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The Kalamazoo Promise: A New Twist on Tuition Guarantees
By Nathan J. Daun-Barnett

In 2005, Kalamazoo, Michigan launched a bold and innovative economic development strategy, The Kalamazoo Promise (KP), which guarantees tuition to every high school graduate in the district. Since KP inception, high school enrollments are up and college attendance has increased, creating national attention. This paper analyzes the benefits and limitations of six types of tuition guarantees, including KP. For those communities hoping to emulate the success of KP, they should recognize that tuition guarantees are neither a new concept nor work equally well across the board. However, drawing from this paper's analysis, broad themes of examining the nature, scope, and funding sources should be considered when launching a tuition guarantee program.

In 2006, the superintendent of Kalamazoo Public Schools (KPS) led a community wide effort to stimulate economic development in the city of Kalamazoo, Michigan by launching a tuition guarantee program for every KPS high school graduate. The Kalamazoo Promise (KP) is a place-based initiative intended to attract people to live in the city center, with the specific purpose of growing the economy. The guarantee was simple – if you finish high school and go to college, you will qualify for four years of tuition to a public community college or university (scaled according to the amount of time spent in the district). There were no conditions placed upon family income and it was not predicated on some measure of academic merit. Rather, it was a simple, elegant commitment of financial support to every KPS student who went to college.

From an economic perspective, more than 70% of KP students remain in Kalamazoo at either Kalamazoo Valley Community College or Western Michigan University; home sales and median home price both rose (6.7% and 3.6% respectively) in 2005 when both economic indicators were declining across the state; and commercial real estate sales were up (Miller-Adams, 2008). The educational outcomes are promising as well. During the 2005-06 academic year, KPS reached an enrollment low of 10,238 students. Furthermore, two years following the announcement of the program, KPS grew their total enrollments by 12%, a significant turnaround at a time when Michigan and its major metropolitan districts continued to experience enrollment declines (Miron & Cullen, 2007). High schools found that the proportion of enrolled low-income students actually increased by 3% suggesting more students were staying in school to take advantage of the program. Increasing enrollments generated an estimated $7 million additional revenue to the district as well as the hiring of 45 new teachers (Miller-Adams, 2008).
Early signs of success in Kalamazoo have signaled a national movement in communities. Across the United States, cities (e.g., Pittsburgh, Denver, San Francisco, Peoria, and El Dorado) have all announced similar KP initiatives to support postsecondary attendance among their public school students. In January of 2009, Michigan Governor Jennifer Granholm signed legislation to incentivize the creation of Promise Zones across the state. A similar idea was proposed as part of New York States’ Commission on Higher Education.

Given the enthusiasm for the Kalamazoo approach, it is tempting to conclude that we are entering a new era in P-16 educational reform and metropolitan revitalization. In some ways that may be true, but tuition guarantees are not a new strategy. The GI Bill in 1944 was the first and largest guarantee program, providing college and vocational training for returning World War II Veterans. Since that time, tuition guarantees have become a central feature of intervention programs, state policy initiatives, and private philanthropic efforts. If we hope to understand and maximize the potential of the Promise, then we must first examine what is known about tuition guarantee programs. Place-based strategies are markedly different from other iterations of the tuition guarantee and as such, we must develop a clear definition of place and a framework for evaluating which places are appropriate for a Promise-type program.

This paper examines the range of tuition guarantee programs across the US, including those initiated by state, institutions, communities, private philanthropy, and local organizations. The level at which the guarantee is provided makes a difference in terms of who is eligible and for what. Next, the paper explores more specifically the new place-based version of the tuition guarantee, popularized by Kalamazoo, MI. The focus on the importance of community as the definition of place is relatively recent, but even within this subset, there exists tremendous variation in the types of guarantees made to students and parents. The paper concludes by considering three dimensions – the nature of the guarantee, the scope of the guarantee, and the sources of support – of place-based initiatives that change the complexion of the program and will likely result in different sets of outcomes.

In 1990, the General Accounting Office (GAO) issued a report documenting the prevalence of tuition guarantee programs and found essentially four different types: (1) sponsorship programs where an individual or private organization provides the financial support and academic services to a small group of students, (2) “last-dollar” programs which guarantee students the remaining assistance after all other sources of aid are taken into account, (3) university-based programs that guarantee admission and tuition at a particular institution, and (4) “pay-for-grades” where benefactors contribute modest funds for higher education based upon high school grades. In the time since the GAO report, a range of new programs has evolved and at least two additional types have emerged: (5) state sponsored financial aid tuition guarantees and (6) place-based economic development initiatives like the KP. Each of these program types is motivated by different goals and is funded in unique ways.
Sponsorship Programs

The most visible and widely recognized sponsorship programs are rooted in the experience of Eugene Lang and the creation of the I Have A Dream (IHAD) Foundation. In 1981, Lang returned to his East Harlem middle school to speak to a class of sixth graders. Struck by the odds stacked against these sixth graders, he made a pledge to fund their college education if they stayed in school and graduated from high school. IHAD currently boasts more than 200 programs across the country, but they are limited in a number of important ways (I Have A Dream Foundation, 2008). First, the programs are small scale, sometimes guaranteeing tuition to a single sixth grade class for one year or for some period of time. An extended commitment may have some influence on the school but a commitment to single class cohorts does little to promote school change. Second, while the programs may include academic support and/or personal mentoring, that is largely up to the funder and the partnering agencies.

This category of program is complicated by the fact that a number of programs are rooted in the IHAD tradition that may or may not be affiliated with the Foundation and vary in the degree of financial support. The One on One Mentoring program sponsored by the YMCA in Milwaukee, WI is an example. The program was founded in the mid-1980s and was inspired by the successes of the Eugene Lang model. The Milwaukee YMCA partnered mentors from the local business community with a select group of middle school students, who attended Milwaukee Public Middle Schools. There was no tuition guarantee with this program. The YMCA sponsored the Black Achievers program providing some financial support but only a fraction of program participants were selected.

According to the GAO report, sponsorship programs were the most common type of tuition guarantee program. However, these programs tend to be small, vary in duration, are available to a very small proportion of school age students, and unlikely to stimulate substantive school reform. Focused primarily on schools in high poverty areas with scarce resources, sponsorship programs were limited in reach because these programs were place-based, meaning that they were selected specifically for some characteristic of the school. Typically, sponsorship programs targeted their services to high percentages of low-income students.

Last Dollar and Institution-Based Programs

The GAO report spoke of last-dollar and institution-based programs separately, perhaps because a number of private organizations offered last-dollar tuition guarantees. However, university based programs are nearly always last dollar in nature and this type has grown in recent years. Last-dollar programs vary tremendously depending upon how they are constructed and there are examples of private organizations, state, and institutions offering these programs.

A prominent example of a private organization providing a last-dollar tuition guarantee is the Gates Millennium Scholars (GMS). The Bill and Melinda Gates Foundation sponsors highly qualified minority students
pursuing selected majors from across the country. Those students apply for support from the foundation, and are chosen through a selective process. Participating students are eligible for full tuition and fees, renewable each year they are in school subject to satisfactory progress (Bill & Melinda Gates Foundation, 2008). The program provides a last-dollar award, but it will cover all unmet need at public or private institutions. GMS is a unique model, particularly in an Affirmative Action-aware climate, which focuses specifically on high achieving under-represented minority students. State-aid programs targeted toward minority students have been systematically challenged but a number of private programs continue.

Colleges and universities have provided tuition guarantees for many years, particularly geared toward high achieving students. For example, a number of community colleges offer free tuition to the top 10% or 20% of the graduating high school class (or some portion of that total cost). More recently, universities have begun to provide tuition guarantees, specifically targeted to high achieving, low-income students. For example, AccessUVa (University of Virginia) and the Carolina Covenant (University of North Carolina of Chapel Hill) are two institution-based tuition guarantee programs at very highly selective flagship public universities. These tuition guarantee programs replaced student loans with grants for each admitted student below a certain income threshold, following similar guarantees at Harvard, Yale and a growing number of elite, private not-for-profit colleges (Brandon, 2006). These institutions focus on a very narrow band of highly prepared students. These guarantees are very generous to qualifying students, but few students attending these institutions qualify because the income threshold is set lower than most household incomes.

**Pay-for-Grades Initiatives**

One of the essential barriers to college access is the degree to which students are prepared to do college-level work by the time they finish high school. A number of state and institutional level initiatives are designed specifically to improve preparation and the pay-for-grades initiatives were designed to provide incentives for students to prepare for college. These programs are not strictly tuition guarantees. Rather, the GAO (1990) found that these programs provided financial rewards to students for high grades. The money would be placed in a bank account, which was to be used for college participation. While the banked amount was not sufficient to cover the full cost of college, the money earned for good grades subsidized a portion of the tuition.

More recently, an alternative version of the pay-for-grades approach has been used to create incentives for Advanced Placement (AP) participation and success. The pay-for-grades approach is a reward for success, but in this case, the reward is directly tied to the successful completion of AP courses that earn college credit. The National Math Science Initiative (NMSI) provides a student incentive program where students receive between $100-500 for a score of 3, 4, or 5 on an eligible AP exam (National Math and Science Initiative, 2008). Typically, the course is offered at no expense to the student, except for the cost of the examination. The incentive is intended to insure AP students take the tests, and the incentive
compensates at least for the cost of the exam, making it a tuition guarantee contingent upon merit, or earning a qualifying score.

State Programs

A number of states have begun utilizing the tuition guarantee to promote both economic development and college access. Two programs illustrate how states have utilized guarantees. Georgia adopted the HOPE (Helping Outstanding Pupils Educationally) scholarship program in 1993, which guaranteed tuition to any Georgia public college or university, for every student with at least a 3.0 Grade Point Average (GPA). Within two years, the need-based requirement was eliminated altogether (Dynarski, 2000). Georgia HOPE was justified in a number of ways, including college access, but it was fundamentally designed to stem the out-migration of highly qualified college going students. In short, the incentive was to keep top students from attending college out of state with the assumption that once they leave it is more difficult to bring them back.

Indiana took a different approach with the tuition guarantee. Governor Evan Bayh launched the 21st Century Scholars Program (CSP) in 1990 to improve college participation rates among low-income students. All eighth grade students who qualified for free or reduced lunch (i.e., National School Lunch Program) were eligible to sign the pledge to participate in the program. The first class of CSP entered college in 1995 and the program was more lenient in terms of requirements – eligible students earned a 2.0 or greater and were accepted to a college or university. The results show that Scholar participants were more likely to attend all types of college than their non-Scholar peers (St. John, Musoba, & Simmons, 2003).

Both Georgia and Indiana utilize a similar mechanism in the tuition guarantee but they target it in very different ways. Georgia focuses on merit and expects the program will create an incentive for students to better prepare for college. In the mean time, most of the money is awarded to students already likely to attend college – which is consistent with the economic development goals of the state, but it has only a modest impact in terms of promoting increased college access among low-income students. Meanwhile, Indiana’s program targets low-income students more where affordability is critical college access issue, but Indiana’s program suffers from a different sort of problem. St. John et al. (2003) found far fewer students take advantage of the program than are qualified because the program initiates in eighth grade.

Place-Based Initiatives

Local organizations have launched tuition guarantees as well. The Detroit Regional Chamber in Michigan formed the Detroit Compact Scholarship, effectively guaranteeing every Detroit Public School graduate the cost of tuition at 1 of 11 participating public universities or the community colleges. In exchange, students must meet a minimum set of requirements: for four-year institutions, GPA of 3.0 and a minimum score of 21 on the American College Test (ACT) or 990 on Scholastic Aptitude Test (SAT) reading and math and for two-year institutions, 2.5 GPA with a score of 18
on the ACT (Detroit Regional Chamber, 2008). The Detroit Compact Program was designed as place-based initiatives in the Detroit Public Schools, but the Detroit Compact differs from the KP because Detroit Compact is a merit contingent, last-dollar program where participating institutions cover the full cost of tuition and fees above and beyond whatever financial assistance a student receives. The Detroit Compact program has been in place for nearly 20 years and has provided a strong guarantee for those that become eligible, but the district enrollment has continued to decline. The merit component is designed to improved academic preparation, but it also minimizes the motivational potential of the “guarantee.” It would be a significant risk for a family to choose to live in Detroit on the chance that their student will earn the necessary grades and score sufficiently on the ACT to be a recipient of the award. As a consequence, the program has had no appreciable effect on reversing out-migration and the Detroit Chamber was never able to raise the funds necessary to provide a substantial scholarship to qualified students.

Kalamazoo on the other hand has taken a decidedly different approach to the “guarantee” and their results suggest that the economic development piece is possible. The KP scholarship is a guarantee of full tuition to any public college or university in the state. It is not contingent upon grades or test scores (aside from minimal standards) and the money is given to every Kalamazoo graduate that is admitted and goes to college. From an economic development perspective, there is comparatively much less risk associated with moving into the district or transferring students from the private institutions to the public school system.

The challenge of the KP model for many communities is that it requires a sizable private investment to fully fund and some argue that it is an inefficient investment of resources because many of the benefiting students would have attended college already. Similarly, the program does not either target low-income, first-generation students where cost is a considerable access issue, or reward and incent better academic preparation in high school which remains a persistent barrier for success for a number of students once they reach college. It is possible then, that a successful place-based initiative could improve college participation simply by attracted a new group of students into the district. This is an important critique that must be taken into account when making decisions about the appropriateness of place for future programs. However, the program may get at some of these priorities in a different way. For many, the definition of place is commonly situated in the context of an urban school district. From an economic development perspective, there is a growing recognition that young college educated talent is attracted to metropolitan communities. At the same time, the knowledge producing sectors of the economy are growing and they require a college educated workforce. Metropolitan centers then are viewed as talent magnets for growing companies that will employ more people – college educated and non-college educated.

The focus on metropolitan centers may be advantageous from an educational perspective for very different reasons. Large urban school districts frequently serve high proportions of low-income, first generation, and under-represented minority students. Such students often suffer from
poor achievement and completion outcomes. Large urban schools have difficulty keeping students in schools. These are many of the same students that proponents of need-based aid programs are attempting to serve. Whether or not the guarantee program is a successful economic development tool, the place-based program may still achieve important educational outcomes for the local communities.

**Discussion and Implications**

Since tuition guarantee programs have been around for many years and have been adopted and constructed in a variety of ways for many different purposes, it is possible to learn from established tuition guarantee programs to inform how new programs are structured. Based upon the limited evidence in terms of outcomes, it is not possible to conclude that certain features are better than others, but it is possible to examine the different dimensions of these programs and to suggest which elements may be appropriate given the goals of the program.

**Nature of the Guarantee**

Defining the guarantee can be elusive in many cases. The pay-for-grades programs are not guarantees in any formal way though they pay for some portion of the cost of qualifying credits. For the purposes of this discussion it is important to ask whether the guarantee gives students and parents the perception that the barrier of cost will be eliminated. Institutionally based programs that provide free tuition for eligible high school students may cover the costs for some number of courses or a percentage of the cost of those programs, but often they do not cover the full cost of attendance. From a human capital perspective, parents (and to a lesser degree students) will make decisions about what is best for their educational futures by weighing the benefits of staying where they are versus switching schools to take advantage of the guarantee. That calculation will consider the quality of the current education, the cost of attending college, the families’ ability to afford the cost of college, and the total value of the tuition guarantee. The value of the guarantee is then considered relative to the risk involved. If the odds are high that a student will qualify for the guarantee, then the risk is low and the perceived benefits will be more attractive. When the program is targeted or contingent upon criteria that are not yet fulfilled, risk is high and the potential value is less.

The Detroit Compact is a guarantee bound by a number of important strings, none the least of which is gaining admission to a subset of specific institutions (e.g., the highly selective University of Michigan and Michigan State University) that agree to cover the cost of qualified students. Those developing programs around the tuition guarantee model must think about the nature of the guarantee they hope to provide and how it aligns with their anticipated goals. Is the purpose of the guarantee to attract new residents and district school students? Is the purpose to diversify institutional enrollments? Should the guarantee be contingent upon some merit criterion or targeted to specific groups including low-income, first generation, and under-represented minority students? The intended outcomes should influence the nature of the guarantee.
Scope of the Guarantee

In addition to the clarity of the program it is important to consider the limits of the guarantee. In the case of KP, students were restricted to 43 public 2-year and 4-year institutions in Michigan. The award covers all tuition and fees where housing and dining are the responsibility of the individual (or met through other state, federal, institutional, or private sources of support). The Detroit Compact provides a similar award but only for 11 participating institutions. The Gates Millenial Scholars can attend any institution in the country, public or private. The state programs provide guarantee awards to attend public colleges and universities within that state.

Institutionally-based programs typically replace loans with grants for all admitted students or only those within a certain income bracket, but the program is only applicable at a single institution, which are in many cases highly selective institutions. A subtle but important limitation of these programs is that the student must be admitted first to a qualifying institution so the scope of the award may be limited by how competitive a student is in a given process. For example, the Jackson Legacy program is limited to only those institutions in Jackson County, MI; so a student may have a choice of public or private, but their options are constrained by their ability to be admitted.

Sources of Support

Ultimately, many of these programs are defined in large part by the sources of financial support. The GMS program targets high achieving under-represented minority students, which is a small subset of the overall college going cohort, but they provide a substantial award to attend any institution in the country. Private support from the Bill and Melinda Gates Foundation makes the program possible to operate at that level of support. The same is true for KP. Private donors have guaranteed $200 million over 20 years and while the guarantee is simple and risk free, it focuses on a similarly small proportion of the college going population and the potential value of the award is more modest.

State resources on the other hand are typically utilized in one of two ways. In the case of Georgia, the resources were intended to develop the collective human capital of the state as a means to stimulate economic development and were targeted to every merit-eligible student in the state. Indiana on the other hand, was investing in human capital but targeted those resources to academically eligible students least likely to be able to afford the cost of college. The redistributive function is an equally important strategy for investing state resources but the priorities are different. In a few cases, local communities will fund the program through local taxes. For example, Davenport, IA has designated “not more than 30% of an existing local option sales tax” to be used to fund the program (Moltz, 2009). In the case of the Detroit Compact, most of the financial support is in the form of institutional aid, and as such, institutions utilized the programs to fill specific priorities aligned with their respective missions. The sources of support ultimately play an important role in shaping the
character of the programs and defining the parameters of the guarantee and the value of the award.

Conclusion

It should be clear that while a number of “Promise” scholarship programs are going to develop in the next few years, they are all likely to look very different from KP as they will from one another. Every community will start with a unique set of assets and opportunities. Some will begin with a large commitment of resources from private sources like Kalamazoo, MI. Others will have a strong, well-established network of supplementary services to support students on their way into college. A few communities may benefit from state-level incentive programs similar to the Michigan Promise Zones or the proposed New York Empire Promise Zones. Some communities may begin with the leadership of an institution of higher education and the sources of support may come, in the form of tuition discount. In Michigan, Detroit’s leadership has been provided by the Regional Chamber of Commerce, whereas Jackson’s leadership stems from the community foundation.

A number of these programs will be specifically tailored to grow local economies. An equal number may launch their programs specifically to meet the needs of a group of students that might not otherwise be able to afford college. A few will follow the KP model and provide first-dollar support to every student. Many will require students to file their Free Application for Federal Student Aid (FAFSA) and will cover the last dollar of expenses remaining after applying state and federal aid. A number of “places” will launch programs where there are few opportunities to attract businesses and employers. A few of these programs may even consider how to assist non-traditional age students. All of these factors will come into play as communities across the U.S. consider tuition guarantee programs. The research community will recognize that these programs vary in important ways and we can utilize that variation, allowing us to examine the relative value of a range of program characteristics.

Evidence from KP suggests that the program has the potential to improve student outcomes. Time will tell if other versions of the program will yield similar results. In the mean time, we can pay attention to how these programs are constructed, how they are rationalized, how they are funded, and whether the economic and educational indicators suggest that variations on the program offer the same potential.
References


