A Legislator's Toolkit for the New World of Higher Education

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A Promise is a Promise: Free Tuition Programs and How They Work

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With a desire to meet changing state and local economic needs, enhance workforce development and provide better financial security for their citizens, 17 states and more than 350 localities across 44 states have enacted and developed "free college" policies—generally known as college promise programs. These programs have proven to be popular—and diverse—as states and localities have tailored their approaches to meet their individual needs and priorities. However, all share three general goals:

- To send a clear message that the state or locality is proactively investing in workforce development to support a vital and sustainable economic climate attractive to new business and entrepreneurial ventures.
- To send a straightforward message that pursuing a postsecondary education degree, credential or license is affordable, especially to those who might not otherwise consider it or think such a possibility within reach.
- To address concerns about spiraling college costs and student debt experienced by state residents.

About this series

With the support of the Arnold Ventures, this is the fifth of eight briefs published by NCSL as "A Legislator's Toolkit to the New World of Higher Education." The series seeks to inform legislators about the current challenges to public postsecondary education so that they can form cohesive, strategic approaches to building effective and efficient postsecondary systems responsive to future statewide economic and community needs. In addition, an interactive database on the NCSL website identifies state approaches to governance, funding and affordability, allowing policymakers to share information, exchange ideas and adopt the best practices for their state's particular needs.

Promise programs work because the message is simple and clear: One can attend college tuition-free. This plays well in marketing and communication efforts by removing the complex "static" around federal, state and institutional financial aid policies and regulations. However, the simple fact is that nothing is free—the true cost is being incurred somehow—and legislatures wrestle with how to increase access to postsecondary education and address state needs in a financially responsible manner. That is the challenge.

Early Examples and Lessons Learned

Although most promise programs are now generally recognized as statewide programs, they originated at local levels. One of the very first was the Kalamazoo Promise Program in **Michigan**. This program, initiated in 2005, was created by anonymous benefactors concerned about the stagnated and declining economic development within the community. The program's simple premise is that students enrolled in Kalamazoo public schools who graduated from high school would have their college tuition and fees paid for four years. The school district saw immediate results as student enrollments increased along with the number of teachers applying to work in the schools, and overall school climate improved. In fact, the increases led to new schools being built for the first time in nearly 30 years, and overall community support for the public school system was enhanced.

The results in Kalamazoo grew beyond the school district. Local businesses and development grew as new families moved into the community to enable their children to attend college tuition-free. By almost all accounts, this early promise program was a boon to the community.

But did the program increase the number of Kalamazoo students going to college? Yes. A 2017 study showed that the program increased the number of students enrolling in any college within six months of completing high school by 14 percent, and of students enrolling in four-year colleges by 23 percent. The program endures as a clearly communicated "first-dollar" model that continues to support increased postsecondary enrollments for its K-12 students and enhanced community and economic development for the greater township.

Different Ways Promise Programs are Designed

As more states draw from local examples such as Kalamazoo, legislatures seek to develop their own approach to this issue. When designing statewide programs, the common questions include:

- **What is the difference between "tuition-free" and "debt-free" programs?**

  The difference between tuition-free and debt-free is a matter of which costs are covered. Does the program promise to cover only tuition, or to cover costs beyond tuition? The College Board reports that tuition and fees constitute only 40 percent of the total costs for in-state students living on campus at a public four-year institution and only 20 percent of the costs for students attending a public two-year or community college. Additional costs include textbooks, transportation and living expenses such as food and housing. These costs can be met by flexible aid such as Pell grants and other possible state grants (and as part of the considerations of "first-dollar" vs. "last-dollar" designs). Student expenses not met by grants often require loans. This is particularly true of low-income students who often cannot depend on parental support.

- **What are differences between "first-dollar," "middle-dollar" and "last-dollar" programs?**

  First-dollar models provide funds without regard to other potential sources of state and federal financial aid. Last dollar programs require other federal and state financial aid to be exhausted before a student is eligible. The program will then "bridge the gap" with what is required to meet the final costs.

  First-dollar programs are relatively simple to administer, since no one needs to ensure that students complete the Free Application for Federal Student Aid (FAFSA) or track their other forms of aid or scholarships. However, the overall costs are much higher. Last-dollar programs entail more administrative work but allow the program to save money by leveraging existing programs, such as the federal Pell.

Middle dollar is a recent idea in which a program is built on a last-dollar model yet guarantees a set amount of additional financial support beyond the cost of tuition. The extra amount can be applied to cover costs such as textbooks or living expenses. For example, after the cost of tuition has been covered by all other aid, the program guarantees every student an additional $1,000 to help with additional expenses.

- **Should these programs include two- or four-year institutions (or both)?**

  Most statewide promise programs focus on two-year or community college programs with the intent to accelerate enrollments quickly or emphasize workforce credentials and degrees in a financially efficient manner. According to Education Trust, states are better served by including their four-year colleges and universities among participating institutions. Limiting students to two-year institutions denies many students the opportunity to obtain bachelor's degrees that are associated with substantially better employment opportunities and greater financial earnings than associate degrees. In particular, low-income and underrepresented students are already more likely to restrict their attendance to two-year institutions. By focusing promise programs only on community colleges, the stratification is reinforced, and the economic divide between lower-income citizens and the middle- and upper-income groups is only widened.

- **Should there be eligibility requirements?**

  With the intent of creating incentives for better preparation and success, most state promise programs include basic requirements that students must meet to participate and remain in the program. These can include grade point average, level of enrollment, academic credit accumulation and time since high school graduation, among others. They also may include residency and employment requirements for when they have completed the program (i.e., if they move from the state before the required residency is completed, the grant becomes a loan and must be repaid, etc.). However, this raises issues possibly beyond the control of the new graduate: Are jobs specific to the new degree/credential truly available within the state? If yes, is the cost of living in that locale such that the new graduate can live within a reasonable distance of the job? Setting limitations might unintentionally reduce participation. For example, since 1990 more than 40 percent of America's enrolled postsecondary students are older than the traditional 19 to 23 years of age. In addition, postsecondary institutions already have established policies of minimum grade point averages and credit accumulation needed to continue and progress through an academic program. Furthermore, federal financial aid programs have similar eligibility requirements. In many cases, adding unnecessary additional requirements can result in unintended barriers or simply confuse those to whom the marketing and communication efforts are targeted.

Current Models Among the States

As of 2018, 17 states had enacted legislation to offer some form of statewide tuition-free promise programs. These states include Arkansas, California, Delaware, Hawaii, Indiana, Kentucky, Maryland, Minnesota, Missouri, Montana, New York, Nevada, Oklahoma, Oregon, Rhode Island, Tennessee and Washington. Although each program is unique, the majority are last-dollar programs focused on recent high school graduates from low- or middle-income families seeking to attend community college. Maryland is the most recent state to create a program that provides up to $5,000 in scholarships to in-state students from families earning less than $150,000 in annual income. Arkansas requires recipients to remain in-state for at least three years after completing their programs.

Indiana and **Oregon** offer a useful comparison. Indiana maintains the 21st Century Scholars program, which has been operating for over 30 years. Students who qualify for free or reduced-price lunch can apply in the seventh or eighth grade for awards that cover four years of tuition and some fees at any participating two- and four-year institution, public or private. While in high school, these students must meet 12 requirements, such as maintaining a "B" average, visiting a college campus, taking a career interest inventory and completing the Free Application for Federal Student Aid (FAFSA). The scholarship level is unaffected by other grants, which can be used for non-tuition expenses. Participants must be enrolled full-time while in college, and the scholarship is not available to adult or returning students. In 2018, the income cap was $45,510 for a family of four, and the annual cost to the state was approximately $160 million.

Established in 2015 through Senate Bill 81, the Oregon Promise is a young program focused on recent high school graduates who have a 2.5 grade point average and intend to pursue a degree, credential or license at a state community college. Awards are calculated as equal to the lesser of the student's local community college tuition compared to the average tuition charged by all 17 state community colleges, minus Pell and other state aid. The award covers two academic years or a maximum of 90 academic credit hours. The student is not required to maintain a grade point average minimum beyond satisfactory progress, and students may enroll part-time. Participation is not income capped, meaning there are no family income restrictions to participate. The annual cost to the state totals $20 million to $25 million.

These two state programs offer contrasting models of promise programs addressing different state needs. Indiana's long-established program is income capped and focused on encouraging low-income middle school students to prepare for postsecondary education at both two- and four-year institutions. At $160 million, the annual cost is substantial. Oregon by contrast, is a workforce preparation program that is open to all Oregonians graduating from high school seeking credentials or degrees at state community colleges. At $25 million, the annual cost is substantially less than Indiana's.

A recent development worth noting is the Tennessee Reconnect program. Established in 2018, the program focuses on non-traditional adult students who previously began but did not complete a degree or credential. Building upon the traditional last-dollar Tennessee Promise program, the Reconnect initiative offers an online network by which an individual may enter academic transcript information and explore options and institutions that can help them to obtain a credential or degree. The program also is designed so that institutions will be made aware of individuals accessing the online network and contact them with additional information and access to local community-based resources such as advising, career counseling and employment development services. These adult students are then able to "re-start" their postsecondary efforts with a last-dollar scholarship.

Issues to consider going forward

A combination of promise program analysis by The Education Trust, The Institute for Higher Education Policy and The Century Foundation offer six criteria statewide promise programs should pursue to maximize access and overall success:

- **Target low-income students.** Cover tuition and living expenses as first-dollar programs. This will allow low-income students to use need-based aid such as federal Pell grants for living necessities and other non-tuition expenses such as books, transportation, and even child care so that they can attend classes.
- **Cover fees as well as tuition.** Fees are often hidden costs that form genuine barriers to consistent participation.
- **Include four-year institutions and provide enough aid to support students seeking bachelor degrees.** While community colleges are a great place for students to begin and earn credentials, these colleges should not be the end of the opportunity by design. State systems might consider easing transfer requirements so that community colleges are the beginning of the pipeline for the state as needed.
- **Keep eligibility requirements to a minimum so that those who stand to benefit the most—adult, part-time and working students—can participate.** Keep the focus on need-based instead of merit-based aid. Non-traditional students have many competing aspects of life such as work and family that already make participation in postsecondary education a challenge. States should be wary of adding to these challenges when the goal is to prepare these students for new economic and workplace opportunities.
- **Maintain and release data on program participation, experiences and outcomes.** Such data, when shared in a transparent fashion within and among the states, can lead to stronger and more effective programs for all.
- **Develop and implement strategic investments in student support, success and completion programs.** States might consider developing stronger transfer and articulation agreements so that students of all types can continue their education to meet new economic challenges and opportunities. States also might consider rewarding institutions for developing support systems and resources to help students enter and remain in their programs until successful completion.

Enacted Promise Program Legislation

As of 2018, 15 states had active statewide promise programs with 16 additional states seeking to develop such programs. Among the states with enacted legislation, the following offer a few notable legislative models.

In 2017, **New York** established the Excelsior Scholarship program as part of the FY 2018 budget. As a last-dollar program, the scholarship covers the cost of tuition after other state and federal grants are taken into account. State residents whose families earn less than $125,000 in overall annual income qualify. The scholarship can be applied to any New York public four-year university or two-year community college. To remain eligible, students must maintain 30 credit hours per year for the duration of their degree program (i.e., two years at a community college, four years at a university, etc.); however, there is no grade point average requirement. Following graduation, program students are to live in work in the state for as many years as they received the scholarship.

In 2017, **Nevada** enacted Senate Bill 391, which established the Nevada Promise Scholarship program. The program provides for tuition, registration fee and other mandatory fees not provided by other financial aid at participating community colleges for a maximum of three years. Students are to complete the promise program application, file a FAFSA, apply for admission to their community college of choice, meet with a mentor and complete 20 hours of community service to be eligible. Once enrolled, students are to maintain a 2.5 grade point average for the 12 credit hours per semester to remain in the program.

As noted previously, **Oregon** established Oregon Promise program through Senate Bill 81 (2015). The program targets recent high school graduates who complete high school with a 2.5 grade point average and intend to pursue a degree, credential or license at a state community college. The award covers two academic years or a maximum of 90 academic credit hours.

In 2014, **Tennessee** enacted the first statewide promise programs through Senate Bill 2471 and House Bill 2491. This is the original statewide last-dollar program that offered tuition-free access to the state's community colleges to all high school graduates. As mentioned previously, the Tennessee Reconnect program, House Bill 531 and Senate Bill 1218 (2017), expanded the promise program to include non-traditional students such as older adults and partial-completer students.

Conclusion

Since 2005, College Promise programs have expanded across the nation to include more than 350 local and state programs spread across 44 states. This indicates that such programs help individuals, localities and states prepare for 21st century workforce, economic and community needs. It also indicates there is much to learn across the states as individual programs are tailored to meet varying state and local needs. As more programs are established, more can be gained as results are known.

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