleges.²⁷

Where do adult students fit in?

A common theme across nearly all college promise or free college programs is that they focus on students who are directly out of high school. Among the programs in the Midwest, the most generous program for adults is the Kalamazoo Promise, which allows students as long as ten years following high school graduation to receive funds. Nearly all programs, though, require students to enroll in college either immediately following high school graduation or within one or two years (with some exceptions for military service).²⁸ This sort of restriction makes sense if it can encourage students to immediately enroll in college and thus enjoy the typical benefits of additional years of education for a longer period of time, increasing the return on investment.

A criticism of these restrictions is that they result in funds disproportionately going to more-advantaged students who have the ability to attend college immediately instead of tending to pressing family or financial obligations.²⁹ This concern is also present for traditional financial aid programs, which often limit funds to traditional-aged, full-time students.³⁰ While the return on investment is likely higher for programs limited to traditional-

age students, it is important to help lower-income adult students access college as a means to a more secure economic position. Tennessee recently added a new tuition-free community college program for adult students (Tennessee Reconnect) alongside its existing Tennessee Promise program for recent high school graduation. This program, which allows adult students to earn associate degrees as well as certificates, allows for part-time attendance and is estimated to cost about \$10 million per year once fully implemented.³¹ (It is too early to evaluate the program's effectiveness.) Even though the cost of the program extension is relatively low, it means that a state or program must get the funds by either raising additional funds or tightening program eligibility elsewhere.

Should programs cover four-year colleges as well as two-year colleges?

Many college promise programs nationwide are limited to students who attend two-year colleges, and almost half of the 56 programs in the Midwest have this restriction. A smaller number of programs (particularly those sponsored by individual colleges) will only pay for students to attend a four-year college, while the remaining programs allow students to attend both two-year and four-year colleges. Some programs also allow students to attend four-year private colleges, but these programs frequently limit financial assistance to the in-state tuition rates for four-year public colleges.

There are two main rationales for limiting funds to students who attend two-year colleges. The first is the price tag of the program. In the 2016-17 academic year, the average state-level tuition and fee charges at two-year colleges in the Midwest was \$4,237, compared to \$9,568 at four-year colleges.³² After federal grant aid is applied, each year of a promise program at a four-year college can be three times as expensive as at a two-year college. Second, there is an argument to be made that providing two years of a community college education can help get students off to a good start in college before they continue their education at another

²⁶ Ma, J., Baum, S., Pender, M., & Welch, M. (2016). *Trends in college pricing*. Washington, DC: The College Board.

²⁷ Kelchen, R., Goldrick-Rab, S., & Hosch, B. (forthcoming). The costs of college attendance: Examining variation and consistency in institutional living cost allowances. *The Journal of Higher Education*.

²⁸ Pingel, S., Parker, E., & Sisneros, L. (2016). *Free community college: An approach to increase adult student success in postsecondary education*. Boulder, CO: Education Commission of the States.

²⁹ McKibben, B. (2014, August 14). Tennessee's promise is none at all. *Medium*. Accessed from <https://medium.com/@bmckib/tennessees-promise-is-none-at-all-c3575cc79dd9>.

³⁰ Pingel, S., & Sponster, B. A. (2016). *Redesigning state financial aid: Principles to guide state aid policymaking*. Boulder, CO: Education Commission of the States.

³¹ NextTennessee (n.d.). *One pager: Tennessee reconnect*. Accessed from <https://www.tn.gov/nexttennessee/topic/nt-one-pagertennessee-reconnect>.

³² Author's analysis using data from Ma et al. (2016).

institution, thus maximizing educational opportunity.³³

The main drawback of limiting funds to students attending community colleges is that research has shown that students who begin at community colleges are less likely to complete a bachelor's degree than similar students who began at a four-year college, in part due to the loss of credit when students attempt to transfer and the difficulty of adjusting to a new institution.³⁴ As with Missouri's A+ program, encouraging students to begin their studies at a community college could have the effect of slightly reducing overall baccalaureate completions unless the transfer process is substantially improved. If states or foundations wish to limit their funds to students attending community colleges, it is crucial for states to work with their public colleges to streamline the credit transfer process to four-year institutions. States which seek to significantly increase bachelor's degree completions should include four-year institutions in their college promise programs.

CONCLUSION

College promise or tuition-free college programs are becoming a popular tool to help make college more affordable and to encourage local economic development. Research on longstanding programs tends to find that these programs do in fact increase college enrollment and completion rates, although the price tags of these programs may be politically insurmountable in some cases. But if the financial resources and political will are both present, promise programs provide an opportunity to give families the confidence that college will be reasonably affordable in the future. Yet the design characteristics of these programs affect who is eligible to participate, who actually receives funds, and how financially sustainable the program will be in the long run. Those interested in implementing such a program should carefully consider the three design questions discussed above and determine how they want to best allocate their scarce resources.

³³ Goldrick-Rab, S., & Kendall, N. (2014). *Redefining college opportunity: Securing America's future with a free two year college option*. Madison, WI: Education Optimists.

³⁴ D'Amico, M. M., Dika, S. L., Elling, T. W., Algozzine, B., & Ginn, D. J. (2014). *Early integration and other outcomes for community college transfer students*. *Research in Higher Education*, 55, 370-399. Mongahan, D. B., & Attwell, P. (2015). The community college route to the bachelor's degree. *Educational Evaluation and Policy Analysis*, 37(1), 70-91.



105 Fifth Avenue South, Suite 450
 Minneapolis, MN 55401
 612-677-2777 or 855-767-MHEC
 www.MHEC.org | mhec@mhec.org

Midwestern Higher Education Compact (MHEC)

A nonprofit regional organization assisting Midwestern states in advancing higher education through interstate cooperation and resource sharing. MHEC seeks to fulfill its interstate mission through programs that expand postsecondary opportunity and success; promote innovative approaches to improving institutional and system productivity; improve affordability to students and states; and enhance connectivity between higher education and the workplace.

Compact Leadership, 2016-17

Chair

Mr. Richard Short, Kansas
 Governor’s Designee

Vice-Chair

Mr. Tim Flakoll, Provost,
 Tri-College University

Treasurer

Dr. Ken Sauer, Senior
 Associate Commissioner
 and Chief Academic
 Officer, Indiana
 Commission for
 Higher Education

Past Chair

Mr. David Pearce,
 Former State Senator,
 Missouri General Assembly

President

Mr. Larry Isaak



The National Forum exists to support higher education’s role as a public good. In this pursuit, the Forum utilizes research and other tools to create and disseminate knowledge that addresses higher education issues of public importance. This mission is expressed in a wide range of programs and activities that focus on increasing opportunities for students to access and be successful in college, college’s responsibility to engage with and serve their communities, institutional leadership roles and practices in promoting responsive policies and practices to address the student success and community engagement.

AUTHOR

Robert Kelchen,
 Assistant Professor,
 Department
 of Education
 Leadership,
 Management and
 Policy, Seton Hall
 University.

EDITORS

Aaron S. Horn,
 Director for Policy
 Research, Midwestern
 Higher Education
 Compact
aaronh@mhec.org

Noe Ortega,
 Managing Director,
 National Forum on
 Higher Education for
 the Public Good

RESEARCH SUPPORT

Jeremiah Thompson,
 National Forum on
 Higher Education for the
 Public Good

**About this
 Policy Brief Series**

This brief examines a critical state policy issue identified through the College Affordability Research Initiative, a collaboration between the Midwestern Higher Education Compact and the National Forum on Higher Education for the Public Good at the University of Michigan.

© COPYRIGHT 2017 MIDWESTERN HIGHER EDUCATION COMPACT.