The Promise of “Promise” Programs

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Introduction
In November of 2005, a group of anonymous donors committed to pay both mandatory fees and up to full tuition for students who attended public schools in Kalamazoo, Michigan for at least four years without interruption, earned their high school diploma, and enrolled in a public college or university in Michigan. Known as the Kalamazoo Promise, this extraordinary act of philanthropy has garnered national attention.¹

In the years following the introduction of the Kalamazoo Promise, we have witnessed the emergence of a number of Promise Programs, introduced here as place-based scholarships that offer near universal access to postsecondary education. In this chapter, I describe these programs in detail with a focus on the programs that are locally implemented, as these community-based endeavors have generated the most interest. Despite the burgeoning popularity of these programs, there is little comprehensive information on the effectiveness of these programs as a means of encouraging postsecondary education.

This chapter attempts to assess the potential of Promise Programs to become a significant innovation in financial aid. However, given the novelty of these programs, there is little published evidence on their efficacy. Therefore, I turn to the literature on scholarship programs with somewhat similar criteria, with the aim of carefully extrapolating from those results to garner insight as to the potential impact of the Promise Programs. For example, I consider lessons from state merit aid programs—such as Georgia’s Helping Outstanding Pupils Educationally (HOPE) Scholarship—which offer funding to students from particular states who meet a set of academic performance criteria, and the D.C. Tuition Assistance Grant (TAG) program, which offers assistance to qualified residents from the District of Columbia.

This chapter will proceed as follows. First, I define Promise Programs, drawing on distinctions that have developed over time. Second, I describe the mechanisms via which the
Promise Programs affect postsecondary outcomes—namely access, retention, and completion—and supplant the descriptions with extant research on the Promise Programs and insights gleaned from research on scholarship programs that have elements in common with the Promise Programs. Finally, I discuss issues related to the scalability and sustainability of the Promise Programs, and then conclude.

**What is a Promise Program?**

Promise Programs share some characteristics with other scholarship programs. For example, state merit aid programs offer funding to individuals from that specific state. However, it must be pointed out that Promise Programs serve areas that are far smaller than a state. Many of the Promise Programs have Promise as part of the name; this is not sufficient to characterize a Promise Program. The state of West Virginia has a program called the West Virginia Promise; however, it is a merit-based program with minimum cut-offs for both GPA and the SAT or ACT.² Therefore, to facilitate a coherent discussion of Promise Programs, I define a Promise Program as a local place-based scholarship program that offers near-universal access to funding for postsecondary education. Information about this funding reaches potential recipients well in advance of the decision to acquire post-secondary education. The Upjohn Institute maintains a list of programs that meet these criteria.³

Newer Promise Programs are clearly influenced by the Kalamazoo Promise. PromiseNet is a network of communities that invest in education and economic development through place-based scholarship programs.⁴ In 2008, soon after the establishment of the Kalamazoo Promise, PromiseNet convened its first annual conference. They brought together communities that have established Promise Programs and communities that are interested in these Programs. A sign of what the Kalamazoo Promise has inspired, it was held in the city of Kalamazoo. The Promise
Programs will share some of the features of the Kalamazoo Promise but possess a considerable array of differences. In the following subsections, I both summarize the key elements that comprise Promise Programs and describe some of the differences in these elements across Promise Programs.

Locations of Promise Programs
The areas that Promise Programs serve are inextricably associated with a particular set of schools. The schools that produce students who are eligible for funding are, for example, located in either the same school district, city, or county. The canonical example is, of course, The Kalamazoo Promise, which defines the set of potentially eligible students as students that both reside in and attend schools that are part of the Kalamazoo Public School District. The Pittsburgh Promise, The Detroit College Promise, The El Dorado Promise, and The Leopard Challenge are examples of Promise Programs that, like the Kalamazoo Promise, serve school districts.\(^5\)

There are several Promise Programs that serve schools that are in the same county. For example, the Jackson Legacy Program is potentially available to students who graduate from high schools in Jackson County, Michigan. Students in Pinal County, Arizona are potentially eligible for the benefits of The Promise for the Future Scholarship Program.\(^6\)

The Peoria Promise—Peoria, Illinois—and The College Bound Scholarship Program—Hammond, Indiana—are examples of Promise Programs that are available to students who graduate from high schools located in those respective cities. The Peoria Promise lists as one of the eligibility requirements that students come from a residence that pays property taxes to the city of Peoria.\(^7\)

The areas that Promise Programs serve show a large range of both geographical and demographic variation. Norphlet, Arkansas—home of the Leopard Challenge—is a rural area
that has fewer than one thousand individuals with more than ninety percent of the residents being white. On the other hand, Pittsburgh—home of the Pittsburgh Promise—is among the thirty largest cities in the country with approximately sixty-six percent and twenty-seven percent of the population classified as being white and black, respectively.\(^8\)

Promise Programs are not uniformly distributed across the country. Michigan is home to seven Promise Programs. Many of the Promise Programs are located in communities in Midwestern states or in states that are fairly close to the Midwest. This is unsurprising given both the influence and location of the Kalamazoo Promise.

*What Types of Postsecondary Institutions are Subsidized?*

The Promise Programs, in general, offer access to funding for public post-secondary institutions that are in close proximity to the community that houses the set of potentially eligible students. The Kalamazoo Promise subsidizes tuition for eligible students who elect to attend a public college or university in Michigan. A number of Promise Programs adopt a similar tact. Both the Northport Promise and Detroit College Promise provide up to full tuition for eligible students to attend any public college or university in Michigan. The Pittsburgh Promise subsidizes tuition for eligible students who elect to attend any public or private college or university in Pennsylvania. The Leopard Challenge subsidizes tuition for eligible students to attend any public college or university in Arkansas. Despite the strong tendency for Promise Programs to subsidize postsecondary institutions that are in close proximity to the locations that they serve, there are some interesting differences. In what follows, I point out some of these differences and then discuss why it is that Promise Programs tend to support local institutions.

Some Promise Programs offer to subsidize the cost of attendance for a far more restrictive set of institutions. A number of Promise Programs direct their funding to a single
postsecondary institution. For example, The Peoria Promise subsidizes the cost of attending Illinois Central College; the Great River Promise only applies to Phillips Community College, and The Promise for the Future program only applies to Central Arizona College.\textsuperscript{9} Still other Promise Programs direct their funding toward a few postsecondary institutions. Examples of such Promise Programs include The Jackson Legacy Program, which provides scholarships for eligible students who attend Jackson Community College, Spring Arbor University, or Baker College of Jackson, and The Bay Area Commitment Fund, which offers funding to eligible students who attend either Saginaw Valley State University or Delta College.

Finally, there is a subset of Promise Programs that place few, if any, restrictions on the set of postsecondary institutions that they are willing to fund. The El Dorado Promise allows eligible students to use the funds at any four-year college or university that is accredited by one of six regional accrediting organizations. The Arkadelphia Promise allows recipients to use the funds at any college or university in the United States.\textsuperscript{10} The Sparkman Promise—located in Sparkman, Arkansas—provides scholarships for eligible students that defray tuition costs and mandatory fees at any accredited two-year or four-year public or private college, university, or trade school in the United States.\textsuperscript{11} It should be noted that the Promise Programs that allow the scholarship to be used anywhere in the United States serve relatively small numbers of students.

Promise Programs subsidize education to bolster the communities that they serve. One of the pathways for a Promise Program to have an impact on a community is to increase the human capital of community residents. The increase in human capital makes the residents more attractive to employers. This in turn makes the community a viable place for businesses to locate because the community has an adequate supply of skilled and able workers. This pathway relies on beneficiaries remaining in the area after completing their education. This is an issue. College
educated individuals are more mobile.\textsuperscript{12} Increasing education may, in fact, decrease the likelihood that individuals remain in the community. I assert that one of the primary reasons that Promise Programs subsidize tuition for colleges that are in close proximity is due to the belief that being educated “locally” increases the likelihood that the resident will remain in the area upon graduation. Extant research, however, does not provide clear support for this notion.

State merit aid programs offer a similar rationale—that having state residents complete their educations in-state increases the probability that they will remain in-state after completing their education—to justify subsidizing colleges and universities in the state. However, research that examines a number of state merit aid programs suggests that where one goes to school has a relatively small effect on where students locate post-graduation.\textsuperscript{13} Further, some research estimates that for every one hundred students that are induced by state merit aid programs to remain in-state (rather than pursue their education out-of-state), only ten of them will remain in the state ten to fifteen years later.\textsuperscript{14} Taken together, this suggests that Promise Programs should be conservative with respect to the expectation that providing funding for post-secondary education at local institutions will have a large impact on local labor markets.

\textit{Eligibility Criteria and Funding Determination}

The primary criterion to qualify for funding from Promise Programs is that students possess a substantial connection with a community and the schools associated with the community. The substantial connection usually consists of enrollment in the designated set of schools in the community and residence in the community. Promise Programs require that students both continuously attend the schools within a community for a minimum amount of time and graduate from designated high schools in the community. The magnitude of the benefits that students receive from the Promise Programs is generally a function of the amount of time that a student is
continuously enrolled in schools affiliated with a Promise Program. Below, I provide examples of how various Promise Programs make the amount of funding a function of continuous enrollment.

Graduates of Kalamazoo Public Schools who have attended Kalamazoo Public Schools continuously since kindergarten will have 100 percent of the tuition to any public college or university in Michigan subsidized. Graduates of Kalamazoo Public Schools who both lived in the district and entered the Kalamazoo Public School system continuously in either the first, second, or third grade will have 95 percent of their tuition subsidized. Graduates who both lived in the district and continuously attended Kalamazoo Public Schools in grades four through nine will receive a subsidy where the percentage of tuition obeys the following formula:

\[ 0.95 - 0.05(G - 3) \]

where \( G \) is the grade the student began continuously attending Kalamazoo Public Schools. For example, if a qualified graduate from Kalamazoo Public Schools entered the district in the fourth grade, then the student will receive a ninety percent tuition subsidy. Students whose period of continuous enrollment begins after the tenth grade receive no funding.

The Arkadelphia Promise, the El Dorado Promise, and the Leopard Challenge use a subsidy schedule that is identical to the schedule used by the Kalamazoo Promise. Other Promise Programs use subsidy schedules that are clearly influenced by the Kalamazoo Promise with regards to how continuous enrollment determines the amount of the subsidy.

The Northport Promise offers full tuition for students who attend Northport Public Schools for twelve or thirteen years. The percentage of financial support is 95 percent if the student attends Northport for eleven years. Ten, nine, eight, seven, and six years of continuous attendance result in 90, 85, 75, 65, and 55 percent of financial support. Five and four years of
continuous attendance result in a 50 percent subsidy. The Pittsburgh Promise on the other hand requires that students are continuously enrolled in either a high school in the Pittsburgh Public Schools District or an approved charter since the ninth grade. The Legacy Scholars Program—which is located in Battle Creek, Michigan—provides up to 62 hours of credit at Kellogg Community College for students who have been continuously enrolled in either the Battle Creek Public School District or the Lakeview School District since the eighth grade until graduation. Students who begin their continuous enrollment in the ninth and tenth grades qualify for 46.5 credit hours and 31 credit hours, respectively. The Pittsburgh Promise, on the other hand, imposes a simple continuous enrollment requirement that requires students to both attend and graduate from schools in the Pittsburgh Public School District. These examples, which are broadly representative of Promise Programs, show that the continuous enrollment requirements across various Promise Programs are variations of a common theme.

Promise Programs also generally require that students must reside in the community that the Promise Program serves. Again, this requirement has its origins with the Kalamazoo Promise. The Kalamazoo Promise uses the educational subsidy to innervate development in Kalamazoo; the subsidy presumably will increase the human capital of residents, which makes them viable in the local labor market and attracts families who want to avail their children of the opportunity provided by the subsidy. The benefits of the Promise Programs can be substantial. For example, the Pittsburgh Promise could potentially pay tuition at the University of Pennsylvania, which was a little more than $39,000 for the 2012-2013 academic year. The residency requirement secures these benefits for the community. However, the residency requirement is not universal. Beginning with the graduating class of May 2013, the El Dorado Promise no longer requires recipients of the funding to reside in the El Dorado Public School
District. Transfers from neighboring districts who transfer to the El Dorado School District and meet the other requirements are eligible for the funding.¹⁶

Most Promise Programs impose minimal academic criteria at the high school level. The Pittsburgh Promise, Sparkman Promise, and Arkadelphia Promise require a 2.5 grade point average. The Northport Promise and the El Dorado Promise require students to merely graduate from the appropriate set of high schools. The extent of the academic requirement at the high school level for most Promise Programs is that students graduate from the appropriate high schools.

At the postsecondary level, Promise Programs generally require that students maintain a full course load—at least 12 credit hours—and make reasonable progress towards a degree or certificate. A minimum grade point average of 2.0 is generally required; however, there are exceptions. For example, the Arkadelphia Promise requires that recipients also qualify for the Arkansas Challenge Scholarship, a merit scholarship that is funded by revenue from state-funded lotteries. A student must maintain a 2.5 cumulative grade point average to remain eligible for the Arkansas Challenge Scholarship; thus the Arkadelphia Promise requires a 2.5 cumulative grade point average.

Generally, Promise Programs require students to complete a Free Application for Federal Student Aid (FAFSA) form. This requirement is intended to reduce the cost of maintaining a Promise Program. This is an issue I will address in more detail later in the chapter.

Thus far in this section, I have discussed the criteria that are common to most Promise Programs. In what follows, I mention a few examples of non-standard eligibility criteria. For example, the Jackson Legacy Scholarship requires students to perform 20 hours of community service per year. The Northport Promise requires scholarship recipients to earn 20 points per year
where the points are awarded for raising funds for the Northport Promise. The Peoria Promise requires students to write and send a thank you letter by the first of July or the student loses her funding.

The College Bound Program is a particularly interesting case. It requires that students perform 40 hours of documented community service per year. In addition, this particular Promise Program only grants funding to students from families that own homes in Hammond, Indiana. An explicit goal of the College Bound Promise is to increase home ownership and thus strengthen the community.

Promise Programs are designed to benefit the community. The eligibility criteria—both the common and uncommon criteria—are designed to explicitly make the benefit of the Promise Program to the individual—the funding for postsecondary education—a function of a substantial connection to the community and increase the likelihood that the community benefits from the investment.

How are the Promise Programs Financed?
One of the factors that make the story of the Kalamazoo Promise a compelling one is the funding by a group of generous anonymous donors. The magnitude of the gift—as of 2012 the Kalamazoo Promise has paid out approximately $35 million for approximately 2,500 students—is noteworthy. Indeed, the notion of the Promise Programs is so appealing because most Promise Programs are funded via donations. Donations are gifts. Gifts as a source of funding for education are not as contentious as, say, tax revenues. In what follows, I discuss how Promise Programs are financed.
Sources of Funding

Promise Programs differ in the magnitudes of the funding they offer. The Kalamazoo Promise, the El Dorado Promise, and the Pittsburgh Promise are among the most generous Promise Programs. For example, the El Dorado Promise—which was established by the Murphy Oil Corporation in January of 2007 with a $50 million investment—will pay up to the highest annual resident tuition at an Arkansas public university towards tuition and mandatory fees for eligible students to attend any accredited two-year or four-year institution in the United States. The Pittsburgh Promise will pay up to $10,000 annually, with the total to not exceed $40,000, for eligible students to attend any accredited postsecondary institution in Pennsylvania.

The Pittsburgh Promise was established in 2006. The program gained momentum in December of 2007 when the University of Pittsburgh Medical Center gave the Pittsburgh Promise $10 million directly for the 2007-2008 academic year and also offered a nine year, $90 million challenge grant. To leverage the first $10 million of the challenge grant, the Pittsburgh Promise had to raise $15 million, in spite of the economic environment, by June 30, 2009. They managed to raise a little more than $15 million after seventeen foundations donated $13 million and thirty-one corporations and organizations donated $2 million. More than 500 individual donated approximately $200,000. The Pittsburgh Promise set a goal to raise $250 million over ten years; after four years the Pittsburgh Promise raised $160 million. This ability to attract funding explains why the benefits offered by the Pittsburgh Promise have grown from $5,000 per year to $10,000 per year. Promise Programs that have managed to secure large initial endowments are the most generous and the most stable.

An interesting question is the following: Why do corporations fund Promise Programs? There are two primary reasons. First, corporations require skilled workers. If Promise Programs increase the education level of local workers, then it is easier and less costly for firms to acquire
skilled labor as a local supply of viable workers is readily available. Second, this type of investment generates goodwill for corporations. The public image of a corporation is enhanced because of the positive media coverage that this type of charitable activity generates.

There are a number of Promise Programs that rely on sources of funding that are subject to risk and did not begin operation with the benefit of access to a huge initial outlay. In what follows, I describe Promise Programs with funding sources that are not as stable. The Detroit College Promise is an example. It characterizes itself in the following manner:

The Detroit College Promise is a grassroots version of the Kalamazoo Promise for Detroit and Detroit Public Schools. We began in spring 2008 and differ from the Kalamazoo Promise because we serve many more students, we have a more challenged school district, and we need to raise the money ourselves for scholarships and administration. The Detroit College Promise, like the Kalamazoo Promise, offers funding for an eligible student that attends any public college or university in Michigan. An eligible member of the class of 2012 receives a maximum of $550 for one semester only. The Detroit College Promise is funded through donations. Relative to the Promise Programs mentioned earlier; it has not been as successful at raising donations. As of April 25, 2013, only one donor had donated at least $50,000 to the Detroit College Promise.

The Peoria Promise Foundation is a 501(c)(3) public charity and is funded by donations. The Peoria Promise requires a million dollars per year to continue its efforts; the goal of the Peoria Promise Foundation is to establish an endowment to secure the stability of the program in the future. The above examples are not an isolated issue. A Promise Program that has not secured large donations is at risk of being unable to provide sufficient resources to secure for the future the promises they have made today.

There is risk involved in Promise Programs that do not rely on donations. The College Bound Scholarship, which offers scholarships to eligible students of homeowners in Hammond,
Indiana, is funded via gaming tax revenues received from the Horseshoe Casino. The program was established by the mayor of Hammond, Thomas McDermott Jr., in 2006. The College Bound Scholarship is slated for a ten-year run and will be evaluated at the end of that period. Due to the vicissitudes associated with the source of the funding, Hammond’s city officials are currently searching for a more stable source of funding that will carry the program forward.24

For comparative purposes, Table 1 summarizes information on some of the more noteworthy Promise Programs.

Last Dollar Programs
The Kalamazoo Promise is a first dollar program; that is, funds from the Kalamazoo Promise are awarded before any other sources of aid are considered. In this regard, the Kalamazoo Promise is the exception rather than the prototype. Promise Programs are generally “Last Dollar” programs. This means that after all other sources of aid—for example, other scholarships and Pell Grants—have been applied, that the funding from these Promise Programs will be applied to the remaining costs. This is why the Promise Programs require students to complete the FAFSA form. The Promise Programs want students to exhaust all other sources of funding before they apply for their scarce resources. This is a means of both reducing the burden on the Promise Programs and permitting the Promise Programs to “stretch their dollars.” The Arkadelphia Promise advances the idea of “Last Dollar” a bit further. It specifies that a student must qualify for the Arkansas Challenge Scholarship—a state merit scholarship—before the Promise funds can be applied, rather than requiring students to merely attempt to acquire other sources of funding via completion of the FAFSA. This requirement likely reduces the financial burden on the Arkadelphia Promise by both ensuring that there is an additional source of funding in place
Table 1. Noteworthy Promise Programs

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Eligibility</th>
<th>Funding Amount</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalamazoo Promise</td>
<td>Reside in Kalamazoo Public School District. ≥ 4 years of Kalamazoo Public Schools. Graduate from high school in Kalamazoo Public School District.</td>
<td>Percent of tuition paid is a function of length of attendance in Kalamazoo Public School District.</td>
<td>Anonymous Donors</td>
</tr>
<tr>
<td>Arkadelphia Promise</td>
<td>≥ 4 years of continuous enrollment in Arkadelphia Public Schools. Graduate from Arkadelphia High School. Receive an Arkansas Lottery Scholarship. Maintain Arkansas Lottery Scholarship eligibility throughout college.</td>
<td>Percent of tuition paid is a function of length of attendance in Arkadelphia Public School District. Based on highest Public Tuition in Arkansas.</td>
<td>Ross Foundation and Southern Bancorp</td>
</tr>
<tr>
<td>El Dorado Promise</td>
<td>Minimum of 4 years enrollment in El Dorado Public Schools</td>
<td>Percent of tuition paid is a function of length of attendance in El Dorado Public Schools. The maximum amount payable is up to the highest resident tuition at an Arkansas public university.</td>
<td>Murphy Oil Company</td>
</tr>
<tr>
<td>Pittsburgh Promise</td>
<td>Reside in Pittsburgh Public School District. Graduate from designated high school in Pittsburgh Public School District. 90 percent attendance rate. Minimum 2.5 GPA.</td>
<td>Up to $10,000 per year no more than $40,000 total.</td>
<td>Corporations and Foundations in and around Pittsburgh—for example, University of Pittsburgh Medical Center and the Heinz Endowments</td>
</tr>
<tr>
<td>Detroit College Promise</td>
<td>Live in Detroit in grades 9-12. Attend and graduate from Detroit Public Schools. For 2011-2014 classes grades 9-12 must have registered by 12/3/2010. Class of 2015 and beyond must register by 12/1 of ninth grade.</td>
<td>As of 2012, minimum is $110 and maximum is $500. One semester only.</td>
<td>Corporations, Foundations, and individuals. For example, PathologyOutlines.com, Inc. and Hermelin Family Support Foundation.</td>
</tr>
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and limiting access to the Promise funds due to the higher academic requirements associated with the Arkansas Challenge Scholarship.

**How do Promise Programs Impact Postsecondary Outcomes?**

In this section, I examine the pathways via which Promise Programs might impact postsecondary outcomes. The goal of the Promise Programs is to increase postsecondary access, retention, and completion for the students from the places that the programs serve. There is, however, other research that may shed light on how the Promise Programs will likely affect postsecondary outcomes.

*Attendance*

Postsecondary education is costly and is becoming even more expensive. The average of the sum of published tuition and fees has increased by 31 percent and 18 percent beyond the rate of inflation during the five year period from 2007-08 to 2012-13 for public four-year colleges and public two-year colleges, respectively. The salient feature of the Promise Programs is that they provide funding for eligible students to attend a designated set of postsecondary institutions. Reducing the cost of attendance for a particular set of schools should increase the likelihood that potential attendees consider the schools that are relatively cheaper. Quasi-experimental estimates suggest that students from the Kalamazoo Public School District are more likely to consider public colleges and universities in Michigan after the introduction of the Kalamazoo Promise.25 In addition to impacting *where* eligible students go to college, Promise Programs may increase the likelihood of attending an institution of higher education more generally. Consider the following: The elimination of the Social Security Student Benefit Program suggests that that an additional $1,000 in grant aid increases the likelihood of attending college by four percentage
points. This suggests that Promise Programs, which offer near universal access to funding that need not be repaid, can impact attendance.

I propose that the informational content of Promise Programs provide a mechanism via which they can impact college attendance. The presence of a Promise Program in a community brings additional attention to postsecondary education and promises that there will be a source of funding for postsecondary education well in advance of when it is needed. There is evidence that early notification increases the likelihood that a student engages in postsecondary educational activities. Research suggests that skills and attitudes develop dynamically over the lifecycle—that is, engaging in certain behaviors early in the life is strongly associated with similar behaviors later in life. This implies that early interventions that positively impact attitudes toward college early in the lifecycle are more likely to produce durable behaviors that make college attendance more likely. Soft skills—which include goals and motivations—that are developed early in life have been shown to contribute causally to success later in life. Promise Programs provide early notification to both students and families that postsecondary education is a viable option. The promise of funding for postsecondary education expands a student’s feasible set of options, which in turn, can motivate the pursuit of loftier educational goals and promote the development of behaviors necessary to achieve those goals. Promise Programs can impact college attendance by serving as an informational catalyst that innervates this dynamic process.

Some of the more convincing evidence of the potential of Promise Programs to impact the decision to attend a postsecondary institution comes from considering popular merit aid programs—for example, Georgia’s Helping Outstanding Pupils Educationally (HOPE) grant or Florida’s Bright Futures Scholarship. The mostly state-specific merit aid programs that I consider here have characteristics that are similar to the characteristics of the Promise Programs
so that the comparison between the two is warranted. First, like the Promise Programs, the merit aid programs have a geographical and residential component. Eligible students generally must reside in the state and graduate from a high school in the state to qualify for the funding. Second, the funding from the merit aid programs applies to a specific set of schools; generally, these are public universities that are located within the state.

Quasi-experimental estimates suggest that Georgia’s HOPE Scholarship increased the attendance of eighteen and nineteen year old students in Georgia by 7 to 8 percentage points. A more comprehensive analysis of a number of merit aid programs suggests that they increase the probability of college attendance among college-age youths by 5 to 7 percentage points. These findings suggest that the Promise Programs may impact the likelihood of attendance; however, the applicability of these findings to Promise recipients should be viewed with caution because the merit aid programs tend to have higher academic requirements at the high school level. This means that the recipients of funding from Promise Programs and merit aid programs may differ in academic ability—a factor that directly impacts college attendance.

Retention
How would the Promise Programs impact retention? A potentially important channel for the Promise Programs is time, or more accurately, the allocation of time across activities. The Gates Millennium Scholars Program is a national scholarship program provided by the Bill & Melinda Gates Foundation that is designed to improve access to and success in higher education for low-income, high-achieving minority students by providing them with full tuition scholarships and non-monetary support. Quasi-experimental estimates of the effects of this program show that, among other things, it reduces the number of hours that students work per week. There is suggestive evidence that working has an adverse impact on first semester academic performance.
at Berea College.\textsuperscript{33} In addition, there is evidence that working negatively impacts the likelihood of retention.\textsuperscript{34} Moreover, there is research that finds that the amount of time allocated towards studying positively impacts academic performance.\textsuperscript{35}

Taken together, this research suggests that a factor that allows a student to reduce the amount of time working and increase the amount of time spent studying could both increase academic performance in college and increase the likelihood of being retained. The Promise Programs reduce the cost of postsecondary education. A student with funds from a Promise Program may not have to work as much as she would have absent the availability of the funding. There is early evidence that shows that the first year retention rates of the 2008 and 2009 cohorts of Pittsburgh Promise recipients is higher than the first year retention rate among students in the 2008 and 2009 ACT national samples.\textsuperscript{36} An independent study of the El Dorado Promise finds that 91 percent of El Dorado freshman complete at least one year of college.\textsuperscript{37} These findings are consistent with the proposed mechanism outlined above.

\textit{Completion}

The ultimate goal of the Promise Programs is to increase the number of local students that complete a degree. Unfortunately, the Promise Programs, on the main, haven’t been in place for a sufficient amount of time to properly assess their efficacy with respect to college completion. For example, a popular metric of college completion is the six-year graduation rate. The earliest Promise Program started in 2005. Even among the early programs, there are an insufficient number of cohorts to confidently assess the effects of the Promise Programs on completion. The Promise Programs provide recipients with resources. The same mechanisms that suggest that the Promise Programs likely enhance retention also point towards the program enhancing the probability of completion.
The evidence on the impact of other financial aid programs on college completion is mixed. Evidence from the elimination of the Social Security Disability Student Benefit program indicates that additional funding increases the years of completed education; this finding is particularly compelling as the benefits from this program were directed towards students of relatively low socioeconomic status.\(^{38}\) A quasi-experimental study of West Virginia’s merit aid program provides evidence that it increases the likelihood of finishing college.\(^{39}\) An empirical analysis of the impact of merit aid scholarship programs introduced in Arkansas and Georgia in the early 1990s finds that these programs increase the share of young people with a college degree by three percentage points from a base of 27 percent.\(^{40}\) However, a study that replicates but uses a larger sample and appropriately adjusts the standard errors produces estimates that are substantially smaller and statistically insignificant.\(^{41}\) Research examining the Adams Scholarship—a merit scholarship in Massachusetts—finds that the offer of funding reduces completion rates for students who just qualify for the funding. There is some suggestive evidence that directly suggests that Promise Programs improve college completion. An independent study finds that 27 percent of El Dorado Promise recipients graduate within five years compared to a four year graduation rate of approximately 20 percent and a six year graduation rate of approximately 39 percent, respectively, for Arkansas residents.\(^{42}\)

**Are These Programs Sustainable and Scalable?**

*Sustainability*

The cost of postsecondary education is increasing and the amount of aid that states allocate for postsecondary education is decreasing.\(^{43}\) Unless a program is located in an area with a relatively stable population, it is difficult to forecast the changes in the number of students who will seek
funding. This confluence of factors in conjunction with a potentially fragile funding base strongly suggests Promise Programs are not sustainable.

This problem is mitigated in locations with a relatively stable population and a strong funding base—for example, El Dorado, Arkansas and the Murphy Oil Corporation—or in a location with a population that is changing but has access to a number of donors who have both the means and the willingness to give large sums of money, like the donors in Pittsburgh. The nature of the Promise Programs places the risk on the programs. The Pittsburgh Promise, which has proven to be successful, still had to raise $15 million from other donors to access the funds from the challenge grant offered by the University of Pittsburgh Medical Center. It requires resources to raise resources. It is not clear that the types of communities that are interested in the Promise Programs have access to the personnel and infrastructure necessary to generate a regular stream of significant donations that is required to secure the promise of funding for education. Of course, there are the cases where wealthy donors place the program on firm footing with a large initial outlay, as was the case in Kalamazoo and El Dorado, but these occurrences are too sporadic to be sustainable.

The State of Michigan has fashioned an innovative program that adopts some of the elements of the Promise Programs while not relying on the beneficence of a few wealthy donors. On January 31, 2009, then Governor of Michigan, Jennifer Granholm signed legislation that led to the creation of ten Promise Zones in high poverty areas. The Promise Zones must provide scholarships to any student who lives in the Promise Zone and who graduates from public, charter, private, or parochial high schools located in the zone. Like the Kalamazoo Promise, students are required to fill out the FAFSA form. The Promise Zones rely on three sources of
funding to cover the cost of a student’s tuition and mandatory fees: a Pell Grant or other need-based aid, private contributions, and revenue from the state tax increment financing mechanism.

Tax increment financing establishes the Promise Zone as the Tax District; all property subject to the State Education Tax—which includes residential, commercial, and industrial property within the Zone’s borders—is part of the tax base of the tax district. Once a base year is established, half of the growth in the State Education Tax that occurs from that year forward is allocated to fund the scholarship. If the Promise increases the value of taxable property, then it leads to growth in the State Education Tax; this growth is captured by the Promise Scholarship. Relative to traditional Promise Programs, the Promise Zones add an additional source of revenue to fund scholarships. Diversification in the sources of revenue, presumably, enhances the sustainability relative to the Promise Programs that rely solely on contributions.

**Scalability**

The same issues that hinder the sustainability of the Promise Programs also make these programs difficult to scale. Increasing the number of students served by a Promise Program, while holding benefit levels constant, requires additional funding. The financial structure adopted by most Promise Programs—namely, dependence on a willing pool of donors that are not readily available in all locations—preclude the programs from being scalable. Sans additional funding, if a Promise Program endeavors to scale, then it must reduce the amount of funding allocated to each recipient. This introduces a choice: Is it better to offer a reduced set of benefits to a larger number of recipients, or is it preferable to offer a more substantial aid package to a smaller number of recipients? To offer insight, I examine how Georgia—the first state to implement a merit aid program—dealt with these issues.
Georgia’s HOPE scholarship began in 1993 and is fully funded from lottery receipts. The requirements to receive the funding were fairly straightforward; a Georgia resident with a 3.0 GPA from an accredited Georgia high school qualified for the funding. A student had to maintain a cumulative grade point average of 3.0 to continue receiving the scholarship. The student’s cumulative GPA was checked at regular intervals—30, 60, 90, and 120 attempted credit hours. Students who graduated from high school before 1993 were not eligible for the scholarship. Initially, the HOPE scholarship was for two years, did not make allowances for books and mandatory fees, and was unavailable to families with at least $100,000 in income per year.

Within five years of the program’s inception, changes were implemented that increased overall costs: The generosity of the funding increased, the scholarship committee agreed to cover books and mandatory fees, the income cap was lifted, and home-schooled students who met the residential requirements as well as residents who graduated before 1993 became eligible for funding if they maintained a 3.0 average in college after the first year.

Unsurprisingly, the number of HOPE recipients grew rapidly. For the fiscal year 1993–1994, there were 42,796 recipients who used $21.4 million in scholarship funds. In the fiscal year 2010–2011 fiscal year, there were 256,938 recipients who used $747.7 million in scholarship funds. Officials in Georgia recognized that the growth in the number of recipients threatened to outstrip the lottery revenues. In response to this concern, several steps were taken to stem the growth.

In 2004, the state of Georgia passed House Bill 1325, legislation designed to ensure solvency. House Bill 1325 tightened the GPA requirements at the high school level, transferred the responsibility of computing the high school GPA to determine initial HOPE eligibility to Georgia’s state finance commission, implemented an additional GPA check after the spring
semester, and added a provision that allowed the amount of the book coverage to decrease if lottery revenues declined. In May of 2007, the new HOPE Scholarship high school grade point average calculation and transcript exchange project was implemented in accordance with House Bill 1325. The downturn in the economy—which affected lottery revenues—prompted further changes to the HOPE scholarship, and it was estimated that HOPE scholarship would be insolvent by 2013.

In 2011 Georgia’s legislators passed House Bill 326 which overhauled the HOPE scholarship. The changes are twofold. First, the traditional HOPE scholarship and its requirements are kept intact; however, the reward amount is reduced and only covers up to 90 percent of tuition. Second, the changes created the Zell Miller Scholarship, which requires a high school GPA of 3.7 and either an SAT score of at least 1200 or an ACT score of 26. The Zell Miller scholarship covers full tuition, but requires that the student maintain a cumulative 3.3 GPA. Mandatory fees and books are no longer covered. For the fiscal year 2012-2013, the number of recipients was 178,742 and the scholarship expenditures totaled 409.2 million dollars.

The HOPE scholarship began modestly. It increased in generosity and expanded the set of individuals who could receive funding. There was a huge growth in demand, and the scholarship attempted to accommodate the students. The funding for the scholarship depends on revenues from gambling, an activity that is sensitive to economic conditions. Concerns for solvency prompted lawmakers in Georgia to both adopt tougher standards and reduce benefits for HOPE scholarship recipients. Furthermore, Georgia created a scholarship that offers a larger reward for academically exceptional students. This choice likely has more of an impact on students of low socioeconomic status, as the increased benefits are associated with higher levels of academic performance. These experiences are relevant because Promise Programs face these
same issues. For many Promise Programs, the source of funding is subject to uncertainty and the changes in demand for funding are difficult to anticipate. In addition, Promise Programs lack the resources and expertise of an entire state to commit to these solving these issues. The experience in Georgia suggests that some of the Promise Programs are likely face difficult choices.

Operating at a larger scale—sans an increase in resources—means that benefit levels must decline. The answers to these questions are not easy. There are tradeoffs. Is it preferable to offer a little bit less so that you can support more students? How does a Promise Program decide to allocate the burden of extending benefits? Do you impose higher academic requirements to control usage? If so, then does this not abrogate the promise of near universal access to postsecondary funding? There is evidence that the Promise Programs are aware of this issue. The Northport Promise states explicitly that should enrollment in its schools exceed 250 students, then it reserves the right to impose a more stringent geographical requirement to ration funding.

**Conclusion**

There is evidence of social returns to education. A one percentage point increase in the supply of college graduates raises high school drop-outs’ wages by 1.9 percent and increases high school graduates’ wages by 1.6 percent.47 There is evidence that education has a positive effect on civic participation and engagement.48 The returns to education are economically significant.49 The difference in monetary returns for those with post-secondary education relative to those who lack post-secondary education has increased over time.50 Education benefits society, benefits the individual, and the penalty for lacking education is growing. Given the benefits of an education, the salient question is this: What can we do to make education accessible to the segments of the population that lack it? Decades of research and hundreds of papers have made one thing clear: Funding has an effect on educational attainment, but money alone is not enough. The Kalamazoo
Promise makes me cautiously excited because I think that the community there understands this.

In Kalamazoo, it appears that they have managed to galvanize the community and coordinate the efforts of multiple actors—for example, local churches—around the idea of putting students in a position to take advantage of the opportunity that the Kalamazoo Promise affords the community. The Kalamazoo Promise, the efforts of the community, and organizations in Kalamazoo make education salient and relevant for the residents of Kalamazoo. Research suggests that increasing salience increases program participation.

The Kalamazoo Promise is transparent and simple: graduate from high school and you get money for schooling. It has been shown that transparency in the financial aid process makes it more likely that the individuals who need it most—the poor, minorities, and the less educated—will access the funds.

The Kalamazoo Promise demonstrates that coupling easily accessible scholarship funding and significant community involvement makes it possible to deliver funding in a way that enhances the likelihood that it will alter educational trajectories of those who need it most. I suspect that community engagement makes the funding from Promise Programs more salient than other sources of funding—such as state merit aid programs—which are given to individuals from a “distance” and, therefore, are not as relevant.

The difficulty is that it is not clear that one can count on this level of community engagement in all locales. Is this level of community involvement unique to Kalamazoo? Is community engagement a function of the magnitude of the initial outlay? Is there a set of initial conditions that make a Promise Program a particularly effective strategy for communities? We do not know the answers to these questions, but as the various Promise Programs move forward, I am hopeful that we will learn the answers to these questions.
The Promise Programs are a bold attempt to marshal local resources to defray the costs of post-secondary education. However, due to the funding structures adopted by many Promise Programs, I conclude that, as presently constructed, Promise Programs do not yet offer a replicable and sustainable path to post-secondary education. Still, the Promise Programs provide examples of elements that should influence financial aid innovation going forward.

Transparency is important; families and students should readily understand how to access funding that is available and what portion of the cost of attendance is covered by the funding. The source of funding must be stable. The Promise Programs that have stable sources of funding are in a position to honor the promise of postsecondary education, alter expectations of postsecondary education and incentivize a community to provide the complementary services that are necessary to put students in a position to take advantage of the opportunity.

Cost is not the only barrier to a postsecondary education; it is the barrier that is most easily recognized. The Promise Programs are a clarion call that exhorts policymakers to acknowledge that the effectiveness of financial aid may be inextricable from the local context.
Endnotes

2 Eligibility requirements for the West Virginia Promise are maintained at the following website:
   https://secure.cfwv.com/Financial_Aid_Planning/Scholarships/Scholarships_and_Grants/West_Virginia_PROMISE.aspx
3 The list of Promise Programs is housed at the following website: http://www.upjohninst.org/Research/SpecialTopics/KalamazooPromise/PromiseTypeScholarshipPrograms
4 Information on PromiseNet is housed at the following website:
   http://www.upjohninst.org/Research/SpecialTopics/KalamazooPromise/Community.
5 Information on the Pittsburgh Promise is located at the following website:
   http://www.pittsburghpromise.org. The Detroit College Promise is discussed at the following website:
   http://www.detroitcollegepromise.com. The El Dorado Promise is described at the following website:
   http://www.eldoradopromise.com. The Leopard Challenge is described at the following website:
6 The following web address describes the Jackson Legacy Scholarship: http://www.jacksoncf.org/jacksonlegacy.html. The following website describes the The Promise For The Future Scholarship:
   http://www.centralaz.edu/Home/About_Central/Foundation/Promise_For_the_Future.htm.
7 This information was obtained from the following website: http://www.peoriapromise.org/students.html.
8 Information obtained from the 2010 Decennial Census at the following website:
9 Information on the Peoria Promise may be found at the following web address: http://www.peoriapromise.org. The Great River Promise is discussed at the following web address:
   http://www.pccua.edu/. The Promise for the Future program is described here:
   http://www.centralaz.edu/Home/About_Central/Foundation/Promise_For_the_Future.htm.
10 Information on the Arkadelphia promise was obtained from the following website:
11 Information on the Sparkman Promise was obtained from the following website:
16 This information was retrieved from the following website: http://www.eldoradopromise.com on March 1, 2013.
17 Eligibility criteria for the Northport Promise are located at the following web address:
18 Information on the College Bound Promise was obtained from the following website:
22 Quotation taken from the following website on February 25, 2013:
   http://www.detroitcollegepromise.com/dcpfaq.html
Information retrieved on February 25, 2013 from the following web address: http://www.detroitcollegepromise.com/dcpfaq.html.


28 James J. Heckman, “Schools, Skills, and Synapses,” Economic Inquiry 46, no. 3 (July 2008)


37 Office of Education Policy, “El Dorado Promise Impact Report-2013,” Note: This is an independent study conducted by the Office of Education Policy at the University of Arkansas, (2013).


42 Office of Education Policy, “El Dorado Promise Impact Report-2013,” Note: This is an independent study conducted by the Office of Education Policy at the University of Arkansas, (2013).


44 The information on the Promise Zones was obtained from the following web address: http://www.promisezones.org/.

45 Information on Georgia House Bill 1325 was obtained at the following website: http://www.legis.ga.gov/legislation/en-US/display/20032004/HB/1325.


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