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Promise Scholarship Programs and Local Prosperity

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POLICY BRIEF

Promise Scholarship Programs and Local Prosperity

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BRIEF HIGHLIGHTS

■ *Promise programs can increase school district enrollment, attach families more securely to communities, and create a virtuous circle of economic improvement that attracts new residents and businesses.*

■ *The greatest impact may be on small- to midsized communities that have experienced out-migration, the loss of industry, and demographic change.*

■ *Simple program designs will offer the greatest benefits to individuals and communities.*

■ *Promise programs are just one component of community revitalization and must be connected to other strategies designed to improve local prosperity.*

For more details, recommendations, and references to current research, see the full policy report, *Promise Scholarship Programs and Local Prosperity*, at https://research.upjohn.org/up_policypapers/19/.

Can place-based college scholarships stimulate local prosperity? Research suggests that Promise programs can indeed contribute to revitalizing economically distressed communities. We argue that these scholarship programs, when leveraged effectively, can spawn a host of community benefits and serve as catalysts for economic and educational improvements.

Most Promise program research focuses on postsecondary education. Researchers, policy analysts, and educational leaders are naturally interested in understanding how such initiatives influence college enrollment, choice, and eventual degree completion.

While these outcomes are important, they represent only some of the potential benefits of Promise programs. These programs can also increase school district enrollment, attach families more securely to communities, and create a virtuous circle of economic improvement that attracts new residents and businesses. Promise programs are especially valuable for communities facing out-migration, the loss of industry, concentrated poverty, and demographic change. They recognize that neighborhoods, cities, and regions with more college-educated residents produce a higher tax base, experience less crime and unemployment, and have less need for government support programs. Policies that reduce the cost of completing college for residents can serve a broader public interest, benefiting both individuals and their communities.

The Growth of Promise Programs and Their Roots in the Place-Making Movement

Providing financial assistance to pay for college offers a unique twist on place-based policies for local economic development. Historically, such policies referred to investments by cities or regions in infrastructure or financial support to businesses. Since the introduction of the Kalamazoo Promise in 2005, many communities have applied the place-based approach to human capital investments through the creation of college scholarships.

These scholarships, or Promise programs, are offered to people (usually recent high school graduates but sometimes adults) based on their residence in a particular school district, city, or county. Figure 1 shows that almost 100 communities have developed Promise programs, with many more in the development phase. Some 45 cities—including Buffalo, Denver, Detroit, New Haven, Pittsburgh, and San Francisco—have created scholarship programs for their residents through partnerships among local stakeholders. Approximately 40 programs, many of them in California, emanate from community colleges that have eliminated remaining tuition for local residents after other financial aid is applied.

Local Prosperity in Promise Communities—Observations and Lessons

Research and observation reveal to policymakers 10 ways that Promise programs can boost local prosperity through educational and economic impacts.

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Promise programs can create a virtuous circle of economic improvement that attracts new residents and businesses.

1. **Promise programs anchor residents, especially those with children, to their communities.** Research on Promise programs in Kalamazoo, El Dorado, Buffalo, and Syracuse shows gains in school district enrollment. Moreover, programs that have universal eligibility, allow money to be stacked on top of other aid, and allow funds to be used at multiple colleges are linked to declines in out-migration, especially among households with children.

Reflecting the important goal of retaining population, many Promise leaders have adopted sliding scales for program participation as a way of providing the greatest scholarship benefits to the longest-term residents. Strengthening the attachment of residents to the community is a key way in which Promise programs contribute to economic vitality—but only if other aspects of the community also improve.

2. **The strengthening of school districts makes communities more attractive to new residents and businesses.** In addition to rising K–12 enrollment, Promise programs can improve student behavior and achievement, enhancing the reputation and desirability of a school district.

The improvement of students and school districts can make communities more appealing to families seeking to relocate from outside the area. Moreover, a higher-performing school district is also an important component of business location decisions.

Figure 1 Promise Scholarship Programs across the United States



NOTE: For more information about Promise programs, see <https://upjohn.org/promise/database/>.

Universal eligibility programs bring administrative and operational simplicity and can engender widespread reform and support.



- 3. Promise programs promote both college enrollment and degree completion.** Several studies find that Promise programs increase college enrollment among eligible students, with most of the new enrollment concentrated at in-state, four-year institutions. Evidence from more generous programs also shows increased degree attainment among scholarship recipients.

Because most young people remain in or near their local communities after high school, increased degree completion can have large benefits for the local economy. Even programs that support community college enrollment may hold the potential to strengthen the local workforce, since students enrolling in—and graduating from—these institutions tend to remain in the region.
- 4. Promise programs can help address poverty even if they are not targeted toward poor students.** Programs with universal eligibility often reach more poor students than programs targeting higher-achieving students because of the overlap between economic disadvantage and low academic achievement.

Yet, research suggests that even Promise programs with performance requirements can stimulate innovations that help all students. For example, early messaging around the benefits of a college degree, assistance with application and FAFSA preparation, and improved course offerings benefit even those students who may not meet eligibility requirements.
- 5. The equity impacts of Promise programs will vary depending on program design.** A few programs disburse their grants before recipients receive other sources of aid, and a handful target their funds based on need. These design features bring more resources to low-income students.

Last-dollar programs that require students to use existing grant aid before receiving Promise funds typically channel more money to fewer students from moderate-income backgrounds. Some programs employ a “last-dollar-plus” model that provides a minimum amount of funding even if other financial aid is sufficient to cover tuition expenses.

But even last-dollar designs can benefit low-income students through more intensive messaging around college awareness, preparation, and college-going. Last-dollar programs also provide new resources to an underserved population—families of moderate incomes who miss out on other forms of financial aid. Program stakeholders should think through the distributional impacts of program designs to ensure that resources are directed where intended.
- 6. Most Promise programs do not serve adult learners, but efforts to do so would support local prosperity.** Few Promise programs support the postsecondary participation of adult students or nontraditional learners, focusing instead on students matriculating directly from high school.

Allowing adults to use a Promise scholarship could have value for the local economy. These residents have local ties and are unlikely to out-migrate, and many have already started college and may need only a few more credits to earn a degree. Communities looking to serve these students should leverage existing Promise programs to suit these needs.
- 7. Simplicity in program design has broad benefits to students and the community.** For Promise programs to function as effective tools of community transformation, they require buy-in across the population, which can be facilitated by a clear and simple message. Analysts find that complexity of eligibility criteria and changes in criteria over time can make messaging difficult and limit community engagement.

Universal eligibility programs bring administrative and operational simplicity and can engender widespread reform and support. Programs with targeted requirements should strive to keep them as simple and straightforward as possible to reduce

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administrative costs and keep messaging clear for both students and the broader community.

8. **Start-up costs for a generous program may be difficult to fund but can pay off over time.** Promise programs should be viewed as investments in a community's human capital—not just as scholarships. Like most investments, their payoff is not immediate. While it can be challenging for resource-constrained communities to raise the funds needed to make a secure and generous Promise, the long-term returns might make the extra effort and expense worthwhile.
9. **Promise programs help communities align their resources in support of youth development.** Many communities struggle to provide developmental supports for students across a panoply of often disconnected organizations. The local nature of Promise programs facilitates the breaking down of silos and can lead to coordinated action for student success throughout the cradle-to-career pipeline.

Promise programs may also foster collaboration across sectors—for example, business engagement in a school district or tighter connection between a community college and local workforce needs. Strong partnerships with private businesses or philanthropic organizations are also essential to secure sustained funding.
10. **Scale matters.** Promise programs exist in communities of all sizes, but their impact on local prosperity may be greater in small or midsized communities than in large cities.

A Promise program in a small town may play an outsized role in both educational and economic development. While such an initiative in larger cities may serve greater numbers of students, it will likely have less impact on community prosperity due to the issue of scale. Small and midsized communities have an additional advantage in that the convening and alignment efforts vital for a program's success are simpler to manage.

Promise programs can serve as an important component of community revitalization, but they cannot fulfill this task alone. Community leaders must connect such programs with strategies for reducing unemployment, targeted assistance to local businesses, and the improvement of distressed neighborhoods. Scholarship programs should also operate alongside public and private strategies to improve infrastructure, transportation, child care, and health care.

For Promise programs to reach their full potential in catalyzing broadly shared local prosperity, stakeholders need to think carefully about how all the pieces fit together toward achieving their specific goals. The observations presented here will, we hope, make that task easier.

Michelle Miller-Adams is a senior researcher and Edward Smith is a research fellow, both at the Upjohn Institute.

For more detail, including complete references to the research mentioned in this brief, please see the policy paper at https://research.upjohn.org/up_policypapers/19/.



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