# FINANCIAL SUSTAINABILITY FOR COLLEGE PROMISE PROGRAMS

## Navigating Through and Beyond COVID-19

JULY 2021 // COLLEGE PROMISE

## Introduction

In the past, a high school education alone proved sufficient to find a meaningful, well-paid job and achieve a decent quality of life but today, it is no longer enough. A college degree is unequivocally linked to having a higher salary upon entering the workforce and throughout one's career. As the importance of postsecondary education has grown, so has the cost of college in the United States. The average price of a degree has increased twelvefold in the past 30 years and since then, 44 million Americans have amassed a total of $1.6 trillion in student loan debt. In addition to the crisis of student debt and inaccessible education, there are persistent educational equity and attainment gaps amongst low-income, BIPOC Americans, especially in regard to college enrollment and retention.

College Promise, a national, nonpartisan, nonprofit education initiative, aims to 1) build widespread support for making college attainable and affordable for all students and 2) increase urgency around the need for additional education beyond K-12 schooling. Since its inception, there has been considerable momentum at the local and state level to mitigate the challenges of college affordability, access, and success. What began as a community-level initiative to increase college enrollment has steadily gained momentum as more state leaders are realizing the value of a college-educated workforce as an investment in the economic prosperity of their regions.

Then, in March of 2020, the COVID-19 pandemic disrupted structures, norms, and legislation on all local, national, and global fronts. In the higher education arena, students, faculty, and administrators grappled with the shift to a virtual environment and the economic pressures that affected both learners and institutions alike. These pandemic-driven financial struggles, from job and income loss to decreased funding for financial aid assistance, further exacerbated the barriers to getting to and through college that already existed for many Americans.

Before the pandemic, College Promise released the College Promise Playbook: A Guide to for City and County Leaders on Building a Promise Program, followed by College Promises to Keep, a playbook for Achieving Promise Financial Sustainability. The goals of these reports were to:

- Provide resources for Promise programs to identify methods and tools for informing their work and practice to reach their goals;
- Expand the understanding of what College Promise programs currently are and are not doing to maintain and ensure financial sustainability; and
- Present a national snapshot of key College Promise features, such as students served, Promise financial awards, and funding structures.

During the pandemic, College Promise distributed an abbreviated survey to Promise partners regarding their program financial sustainability against the backdrop of COVID-19. Building off the work of the previous, comprehensive Promise financial sustainability survey conducted by College Promise in 2018, this shortened COVID-19 focused survey collected anecdotes and information about the sustainability challenges Promises faced during the pandemic and what strategies they employed to maintain their programs. The responses paint a picture of resilience and innovation in the face of scarce resources and instability, yet the uncertainty of tomorrow still weighs heavily on Promise partners. Many institutions funded by state or private donors anticipate a post-pandemic recession, causing them to hold off on financial choices that once benefitted vulnerable students. Others were forced to cut services or benefits and are uncertain when and if such changes will be reversed. Still, some programs have managed to dig deep and find new and impactful ways to better connect with and serve their students. For many Promises however, as with many Americans, future plans have been halted indefinitely.

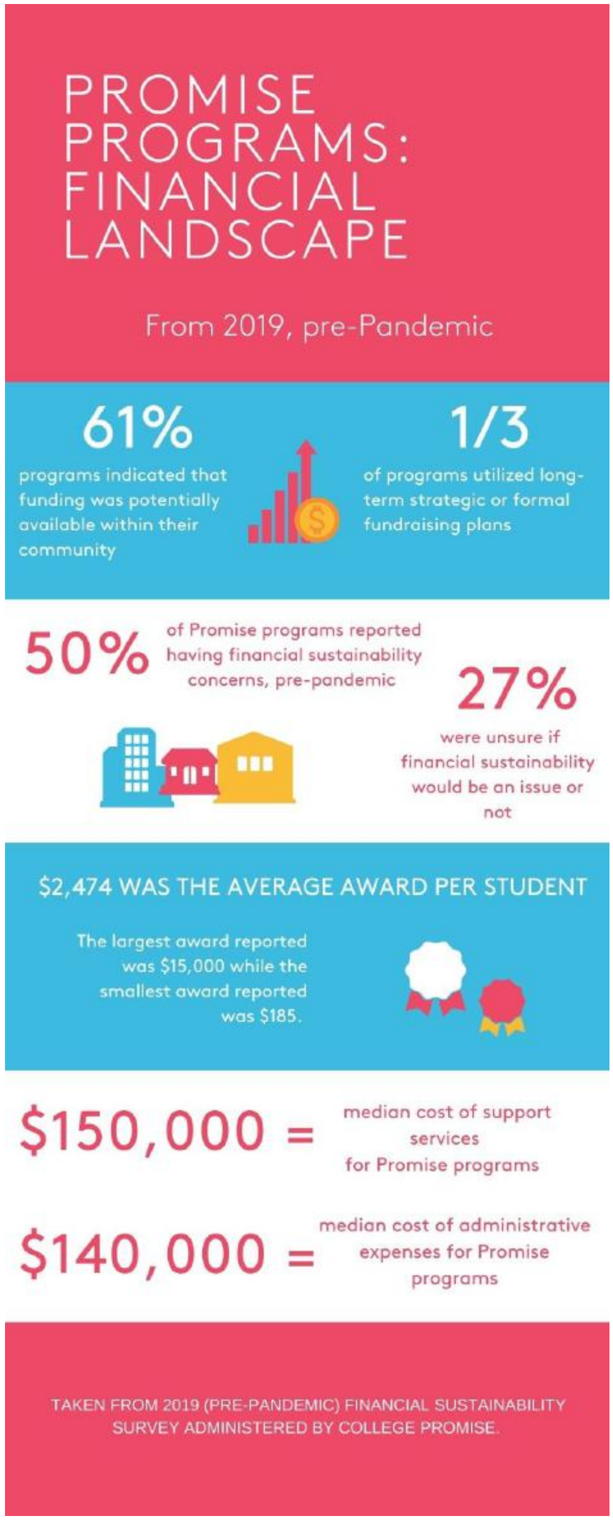
While we await a post-pandemic shift, which will inevitably have lasting effects on the country and viable pathways to and through college and career, the College Promise movement cannot afford to lose momentum and support.

As institutions navigate uncertain financial terrain and funding realities, College Promise is committed to building an arsenal of best practices that Promise programs can implement with the goal of assuring tuition-free college can be a viable opportunity for all Americans, even in the face of economic hardship. This report outlines an assessment of the COVID-19 specific Promise experiences collected and summarizes key takeaways that can help ensure financial sustainability for College Promise programs through the end of the pandemic and in a post-pandemic environment.

## Background & Context

In In 2015, there were only 53 Promise programs. Now, there are over 360 programs across 47 states, including 30 statewide programs. While the growth of the movement is an impressive testament to the demand for and demonstrated benefits of Promise programs, most programs are relatively young and are still early in the process of ensuring long-term success. The COVID-19 pandemic and consequent recession will pose -- for many – a preliminary financial stress test, as typical funding sources may be distributed elsewhere.

In July of 2020, College Promised published Keeping the College Promise: Financial Sustainability in the Face of the COVID-19 Pandemic. The brief reflected ongoing research about the effects of the pandemic on the economy as well as challenges and anxieties Promise programs faced or anticipated. As discussed in the brief, economic conditions during a recession present a large financial strain on higher education institutions, specifically due to government funding drying up, loss of revenue due to student attrition and philanthropic decreases during recessions. However, the brief also outlined the unique fiscal challenges brought on by COVID-19. For example, government resources, once restored, might be pulled in many different directions, as the pandemic affected multiple government systems. Due to the abrupt closure of campuses, colleges and universities had to face the consequences of short-term cash flow with the ongoing loss of revenue. Yet, philanthropy is a recent bright spot in a struggling economy, despite their fluctuating balance sheets; over 860 funders have already committed more than $11.7 billion in response to the pandemic.[1] After analyzing these factors, the brief outlined three key recommendations to help Promise programs persist through economic uncertainty:



**1) Promise programs should aim to diversify sources of funding and seek partnerships both within their community (public and private) and at the state level.**

Not only does a diverse fund development strategy ensure all potential funding streams are identified, it can help engage Promise stakeholders from all sectors of the community, ultimately improving outcomes.

**2) Promise programs should invest in developing and continuously updating a long-term strategic plan for financial sustainability with clear fund development goals. This includes investing in the administrative infrastructure and support needed to carry out such a plan.**

The near and mid-term future for Promise program funding will likely feature variability in funding opportunities. Promises need to clearly examine their programmatic goals and set clear estimates of target funds to be raised, as well as conduct a thorough examination of potential funding sources in their community and state in order to meet their targets.

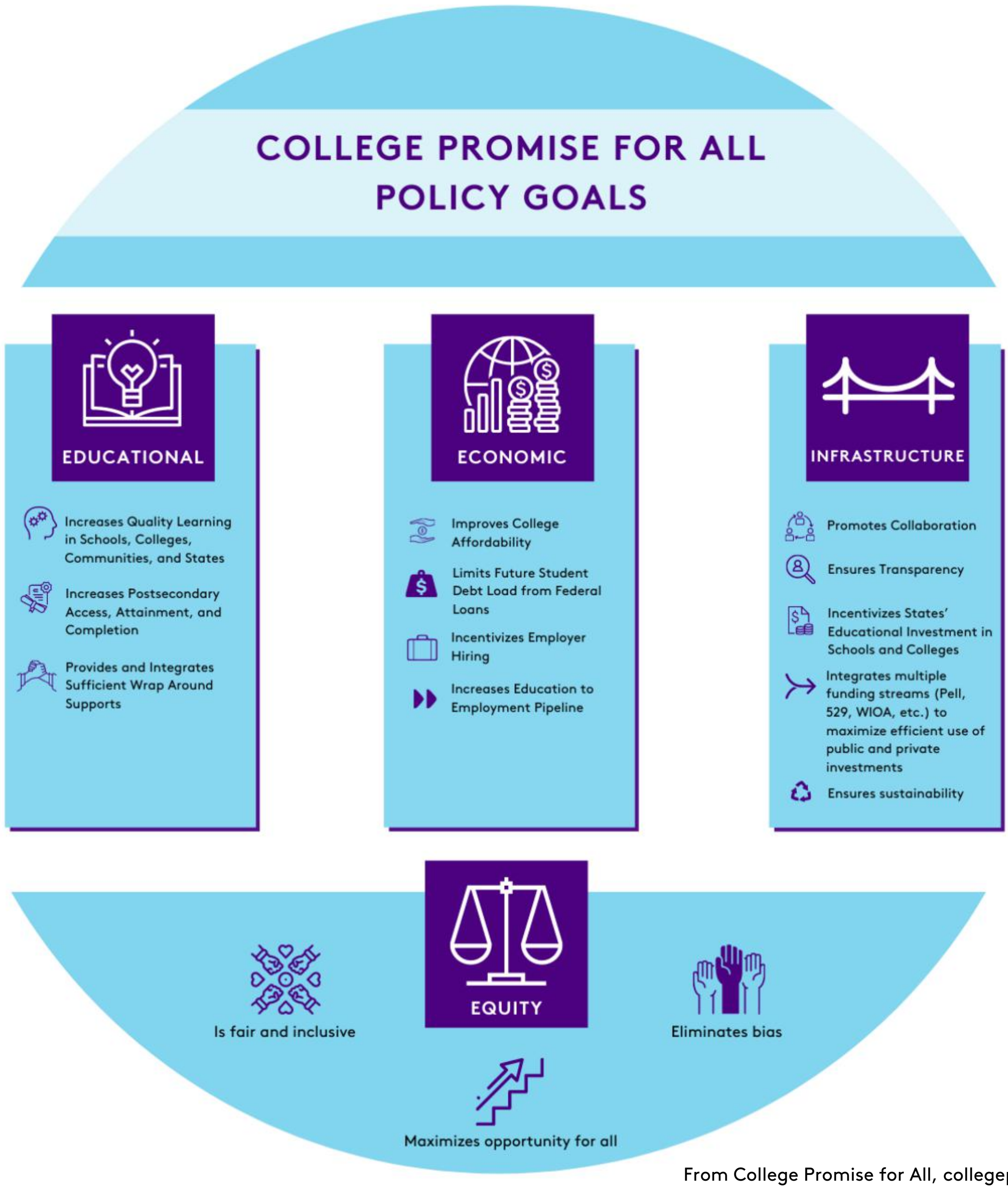
**3) Promise programs should gradually scale their programs up to full target functionality over the course of multiple years to fully account for program costs and growth in demand and to build "proof of concept" evidence to support their ultimate program goals sustainably.**

Rather than cutting or scaling programs back, Promise partners should plan for future and long-term growth. In the face of reduced funding alongside the possibility of increased demand, Promise programs now more than ever should utilize gradually scalable models for their programs. As the unforeseen economic impacts progress, Promise programs will likely secure more investments by demonstrating positive program outcomes and clearly outlined responsive plans for scalability and improvement.

College Promise has continued to push the national dialogue around structural change in college accessibility and completion through Promise programs, advocating for a future where free college is the norm, not the exception. To facilitate a full cultural shift towards a college going mentality, Promise programs need to be reliable, consistently funded as well as widely available and visible. Federal and state assistance for Promise programs has potential to exponentially scale successes seen at the local level, a fact many states have recognized and capitalized on in recent years with the implementation of their own statewide Promise. As America seeks to recover from the economic impacts of the pandemic, there has never been a better time for the federal government to turn its attention towards investing in education and the potential of American workers. College Promise programs provide an ideal opportunity for just such a federal investment, setting the stage for a national College Promise.

In April of 2021, College Promise released College Promise for All, a policy framework outlining a potential Federal-State partnership to expand the reach of Promise nationwide. Based on lessons learned from existing Promise programs as well as insights from over 100 researchers, education leaders, and policy makers, the proposal lays out a plan to eliminate tuition and fees for the first 2 years of postsecondary education at our nation's public community colleges and 4-year colleges and universities. The proposed 3:1 Federal-State partnership would fund a national Promise with maintenance of effort provisions to prevent state disinvestment in higher education, dedicated funding for wrap-around support services for student success, and competitive matching grants to bolster local public or private sector efforts.

> **"During the early stages of the pandemic, the sheer size of the digital divide was made clear to us, which meant pivoting to specific fundraising for computer and technology purchases. We are still seeking effective and efficient ways to help students find affordable and reliable internet access."**




From College Promise for All, collegepromise.org/cpfa

## Funding Streams

While College Promise for All proposes several models for how funding can be sourced and combined to provide free access, it's important to note how Promise programs are currently funded. While some of these sources are jeopardized due to the strain of the pandemic, many programs receive their funding through a combination of the following streams. Some of these sources are being drained or reallocated while others are seeing renewed support or innovative shifts.

***Private***

Private funding streams for Promise programs can originate from institutional endowments, philanthropy, corporations, local businesses, and/or individuals.

Business: Promise programs act as economic engines by increasing a community's skilled workforce, raising interest in the business community to finance them. For example, El Dorado Promise is funded by the Murphy Oil Corporation and the Detroit Promise is funded and administered by the region's Chamber of Commerce.

Philanthropy: National and local foundations provide grant financing, and oversight, of numerous Promise programs. As an example, the Corcoran Promise, financed by the Corcoran Community Foundation and the West Hills Community College Foundation, pays for Corcoran High School graduates in California to attend their first year at West Hills College in Coalinga.

Individuals: Individuals frequently contribute to Promise programs to directly support their community. As such, soliciting small-dollar or individual donations can be doubly beneficial as it provides an additional funding stream while also engaging community members, helping them feel a sense of ownership and pride in a Promise. As an example, the VanGuarantee, a last-dollar Promise scholarship at Vance Granville Community College in North Carolina, was established through a gift from the estate of Wilbert A. Edward.

***Public***

Local Funding: At the local level, Promise programs secure funding through local government in their cities and counties, which can both provide a stable source of revenue and ground the program in its community. This can include appropriations, line items in the city or county budget, or even using portions of sales and property taxes. Major stakeholders involved in securing funding include city council members, aldermen, the board of supervisors, county executives, or other local government officials.

State Funding: Promise programs can receive statewide funding through appropriations, lottery funds, and/or tax-increment financing -- which is embedded in the state tax code and not subject to periodic budgetary discussions or cutbacks. These financing sources typically apply to statewide Promise programs, of which there are currently thirty, but some local Promises have also found avenues to allow them to tap into state funding.

Federal Funding: Out of all the public funding streams, the federal financial pipeline continues to be the most innovative and optimistic for Promise students. The proposed American Families Plan stands to be a pivotal investment in national education. The Biden Administration has proposed $109 billion to pay for all Americans to attend two years of community college and/or Historically Black Colleges and Universities and other Minority Serving Institutions. The Administration is also supporting additional efforts to making college more affordable for low-income learners and students of color underrepresented in postsecondary education. With the federal government covering upwards of 75% of average tuition costs, approximately 5.5 million students would pay nothing in tuition and fees if the program is approved and all states participate. The American Families plan, if passed, would also provide $80 billion for the Pell Grant program, a financial assistance award that has struggled to compete with the rising costs of tuition and fees. Pell grants are targeted to low income students and can be used to cover costs beyond tuition and fees (i.e., cost of attendance).

> **“Both our partners' fundraising abilities and our state annual appropriation have been impacted by budget shortfalls. Our program was on track to increase annual funding to $10 million. We … instead, received $6 million annual allocation in FY 21.”**

## Ongoing COVID-19 Challenges and Adaptations

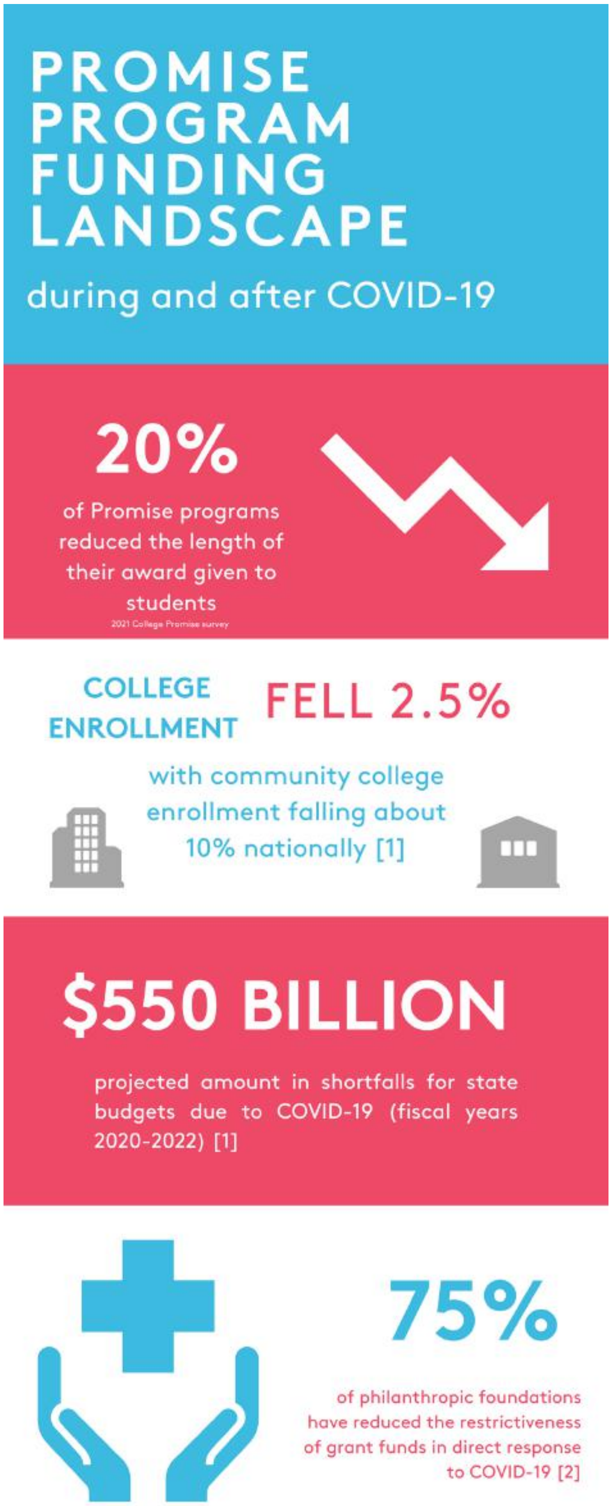
The recommendations offered in the 2020 policy brief serve as generalizable, forward-looking guidelines for all programs to move toward financial sustainability. However, the reality of adapting to the crisis of the pandemic as it was actively unfolding pushed many Promise prog to respond in the short-term, testing their existing financial plans and structures.

Before the pandemic, nearly 50% of the Promise programs surveyed indicated they had financial sustainability concerns and another 27% were unsure whether financial sustainability would be an issue or not. The pandemic has only exacerbated this underlying uncertainty, exposing weaknesses in the sustainability plans and strategies being employed by Promise programs around the country. Challenges to maintaining and sustaining Promise programs during the pandemic can be categorized largely into two groups: 1) a reduction in access to resources or funding and 2) changes or increases in student college-going needs.

### *Funding*

As the pandemic swept through the country, many philanthropic entities stepped up to address the crisis, creating a great shift in funding priorities towards projects that filled immediate or short-term needs or were health and wellness focused. Unfortunately, some Promise programs rely on yearly fundraising from private sector funding, a source that experienced a significantly diminished supply of potential funds to tap into. In our 2021 survey, Program partners outlined concerns not just with shifts in funding priorities from philanthropy, but with business or small donors as well and noted that the pandemic also prevented them from engaging in any fundraising activities that would have been held in person, further impeding a Promise's ability to secure donors.

Before the pandemic, one-third of programs indicated having limited control over their yearly budget and concerns about meeting annual fundraising goals. As funding priorities swung away from higher education, the programs that struggled the most were those that relied primarily on a single funding stream with yearly reallocation, regardless of being public or private in nature. In complete contrast, programs that had endowment funding or non-discretionary funding allocations from external sources were not only able to more confidently navigate the pandemic but in many cases were even able to leverage or repurpose their funds to better serve their students.




***Student Need***

Promise programs have an explicit mission of removing the barriers to postsecondary education, pairing guaranteed funding with consistent and frequent messaging around making higher education accessible and attainable in order to build and reinforce a college-going culture and mindset. With the understanding that upfront cost and affordability are some of the biggest initial hurdles to continued education, Promises have taken up the mantle of “Free College” to communicate to students that college, including career-technical programs, is possible and accessible. With the onset of the pandemic however, students and colleges were suddenly presented with new roadblocks above and beyond financial concerns impeding college access.

In the face of a global health crisis, economic hardships, and mental health concerns -- not to mention a rushed transition to virtual learning and the loss of a campus experience -- college enrollments suffered largely across the board, but community colleges were hit the hardest. [2] Community colleges carry the lion’s share of students who are traditionally underserved or disadvantaged and, unfortunately, these students are also the least likely to have the capacity or resources to adapt to the additional challenges of pursuing college during the pandemic. While conventional wisdom tells us that college enrollments go up during periods of economic downturn, the prospect of largely untested virtual learning environments with a similar price tag to traditional college proved too hard a sell for many college aspirants and, for those lacking appropriate technology, quality internet access, or a conducive learning space, seemed entirely inaccessible.

Despite the mass contraction of higher education enrollment, demand for the services of Promise programs remained strong. Nearly all programs surveyed both before and after the pandemic, regardless of service area or administrative structure, indicated that the biggest sustainability challenges arose from increasing demand for the Promise without sufficient resources to meet that demand. While pre-pandemic, this challenge was driven by increasing numbers of students seeking to participate in the Promise, anecdotal evidence suggests that the current sustainability concerns stem from the diminished funding capacity within communities coupled with a greater depth of need from students served, either in terms of additional financial resources or other wrap-around supports.

Many Promises shared that one of the biggest lessons learned from their altered pandemic operations is the power and flexibility of remote interactions and a renewed sense of the importance of regular, high-quality communications with students. Interestingly, the majority of programs who indicated making changes due to the pandemic said they will either continue their program changes long-term or are unsure if/when they would revert. Many programs that primarily made changes to improve communications, technological infrastructure, need identification, and virtual services found these improvements not only met the demands of the pandemic, but generally improved student services.

> **“Daily virtual office hours, virtual one-on-one appointments, and virtual counseling has worked for many of our students, but our low-income students have been hit the hardest during this pandemic. Many are deciding not to attend college until classes and services are in-person.”**

## Conclusions & Recommendations

Understanding how programs have adapted under financial strain during a time of upheaval is a foundational step in supporting the Promise movement and the students served. It is also crucial to observe how communities and states are administering their Promise programs to see how they align with their approved Promise goals and changes in state and federal legislation. However, we must also ground ourselves in the stark economic reality that many students faced this past year. In the U.S., COVID-19 related job losses have hit women and underserved populations the hardest. As the economy recovers, changes to the American workforce mean that a high school education is no longer enough to build the knowledge and skills required for success in careers of the future. To strengthen the U.S. economy, build a future workforce competitive in the global economy, and wipe out the inequalities exacerbated by COVID-19's impact on underserved communities, a national commitment to removing barriers to and through postsecondary education is needed and again reiterated here.

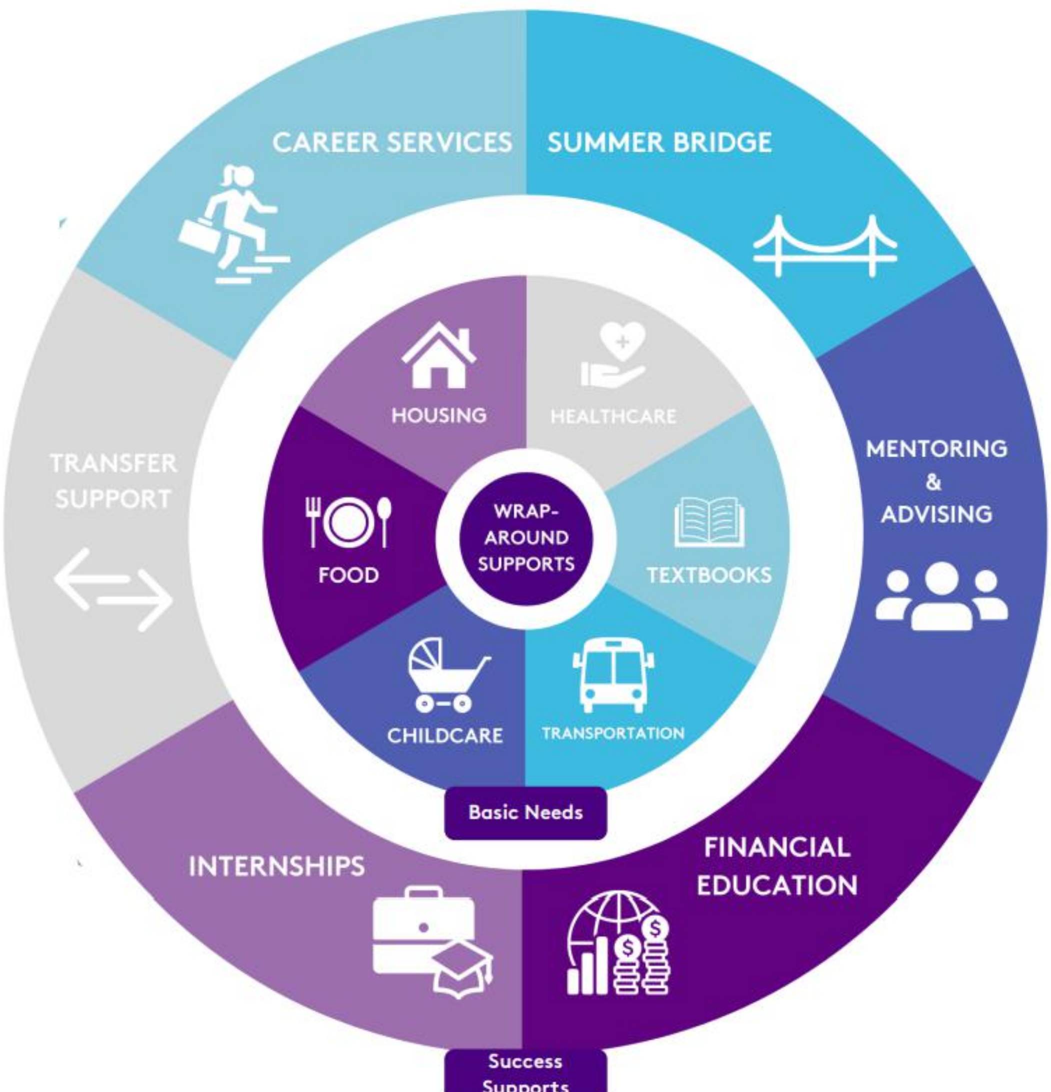
While the pandemic was an unexpected and uniquely challenging period, the aftermath has revealed how tenuous continued funding is for most Promise programs and how prevalent funding anxiety is across the movement. As the economy recovers and the country strives to find its equilibrium, there are important lessons to be learned from the experience to strengthen the College Promise movement as a whole moving forward.

Perhaps the largest takeaway is the need for Promise programs to secure not just a sufficient quantity of funding, but reliable stable sources of funding. The proposed American Families Plan and its goal of tuition-free college for up to two years is an encouraging preliminary step and provides momentum for not only sustaining Promises, but improving them in terms of quality and outcomes.

With these priorities in mind, coupled with the analysis of feedback from Promises' experiences during COVID-19, the following recommendations remain front and center:

***Invest strategically in wrap-around supports that meet student needs.***

If the pandemic has taught us anything, it is that postsecondary education is absolutely capable of successfully pivoting and renovating itself to meet student needs. As Promise programs sought to maximize their use of limited funds while still effectively supporting students, they carefully weighed programmatic elements to evaluate what could be trimmed, but also funneled resources towards the supports or features that were most needed by the specific students they served. Programs did away with administrative burden and GPA or testing requirements. Classes, counseling, and many other services found ways to be offered virtually. Communications with students were greatly increased and emergency grants were established based on observed needs. All of these adaptations may have arisen in response to COVID-19, but there is no reason why they should end with the pandemic.




From College Promise for All, collegepromise.org/cpfa

Moving forward Promise programs can maintain and build out the level of community focused responsiveness they have shown in the past year and a half. Since Promise programs so often support traditionally underserved populations, frequently there are needs within a population of Promise scholars that are simply not met by standard institutional infrastructure. Initiatives like the College Promise and ETS studies on the ecosystems of Promise supports that target needs of specific student populations can help guide Promise leaders in better tailoring their offerings to improve their impact on the students they seek to serve.

***Plan for long-term growth despite the current financial pressures.***

One of the most important resolutions for individual Promises is the creation of a sustainability strategy (e.g., a maturity model) outlining key features that can be expanded and scaled over time as well as forward thinking plans to establish reliable funding streams sufficient to meet current and future needs. Programs should build such models with the aim of maintaining or growing control of their funds over time if funding is not from a guaranteed source. During COVID-19, programs that had already secured funding beyond their immediate needs or had a lot of control in their own funding decisions were able to rapidly adjust to the new educational environment and reallocate funds towards supports addressing emergent but immediate student challenges, like virtual counseling to ease concerns over uncertainty or even basic needs support like food and housing stipends.

This strategy provides time to adjust to mistakes and develop stakeholder support. Slowly scaling up a Promise program allows the early years of a program's implementation to focus on generating initial outcomes as well as identifying and counteracting any miscalculations or unforeseen issues. Not only will this give programs some leeway in funding and time to mitigate, should problems or unexpected circumstances like the pandemic arise, but it also generates impact data that encourages future investment and continued funding.

**Invest in a Federal-State Partnership for a national Promise funding stream.**

As the College Promise for All framework outlines, this is a crucial step in establishing the Promise model as a nation-wide postsecondary opportunity. The growth in state level Promise programs in recent years has demonstrated the effectiveness of a centralized government funding stream offering top-down support to individual local or institutional Promises, allowing programs to scale in capacity and impact without sacrificing responsiveness to community specific needs. However, aside from states like Tennessee or Washington that have guaranteed funding through a permanent endowment or tax increment, respectively, state Promise programs are susceptible to budget cuts or even funding shortfalls from year to year. Indeed, many states cut budgets for Promise during the pandemic and some even relied on supplemental relief funding from the federal government to support their Promise. [3]

A federal-state partnership for Promise that builds upon the investments made by states would be an ideal solution to not only scale the reach of Promise programs nationwide but provide much-needed reliability to the funding landscape of Promise.

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The COVID-19 pandemic wreaked consequences on a student and institutional level. However, an essential truth about America's infrastructure has been magnified as a result of this strife: education, at every level, matters. With the federal administration now bolstering efforts to increase support with new postsecondary initiatives, this is a pivotal moment for state, local and institutional leaders to capitalize on this momentum. As postsecondary students continue to navigate their own learning with some making a return back to campus, financial barriers should be eliminated from their paths; the promise of a quality and free college education is transformational leverage that should be granted to every aspiring American. By building reliable Promise programs students can confidently depend on, tailoring services to best promote student success, and expanding access and stability of Promise with a national Program, postsecondary education and the entire nation can work towards not just recovering from the pandemic, but coming back stronger than ever.

College Promise is a national, non-partisan, non-profit initiative that builds broad public support for funding the first two or more years of postsecondary education for hard-working students, and ensuring those students have access to quality educational opportunities and supports.

Learn more at:
collegepromise.org or reach us via 202-569-3000 or info@collegepromise.org

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## KEY COLLEGE PROMISE RESOURCES

College Promise Playbook: A Guide to for City and County Leaders on Building a Promise Program,

Keeping the College Promise: Financial Sustainability in the Face of the COVID-19 Pandemic.

College Promises to Keep a Playbook for Achieving Promise Financial Sustainability

For more information, visit www.collegepromise.org/resources

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