A Promise for Whom?

An Equity Analysis of Tuition-Free Programs' Eligibility Requirements

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Recognizing the critical role higher education plays in their economies and for their workforce development, more than 33 states plus Washington D.C. have implemented statewide "Promise Programs" or Tuition-Free Programs. These programs have the common goal of promoting educational attainment by committing to provide a financial award above and beyond existing federal and state grant aid, focusing on providing a tuition-free college education.

This explainer serves as a continuation of a comprehensive report we published in 2020. In that report, we gathered data on state-level tuition-free programs and conducted an analysis of the equity implications associated with different award calculation methods and eligibility criteria. In this particular piece, our focus is narrowed down to the common eligibility requirements of these programs and their effects on diverse student populations. We encourage readers to also refer to our first explainer on equity of tuition-free program designs focusing on award allocation methods (First Dollar, Middle Dollar, and Last Dollar).

Equity Analysis of Eligibility Requirements

REQUIREMENTS	PROS	CONS
Limiting Coverage to Sub-Bachelor Degrees [1]	• Less costly • Directs resources to schools serving higher concentrations of low-income students	• Risk reinforcing enrollment patterns that exacerbate existing inequities by re-directing in-state students who would have gone to public 4-year colleges to take advantage of the free offering at community colleges • Significant drop in enrollment of in-state students at public 4 year schools (which in turn must aggressively recruit out-of-state students)
Universal Coverage (no income limit)	• Universally appealing - no segment feels "left out" (easier, politically speaking, for sustained investment) • Clear message: college is accessible and affordable to all	• Expensive • Universal Last-Dollar programs are more regressive (covers tuition/fees for students with ability to pay; low-income students face large unmet need to cover costs beyond tuition and fees) • Potential "crowding out" at 4-yr public institutions (higher application rates force schools to increase selectivity; negatively impacting underrepresented students)
Age Restriction	• Helps target the messaging to a specific segment of the population.	• Restricting to recent high school graduates penalizes those unable to immediately enroll after high school into a post-secondary environment (i.e., familial or financial limitations) • Restricting to adult learners (ex. 25 and older) can end up excluding those the program looks to target since there's no single definition of an adult learner or non-traditional student [2] • Adds undue complexity to the program (complexity creates barriers)
Full-Time Enrollment	• Incentivizes faster degree completion	• Evaluations from other states show this requirement is too strict, especially for nontraditional students [3]
Mentoring support	• Mentoring and access to additional wrap-around services help improve outcomes for students - especially those without the resources and assistance to help them navigate the new environment.	• None

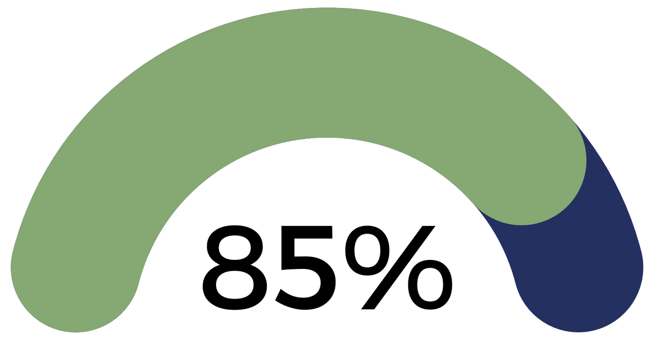
1 To increase impact, it is best to including state-accredited apprenticeships, certificate, and/or job training programs along with Associate's Degrees

2 One suggested remedy is to tie expanded eligibility/funding to FAFSA filing status rather than age (limiting eligibility to independent students)

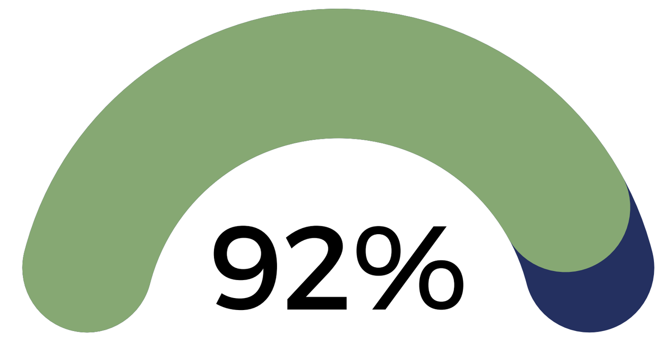
3 In Minnesota, 87% of students lost their eligibility because they failed to complete at least 30 program credits in their first academic year. California saw similar trends and took steps to relax the full-time requirement.

Surveying General Characteristics of Existing Statewide Tuition-Free Programs

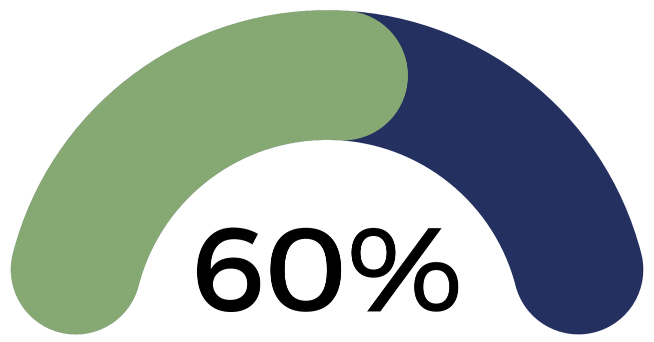
We have updated our database of 27 statewide tuition-free programs
Click **HERE** for quick comparison table with short descriptions of all programs / Click **HERE** for a table with longer descriptions of all programs



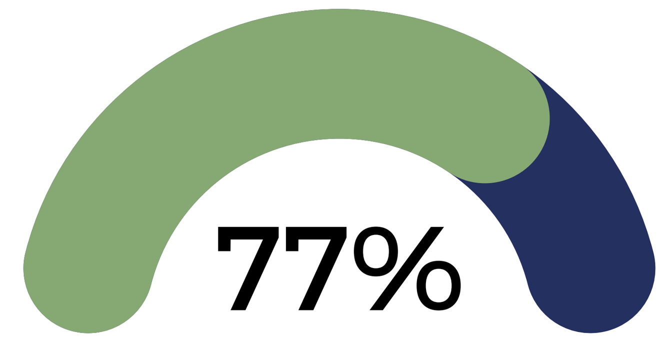
23 of 27 programs are last dollar scholarships. There is one middle-dollar (OR) and three first dollar programs (CA, NM, WA)



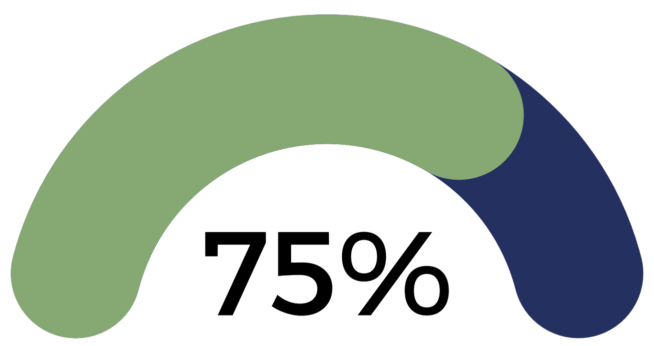
25 programs are for community college students pursuing associate and/or sub-associate degrees. NY, NM, and WA are three states where students attending 4-year institutions are also eligible for the tuition-free program



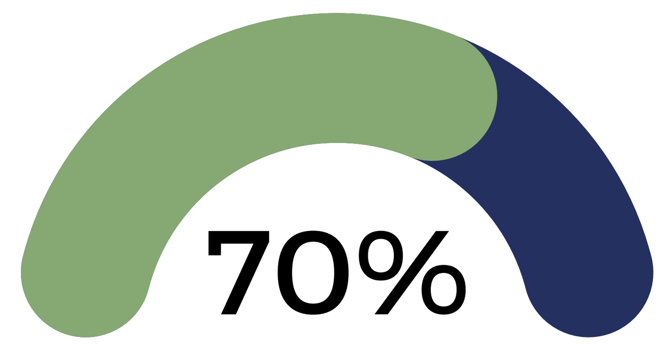
16 programs are universal, they do not take income into consideration



21 programs do not have merit requirements to be or remain eligible



20 programs include part-time students along with full-time students in their eligibility



19 programs do not limit fields of study

A Note about Including Undocumented Students

Nearly all statewide tuition-free programs are last-dollar and therefore require students to fill out the Free Application for Federal Student Aid (FAFSA) to determine students' eligibility to existing aid, which defines the last-dollar scholarship amount. Most undocumented students are not eligible for an SSN; thus, they cannot complete the FAFSA form. Several states have circumvented this barrier by creating their state level Free Application for Student Aid, ensuring that undocumented residents students can remain eligible. See:

- California Dream Act Application (CADAA)
- Maryland State Financial Aid Application (MSFAA)
- Oregon Student Aid Application (ORSAA)
- Washington Application for State Financial Aid (WASFA)

How About Merit-based requirements?

Selecting based on merit may initially appear reasonable and justifiable. However, multiple studies have revealed that this approach displaces need-based aid, directing funds to students who would have pursued higher education regardless.

By focusing on merit rather than financial need, merit-based requirements restrict access and exacerbate the existing economic and racial stratification of higher education institutions. In fact, it is now well-established that good grades, GPAs, or high scores on standardized tests all correlate with privileged family background, creating a bias towards white students from high-income districts (Heller & Marin, 2002; Jackson & Weathersby, 1975).

One study concludes that, "college access among lower income students will suffer. Merit scholarships are likely to exacerbate, rather than help remedy, college enrollment gaps in the United States." (Heller & Rasmussen. 2001)

Program Requirements That May Deter Students

Programming and eligibility criteria serve as mechanisms to ensure the efficient allocation of aid in the tuition-free program, leading to the attainment of its intended goals. However, it is crucial to avoid imposing requirements that may discourage students who would benefit the most from accepting or enrolling in the program.

Based on evaluations and learnings from programming in other states, we strongly recommend that **some requirements or features not be included in the design of promise programs. These include:**

- Commitment to living/working in-state for a minimum number of years after graduation
- Commitment to working/studying full-time, in-state, upon graduation
- Reverting grant funding to loans that must be repaid when a student doesn't meet all requirements of the program
- High merit requirements, such as maintaining a 3.0 GPA.

Research shows that there is limited value in incorporating these additional requirements into a program, given the unintended consequences for students and the resulting equity implications. Moreover, implementing and monitoring these requirements can become administratively complex and unnecessarily burdensome.

- 4 state-wide programs require in-state Residency and/or employment after graduation
- 3 state-wide programs have the stringent condition reverting the scholarship to a loan that must be repaid if the student is unable to meet the program requirements.

Summary of main findings from scholarly literature on work/residency obligations, and grant-to-loan conversion:

Limited Effectiveness: the evidence on the impact of promise programs with residency or work requirements on retaining skilled workers and boosting economic development is mixed and somewhat limited. For example, a study of the Georgia HOPE Scholarship program found that the program did not have a significant impact on economic growth or labor market outcomes (Cullen & Ligon, 2013). Another study on the Kalamazoo Promise program in Michigan found that the program increased the likelihood of students staying in Kalamazoo after graduation, which could suggest positive economic effects for the city (Saporito & Sohoni, 2018), but no strong causal relationship has been established on the effectiveness of these requirements.

Reinforce Inequity: Promise programs with additional requirements tend to disproportionately penalize students from low-income families or those who cannot fulfill the obligations due to personal or family circumstances (Bettinger & Long, 2010).

Counterproductive: There is some evidence that suggests that stringent additional requirements, such as residency or work obligations, and grant-to-loan conversions, may deter some students from participating in the promise programs. For example, a study of the Tennessee Promise program found that some students were deterred by the work and community service requirements, as well as the potential loss of the scholarship if they did not meet these requirements (Scott-Clayton & Xu, 2018).

Overly Complex: Programs with loan conversions may be more complex and challenging to administer, with potential negative effects on program participation and completion rates (Bettinger & Long, 2010). For example, a study of the Arkansas Future Grant program found that the program faced challenges in tracking students' compliance with the work requirement, as some employers were hesitant to provide the necessary documentation (Lauen & Ebersole, 2020).

Tennessee and Oregon Promise Programs

These two programs share many similarities and have been in existence for a number of years, providing us with the ability to begin to see the true impacts of the programs and potential for unintended consequences.

Program Design Features	Tennessee Promise (2015)	Oregon Promise (2016)
Type	Last-dollar program covering tuition and fees at community colleges	Middle-dollar scholarship at community colleges (Last dollar only up to tuition but at least $1000 guaranteed for those whose tuition is already covered by existing aid, making it a middle dollar scholarship)
FAFSA	Apply yearly	Apply yearly (or apply to the Oregon Student Aid Application ORSAA annually, which allows undocumented resident to be eligible)
Age Requirement	Immediate enrollment required after graduation from a local high school	Recent high school graduates (within 1 year)
Merit Requirement	None to qualify but must maintain at least 2.0 GPA	2.5 GPA required to qualify; must maintain at least 2.0 GPA
Income Requirement	No limit	Income eligibility was added in 2017 due to limited funding and equity concerns
Enrollment Requirement	Full-time	At least 6 credits per quarter (at least 3 quarters per academic year)
Additional requirements	8 hours of community service before each semester	Complete a specified 1st year experience

Initial impact on FAFSA completion rates and enrollment levels:

- With implementation of these programs, each state saw a significant increase to FAFSA completion rates:
  - Tennessee: 60.4% in 2014 to 81.7% in 2018
  - Oregon: 114% increase to FAFSA filers within the first year of implementation (Gurantz, 2019)
- Impacts on enrollment rates has been mixed:
  - Tennessee: saw an increase in the rates of students immediately enrolling in college, but these rates have been declining since 2017 (reaching a 10-year low in 2020)
  - Oregon: the program did not lead to long-term increases in community college enrollment or completion rates; no significant steps closing gaps in college access for disenfranchised students (from minority groups or rural communities)
- It is too early to assess full impact on retention and completion rates (see below some areas of concerns and to improve upon)

Tennessee and Oregon - Continued

Colleges not ready to ramp up to meet increase enrollment/students needs

In both TN and OR, early evaluations indicate that the sudden increase in enrollment had negative unintended consequences because community colleges lacked necessary funding and resources to accommodate new students. In TN, the rapid enrollment increases through the program ended up diluting institutional funding and resources and created new teaching and services challenges (Lee, Fernandez & Ro, 2022). Per full-time student instructional expenses, academic support expenses, and student support expenses decreased across the board because state funding did not keep up with the rapid changes in enrollment - deteriorating student educational experiences and success rates. Promise Programs can attract new students who are likely to need additional support services, thus failure to adequately fund institutions to provide this critical support has led can inadvertently lead to higher rates of students discontinuing their education (Delaney & Hemenway, 2021).

- **It is imperative to increase funding for community colleges so that they can effectively respond to increased enrollment attracted by the scholarships, address potential unmet needs for students, and provide necessary support services. Otherwise, this can potentially lead to serious financial challenges for community colleges especially in states that have performance-based funding.**

Shifting Enrollment Trends

Evaluations suggest that both TN and OR programs redirected many students who would have gone to public 4-year colleges to 2-year colleges causing decreases in completion rates for Bachelor's Degrees (Bell, 2021). This is also concerning as it risks reinforcing enrollment patterns that exacerbate existing inequalities.

- **Since programs limited to community colleges tend to change the overall enrollment trends, any state looking to implement this type of promise program must ensure the availability of a seamless transition between its community colleges and public 4-year institutions.**
- **Alternatively, the State can avoid this negative consequence by extending eligibility of the tuition-free program for low-income students at 4-year public institutions so they can start and complete their bachelors' degree without the need to transfer.**

Regressive Nature of the "Last-Dollar" Allocation Method

Although less costly for the state, last-dollar programs distribute little aid to lower-income students, for whom tuition and fees are largely covered by Pell Grants and state aid. The funding mostly flows to middle-income and higher-income students. For instance, in Oregon, evaluations show low-income students were less likely to receive Promise funds because they often qualified for other need-based scholarships, including the Pell Grant. Similarly, in Tennessee, about 60 percent of Promise funds went to students from households with annual incomes over $80,000 (Spires & Podesta, 2020). Applicants with low ACT scores and Black and Hispanic students were also found less likely to receive Promise scholarships. This allocation methods also does not truly address the lack of affordability, as it cover only a small fraction of the cost of attendance while providing grants mostly to students who would have already enrolled in college.

- **To prevent this, the State can take two approaches: by setting an income cap to ensure aid is directed more effectively, or alternatively, by adopting a middle-dollar or first-dollar award allocation method *(for further details, please consult our explainer dedicated to this topic)*. Research examining smaller local scholarship programs that utilize a first-dollar allocation approach suggests that they significantly enhance college affordability, leading to a greater impact on student enrollment (Kelchen, 2017).**

Last-dollar programs are complex: Programs have had difficulty explaining students how their award is calculated and what costs it covers (Billings, Gándara, & Li, 2021). Students responding to the tuition-free promise calls do not understand that they will not have access to their Pell and other aid to help them cover indirect costs (Burkander, Ballerini, & Callahan, 2019). In addition, the application process is burdensome as to determine eligibility to existing aid, students always have to fill out the Free Application for Federal Student Aid (FAFSA), which is a barrier to enrollment for students who stand to benefit the most from the promise program.

- **The messaging of a first-dollar program is simpler, and the application process is less burdensome (see New Mexico's program below). A growing body of literature of college-access and financial-aid programs confirms the effectiveness of reducing administrative burdens for improving college access for disadvantaged students.**

New York Exelcisor

Advocates hailed New York's Excelsior Scholarship as the first non-merit-based statewide free college program at not only the state's community colleges, but also at public four-year institutions. Excelsior covers tuition only on a last-dollar basis. But there are significant concerns and unintended consequences to take into account.

Program Design Features	New York Excelsior (2017)
Type	Last-dollar for all public colleges and universities
FAFSA	Apply yearly
Age Requirement	None
Merit Requirement	None
Income Requirement	Families earning $125,000 or less
Enrollment Requirement	Full-time
Additional requirements	Must reside in NYS for the length of time the award was received, and, if employed during such time, be employed in NYS. If leaving NY early, scholarship must be repaid in part.

The last-dollar design of Excelsior is notably regressive due to its exclusive coverage of tuition, while disregarding additional fees. As a result, numerous lower income students are disqualified from the program despite still being responsible for paying fees, as well as expenses related to books, meal plans, and transportation. Evaluations indicate that the program primarily benefits students within a relatively narrow range of family income that is above the median for New York City and fall within the top 80th percentile of aid applicants at the City University of New York (Scott-Clayton, Libassi, & Sparks, 2022).

Compared with other statewide programs, Excelsior also has particularly stringent enrollment and credit completion criteria for receiving and renewing the scholarship.
While most other programs requiring full-time enrollment call for at least 12 credits per semester, Excelsior requires at least 15 credits per semester. This has the potential of excluding students who may not be able to enroll full time due to family commitments or work commitments.

Excelsior is among the few programs in the nation that converts from a scholarship to a student loan that must be repaid if the student is unable to meet the necessary requirements during or after college. Along with programs in Arkansas and Maryland, the Excelsior Scholarship is converted to a no-interest loan that the student must pay back if they are unable to meet the stringent guidelines of the program, deterring eligible students from accepting the scholarship in the first place.

Excelsior has a very low take-up rate, particularly for community college students and Black students.
Only 8 percent of eligible community college students receive an award, compared with 31 percent of eligible 4-year college students. Eligible Black and Hispanic students are about 10 percent less likely to receive the scholarship compared to eligible white and Asian students (Scott-Clayton, Libassi, & Sparks;,2022). Low take-up among eligible students raises the question of whether Excelsior's extra paperwork and complex award contract may be barriers to application. It is worth highlighting that 28 percent of eligible students who did not receive the Excelsior grant had a remaining tuition need of $2,500 or more. This suggests that students might be forgoing the opportunity due to the perceived hassle involved, leaving potential financial assistance untapped.

New Mexico Opportunity Scholarship

This is the most progressively-designed tuition-free program to date, however it is still too early to have a comprehensive evaluation of this program. There are some early indications of its positive impact in enrollment.

Program Design Features	New Mexico Opportunity Scholarship (2022)
Type	Follows a first-dollar design, covering tuition and required fees for career training certificates, associate degrees, and bachelor's degrees
FAFSA	Students are not required to apply to FAFSA which reduces burden on students while enabling the program to be eligible for undocumented students. While not a requirement, students are encouraged to complete the FAFSA, as they can use the additional aid they may obtain from the Federal government or other costs like books, housing, meal plans, transportation, etc.
Age Requirement	None
Merit Requirement	None for initial eligibility; must maintain at least 2.5 GPA to keep it
Income Requirement	No limit
Enrollment Requirement	At least 6 credit hours per semester
Additional requirements	None
Other highlight	Undocumented and incarcerated students are eligible under this program.

Early findings:

Since its introduction, the Opportunity Scholarship in New Mexico has had a significant impact on college enrollment. In its inaugural year, enrollment grew over 4 percent, marking the first time such growth had been seen in over a decade. This also defied the national trend of declining higher education enrollment. This positive trend continued into 2023, with a larger increase of 6 percent, where 36,000 students received the Opportunity Scholarship. Notably, nearly 30% of these recipients were first-time freshmen, highlighting the program's effectiveness in encouraging new students to pursue higher education.

While the longer term impact of this program is yet to be seen, there are encouraging indications of its potential success. New Mexico has implemented a comprehensive higher education funding package to support the successful implementation of its ambitious tuition-free initiative. Under the leadership of Governor Michelle Lujan Grisham, the state has allocated a significant budget of $1.21 billion (which accounts for 12 percent of the state's total budget) for the fiscal year 2024, representing the largest investment in higher education in the history of New Mexico. This funding not only ensures the full implementation of tuition-free college through the Opportunity Scholarship but also includes increased operational funding for public colleges and universities. Furthermore, it provides new funding for student success programs and workforce education initiatives, programs to expand New Mexico's skilled workforce, support the state's Tribal College Dual Credit Program, invest in adult education and literacy, and address student hunger on college campuses.

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