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Why are free college, or Promise, programs becoming more common? **Educated Workforce**

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States and communities benefit when they are home to educated workers.

Because residents with degrees or credentials earn more, they pay more in taxes and rely less on public assistance. Higher levels of education have also been shown to reduce crime and the cost of the criminal justice system. Areas with large concentrations of college-educated people are attractive to employers who want access to trained workers. These are some of the reasons states and communities have created Promise programs and why the business community has, in many places, been a key supporter.

Policy Considerations

- To have an impact on workforce development through greater college access, Promise programs must reach people who were not previously on the path to higher education. The programs that do this best are simple, inclusive, and flexible (for example, they allow for part-time attendance and can be used to earn short-term credentials as well as college degrees).
- In states and communities where workforce goals are driving the Promise effort, key economic actors, such as businesses and economic development organizations, were at the planning table from the start.
- Businesses that are engaged in program design or fund development are more likely to encourage their workers to take advantage of Promise programs for upskilling and offer career pathways, including internships, to Promise recipients.

What We Know

Numerous studies have shown the connection between the education levels of an area's population and its economic vitality. Both states and communities benefit when they have larger concentrations of educated or trained workers, and a local or statewide Promise program can help accomplish this goal.¹

Higher education and skill levels are correlated with greater productivity, and greater productivity

¹ Bartik, T. J., Miller-Adams, M., Pittelko, B., & Timmeney, B. (2021). *Returns from statewide tuition-free college: Modeling an Illinois Promise* (Upjohn Research Highlight). W.E. Upjohn Institute for Employment Research.

² Berger, N., & Fisher, P. (2013, August 22). *A well-educated workforce is key to state prosperity* (Report). Economic Policy Institute.

with faster rates of economic growth.² A state with more educated residents will have higher earnings, bringing in more tax revenue.³ Increased earnings also reduce poverty and save money on public services like Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance to Needy Families (TANF). Higher education levels can also reduce crime and the social costs of incarceration. These are among the reasons why 46 states have set attainment goals to increase their percentage of workers with postsecondary degrees or credentials.⁴

A greater share of educated workers can be of special value to places at risk of decline because it helps localities adapt to economic shocks. Regions with skilled workforces experience higher rates of population and income growth than those without these assets.

Employers seek out communities that have a ready supply of educated workers, because this makes it easier for them to recruit employees and allows them to meet their staffing needs without major investments in job training. These are among the reasons why the business sector has been a key supporter of Promise programs in places like Tennessee and Michigan.

Human capital investment strategies, of which Promise scholarship programs are one example, can help reverse population decline, including out-migration from urban centers, and can stabilize a school district's demographic makeup, reducing middle-class flight. Similarly, statewide Promise programs that focus attendance at in-state institutions can stave off outmigration and help retain educated residents within states.

Recommended Reading

Berger, N., & Fisher, P. (2013, August). [*A well-educated workforce is key to state prosperity*](#). Economic Policy Institute.

This report from the Economic Policy Institute shows the connections between education levels and a state's economic performance. It also analyzes the value of state educational investments compared to other uses of state funding, such as economic development incentives or tax cuts.

Carroll, S. J., & Erkut, E. (2009). [*How taxpayers benefit when students attain higher levels of education*](#). RAND Corporation.

This RAND research brief summarizes the results of a study examining how students' education levels benefit taxpayers. It finds that highly educated people pay more in taxes, use fewer social services, and are less likely to be incarcerated. Investments in education yield net benefits to public sector budgets.

Iriti, J., & Miller-Adams, M. (2015). [*Promise monitoring and evaluation framework*](#). W.E. Upjohn Institute for Employment Research.

This tool, developed with support from Lumina Foundation, proposes a theory of change for how Promise programs change outcomes in a variety of areas and suggests potential indicators for program stakeholders to track. Indicators span three spheres, including Community and Economic Development. A list of indicators can be downloaded here.

Lumina Foundation. (n.d.). [*A Stronger nation: Learning beyond high school builds American talent*](#).

This website focuses on state efforts to increase post-high school educational attainment in line with a national attainment goal of 60 percent of adults with degrees or credentials. It also includes an interactive tool allowing users to explore the country's educational attainment challenge by state, race/ethnicity, and age group.

Miller-Adams, M. (2015). [*Promise nation: Transforming communities through place-based scholarships*](#). W.E. Upjohn Institute for Employment Research.

This free e-book provides a brief overview of the place-based scholarship movement, summarizing key design decisions, the diffusion of the Promise idea from Kalamazoo to other communities and states, and the challenges that stopped some Promise programs before they began.

Cost-Benefit Studies

Bartik, T. J., Miller-Adams, M., Pittelko, B., & Timmeney, B. (2021). [*Returns from statewide tuition-free college: Modeling an Illinois Promise*](#). W.E. Upjohn Institute for Employment Research.

This report shares the results of economic modeling to calculate the potential economic and fiscal returns of a statewide tuition-free college program. It shows that such programs yield net returns to states, but not right away. This research note links to a longer report on the model, as well as a cost estimate of a Promise program for the state of Illinois.

³ Carroll, S. J., & Erkut, E. (2009). [*How taxpayers benefit when students attain higher levels of education*](#) (Research brief). RAND Corporation.

⁴ Lumina Foundation. (n.d.). [*A stronger nation: Learning beyond high school builds American talent*](#).

“ All Michiganders deserve a pathway to a good-paying job, whether they choose to pursue a college degree, technical certificate, or an apprenticeship. Michigan Reconnect will connect thousands of Michiganders to good-paying jobs and connect businesses with the talent they need to thrive in their communities. ”

Gov. Gretchen Whitmer

Bartik, T. J., Hershbein B. J., & Lachowska, M. (2016). *The merits of universal scholarships: Benefit-cost evidence from the Kalamazoo Promise*. W.E. Upjohn Institute for Employment Research.

This paper shows that the higher earnings generated by more students receiving degrees as a result of the Kalamazoo Promise generate returns on average of 11 percent, far in excess of the costs of providing the scholarship. Returns are high for both low-income and non-low-income groups, for non-whites, and for women.

Case Study: Michigan Reconnect—Business Support Made the Difference

In her first State of the State in 2019, Michigan’s newly elected Democratic governor Gretchen Whitmer proposed a three-pronged investment in higher-education affordability, including tuition-free college for recent high school graduates and adults, and increased financial aid for all students attending the state’s four-year public universities.⁵ She ran headlong into opposition from a Republican-led legislature averse to raising new revenue and opposed to most of the Governor’s priorities. Eighteen months later, that same legislature funded Michigan Reconnect, a statewide Promise program that allows any Michigan resident over the age of 25 without a college degree to attend community college tuition free (residents

who live outside a community college district pay a small supplement).⁶ The program was funded again the following year and continues to enjoy bipartisan support.⁷

How did this happen? The key element in the enactment of Michigan Reconnect was coordinated support from multiple sectors, including the business community. The Michigan Chamber of Commerce and Detroit Regional Chamber, the state’s two leading business organizations, along with many other local and regional business organizations campaigned on the program’s behalf.⁸ They publicized their support, held legislative hearings, and—presumably—engaged in behind-the-scenes lobbying.⁹ They did this because they understand that Michigan’s economic future hinges on increasing its educational attainment and being able to provide the state’s employers (current and future) with an adequate supply of educated workers. The Michigan Reconnect program, which allows part-time attendance, also creates upskilling opportunities for people already in jobs.

Applicants for Michigan Reconnect come from every county in the state, further cementing political support and creating incentives for the program’s continuation.

⁵ Governor Gretchen Whitmer, [2019 State of the State](#) (press statement).

⁶ Michigan Reconnect website: <https://www.michigan.gov/reconnect>.

⁷ Michigan.gov, “[Governor Whitmer signs budget that puts Michiganders first, helps working families, and grows the economy](#),” September 29, 2021. Detroit Regional Chamber, “[Gov. Whitmer Launches Bipartisan \\$30 Million Michigan Reconnect Program](#),” Chamber Today, February 2.

⁸ Michigan House Fiscal Agency, [Michigan Reconnect Grant Act](#), March 12, 2020.

⁹ Detroit Regional Chamber, “[Michigan Reconnect letter to legislature](#),” August 20, 2019.