



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: House Bill 2444

Temple University – Philadelphia, PA

August 9, 2018

AGENDA

10:00 a.m. Welcome and Opening Remarks

10:10 a.m. Mark Price
Labor Economist
Keystone Research Center

10:40 a.m. Panel from Higher Education:

- Tyrell Mann-Barnes
Student
Temple University
- Dr. Chae Sweet
Dean of Liberal Studies
Community College of Philadelphia
- Ivan Turnipsdee, PhD
Professor and Coordinator – Hotel, Restaurant & Tourism Management
Cheney University of Pennsylvania
- Mark Rimple
Professor – Music Theory and Composition
APSCUF Chapter President
West Chester University of Pennsylvania

11:30 a.m. Closing Remarks

**Testimony of Dr. Irvan Turnipseed
for 8/9/18 House Democratic Policy Committee Hearing**

Good morning. My name is Dr. Ivan Turnipseed, and I am professor and coordinator of the hotel, restaurant & tourism management program at Cheyney University, the nation's oldest historically Black institution of higher education. Thank you for the opportunity to participate in today's conversation regarding the Pennsylvania Promise Program.

I am here because I believe in the power of education to strengthen individuals and communities and to generate significantly more comparable outcomes across a host of diversity dimensions. No matter one's physical ability, class, race, age, gender, sexuality, or geographic location, for example, access to a good, quality education can be a powerful engine for promoting income mobility and enhancing life chances.

I am delighted House Bill 2444 has been introduced to the General Assembly and am hopeful bicameral consideration will lead to the implementation of a productive plan in the near term.

Although "free college" or broad tuition-assistance is not a newfangled idea, there is still time for Pennsylvania to lead on this issue by building on the best elements of programs that are currently being implemented across the U.S. I call on our relatively well-paid legislators of all political stripes to do what it takes to get this done.

[Urgency: Seven critical points from studies by the Keystone Research Center and Pennsylvania Budget and Policy Center's, Maguire Associates, the New York Times and others]

1. The Commonwealth's demonstrated commitment to public higher education has plummeted 25% since 2000. In fact, Pennsylvania currently ranks just 47th out of 50 states in terms of per capita investment in postsecondary education. Tuition and fees now account for 73% of educational costs at State System schools compared with only 37% in 1983–84.
2. Pennsylvania ranks 40th for the share of adults aged 25–64 with more than a high school degree. In more than half of Pennsylvania counties, in fact, this share is lower than any of the 50 states.
3. The cost of tuition and fees at public colleges in Pennsylvania has increased by 66% since 2000–01 (adjusting for inflation). Pennsylvania now ranks third highest in the nation for in-state tuition and fees for public four year colleges and universities as total college costs have risen from about \$15,000 to roughly \$25,000 annually—or from one-fifth of median family income in 2000 to more than one-third (35%) today. [This is based on overall median family income versus, for example, the median for Black families.]
4. While studies have shown the Commonwealth's public colleges do a tremendous job of generating upward mobility, from 2002 to 2013, the share of students from households with bottom 60% incomes has fallen 15% in the State System and 20% in State-related Universities, meaning fewer low- and middle-income students are attending public

schools in the state. The effect is most severe at cost-sensitive universities, like Cheyney, which serve communities that desperately need affordable, high quality higher education. [Although Cheyney ranked 15th among roughly 370 selective public colleges in share of students from families earning \$20,000 or less annually according to a 2017 New York Times article, for example, we also ranked 31st in overall mobility, which reflected both access and outcomes and represented the likelihood that a student moved up two or more income quintiles.]

5. Median student loan debt increased an average of 27% in public and state-related colleges and universities in Pennsylvania between 2000-01 and 2015-16. Pennsylvania now ranks number one of all states for student college debt. In 2016, an alarming 69% of students graduated with an average debt of \$35,185.
6. The high cost of attending college also acts as a barrier for entry for low- and middle-income students. Nationwide, high-performing, low-income students complete college at a rate of just 41% while high performing, high-income students have a phenomenally higher 74% completion rate.
7. A large body of economic research shows that lagging educational attainment translates to lower wages and incomes for individuals and slower economic growth for regions. This is not good news for the Commonwealth's inner cities and our vast and increasingly troubled rural areas.

[Cost-related issues: We need to consider the limited onus of the proposed costs and the extraordinary impact of the investment.]

- The KRC PBPC proposal critically focuses on raising revenue from corporations (including natural gas companies), upper-income households, and the wealthy.
- It generates 89% of its revenue from taxpayers with incomes of \$109,000 or more. Only 24% of Pennsylvania taxpayers would experience a tax increase under this proposal and the funding made available would eliminate or substantially reduce tuition and fees for 137,000 students a year.
- The top 1% of earners have captured 40% of income growth since 1979. Because tax policy and economic growth have favored both corporate and high-income taxpayers, relying on tax increases that ask more of these taxpayers than other groups is fair and given the cost of the Pennsylvania Promise, a modest amount relative to the tax cuts and income growth these tax payers have enjoyed in the past 38 years.

[Basic benefits]

- The Pennsylvania Promise would be a game changer for students and all citizens of the state. The Pennsylvania Promise would make college truly accessible, and it would free many students from a debt burden, allowing them to contribute to the economy more

quickly by doing the things that previous generations could afford to do, like purchasing a car or a home. – KM

- The Pennsylvania Promise would help even students who did not qualify for grants. When more students attend a university, you have more students contributing to the fixed costs. Universities that saw enrollment gains could even afford to lower costs for all students. – KM

A tuition-assistance program like Pennsylvania Promise is desperately needed as I've counseled many college students who were dealing with food insecurity, huddling with young children in homes with no heat or electricity, navigating homelessness, missing classes because they couldn't afford gas money or bus fare, and/or utilizing loan-based refund checks to provide basic support to their families.

"We only have empty pockets when it comes to the morally right thing to do." - Alexandria Ocasio-Cortez, Democratic candidate for NY's 14th congressional district

Potentially key point: I am not necessarily opposed to making public higher education tuition free, for all Commonwealth residents, regardless of income. Room and board assistance, however, is critical for low-income students.

**Testimony of Dr. Mark Rimple
for 8/9/18 House Democratic Policy Committee Hearing**

I would like to thank the Pennsylvania House Democratic Policy Committee, and especially Representative Roebuck, for allowing me to submit testimony in support of House Bill 2444, of which he is the prime sponsor. Thank you also to Policy Committee Chairman Mike Sturla and other members of the House who are attending today. I also wish to thank my alma mater Temple University for hosting today's hearing. As a first-generation college graduate holding two graduate degrees from Temple (Masters of Music, 1994, Doctor of Musical Arts, 1997) and a current faculty member at the largest State System institution, West Chester University, I am pleased to add the perspective from someone who has experienced first hand the best aspects of both a state-related and a state-owned institution.

I am also pleased to join my colleague Ivan Turpenseed from Cheyney University, the State System institution that has made the biggest positive impact on the economic mobility of its students.¹ And I am proud to share the podium with a fellow Temple Owl. Founding Temple President Russell Herman Conwell's famous phrase "Acre of diamonds" speech was an important touchstone when I attended; we were constantly reminded that Temple was part of the community, and served all who were able to come and learn, regardless of background. My own university similarly champions diversity though our student body is more affluent than our neighbor institution. One quarter of WCU students qualify for Pell Grants, with family incomes \$50,000 and lower, and 20% of our annual admissions are devoted specifically to realizing our mission of access.

It is high time that representatives of Pennsylvania's state-owned and state-related institutions advocate loudly and in unison for legislation increases the support for public higher education as required by our state Constitution (Article III.B§14):

The General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth. (May 16, 1967, P.L.1037, J.R.3)

As State Senator Andy Dinniman remarked at the West Chester University kickoff rally for PA Promise, today's students can no longer expect to earn a living wage with a only high school education; one of the most important credentials that leads to a higher standard of living is an undergraduate degree, and increasingly, graduate education is required for access to a more lucrative career.² State System schools –

¹ See the following discussion of the mobility of each of the 14 state owned institutions and their impact on working-class Pennsylvanians by the Keystone Research Center:

<https://www.pennbpc.org/pennsylvanias-great-working-class-colleges>

² Similarly, trade schools and community colleges can lift our citizens up, and funding for these institutions is provided for in HB 2444.

especially Cheyney University – do indeed bring students into a higher standard of living, moving them from their current economic status to a higher one.

Because of the State System's greater access for working families, its mobility rate — defined here as the share of all students who come from the bottom 60% of families AND then move into the top 40% of earners (total pre-tax individual earnings) as adults in their early thirties – is 22%, compared to just 14% for the top 10 elite private colleges.³

I come from a working-class family, and neither my parents nor grandparents were college graduates. Raised largely by my divorced mother, there were no savings towards a college degree for my twin brother or me. Due to state financial aid (PHEAA), my mother's hard work, and a small inheritance from the early death of my grandfather, we were able to afford most of the costs of my private, undergraduate university education. I was left with a modest student loan to pay off, under \$10,000, which I deferred until I left graduate school and paid within about a decade, with a now embarrassingly low monthly payment of \$110. Fortunately, my graduate education at Temple was funded completely by competitive, talent-based financial aid, and I was paid monthly a stipend as a teaching assistant. As I began my career, first at Temple and later at West Chester University, I didn't have to carry the heavy burden of debt that my own students do today.

I have taught students who come from modest economic backgrounds that have gone on to prestigious graduate programs, university faculty appointments, teaching jobs in public schools, apprentice programs with major opera companies, and successful careers in film scoring. As I work these talented young musicians, I cannot ignore the fact that they are paying a much higher cost for their education than I did, and that for some, impending debt hovers like a "ticking time bomb" (see below).

A primary reason for the pain felt by our students and graduates is the fact that PA used to fund roughly three quarters of the cost of public higher education at the System universities, but now the equation has flipped, placing the burden of funding the universities squarely upon students and their families. PA ranks 47th in the nation in per student funding, a deplorable situation given our geographical location and the number of excellent schools and opportunities in the region.

As someone who educates creative artists, I know that the choice to take a chance in the field is less and less feasible for today's graduates. The financial risks are great, and the possibility of constricting the next generation into soul-crushing, low-paying jobs without the potential for upward mobility is real. Given that many will switch

³ From recent research by the Keystone Research Center and Pennsylvania Budget and Policy Center: <https://www.pennbpc.org/pennsylvanias-great-working-classcolleges>

their careers several times, the flexibility of being able to take a real financial risk is increasingly unrealistic. The lack of financial security will lead to less innovation, less creativity, and less independent thought.

When I first began to lobby state legislators as a union leader, I cited the then average \$30,000 in loan debt carried by students at our state-owned universities.⁴ One legislator actually told me that this was “just the price of a new car.” This statement demonstrated an inability to empathize with others who are less financially secure, and an ignorance of how many cards are stacked against a less affluent graduate who is trying to get their life started. Starting out is simply harder for today’s college students than it was for you or for me. In the relatively short time between 1999, my first year teaching at West Chester University, and last academic year, in-state, annual tuition there rose from \$4,422 to \$10,064, while the real median PA income rose from \$57,439 to \$60,979.⁵ It isn’t hard to see the mismatch between skyrocketing tuition increases and stagnant wages.⁶

We are still reeling from the budgetary policies of ex-governor Tom Corbett, who tried to completely decimate public K-12 and higher education, and almost succeeded in doing so. It’s important to challenge what the state believes it can afford, especially when certain business interests are allowed to operate at a lower or non-existent tax rate, and private companies are able to profit from our public resources without paying their fair share, a fair share that might contribute to the restoration of funding for higher education, for instance. The result of such policies is that the state has one of the most regressive tax schemes in the nation.⁷ HB 2444 has the potential to help all PA residents who struggle financially to attain a better life, regardless of race, and would provide greater access to more diverse citizens of the commonwealth.⁸

⁴ This was about 3 years ago, but for comparison, a new Honda Civic in 2018 is worth approximately \$22,000. An average new car payment in 2017 was anywhere from \$410 to \$515 that year (various estimates in articles online vary, and so this is only a rough estimate. Only Forbes thought the “average” car in 2017 was worth over \$30,000). The price of a new car typically gets stretched out over about 5 or 10 years. A West Chester University Student’s average indebtedness upon graduation in 2017 is \$33,814, while Temple’s students averaged \$37,708, source: <http://collegedata.com> According to Sallie Mae’s online calculator, the West Chester student, paying the Stafford Loan interest rate for 2017 of 4.45% over 15 years would owe \$258 per month, and over 10 years \$305 per month. If we add the average rent of \$2314 (for of September 2017) in West Chester according to Zillow.com, it is not hard to see how the lack of a student loan debt could be turned into long-term savings.

⁵ Chronicle of Higher Education, Tuition and Fees, 1998 – 99 Through 2017 -2018: <https://www.chronicle.com/interactives/tuition-and-fees> and FRED Economic Research, Real Median Income in Pennsylvania: <https://fred.stlouisfed.org/series/MEHOINUSPAA672N> Under PA Promise, the median income would qualify these students for full tuition at a state-owned university, and the same financial amount at a state-related institution like Temple.

⁶ Currently the total yearly cost of an UG WCU education (tuition, room, board and fees) is \$26,726 for in-state and \$37,964 for out-of-state students.

⁷ See the Keystone Research Group’s discussion of a 2009 study by ITEP on who pays the highest taxes in the state: <https://www.pennbpc.org/who-pays-2009>

While we truly appreciate and thank you for the 3.3 increase in the State's allocation to the system universities, the inflation-adjusted funding for the State System is more than 25% less than where it was a decade ago, and one third less than the 2000-01 appropriation.⁹

House Bill 2444 is based on a proposal created out of the Keystone Research Center's report, "The Pennsylvania Promise: Making College Affordable and Securing Pennsylvania's Economic Future." The goals of the proposal are:

1. Cover up to four years of tuition and fees for a student at any of the Commonwealth's 14 public community colleges. This would cover up to an associate degree with the four-year range covering those nontraditional students who may not be able to finish in two years
2. Cover four years of tuition and fees for any recent high school graduate with a family income less than or equal to \$110,000 per year and accepted into one of the 14 universities in Pennsylvania's State System of Higher Education
3. Cover four years of tuition and fees not to exceed the State System tuition rate for students with a family income less than or equal to \$110,000 for students accepted into a state-related university
4. For students who qualify, the Pennsylvania Promise would cover along with tuition and fees room and board for students with a family income less than or equal to \$48,000
5. Finance a grant program for adults seeking in-demand skills and industry-recognized credentials, as well as college credit

What if we passed PA Promise? What if the state caught up with New York, Maryland, and New Jersey, instead of sinking lower in the ratings of support for public higher education? What if we rose above our embarrassing US News & World Report ranking of 50th in support for higher education? What kind of game change could this be for our students?

We don't have to guess. West Chester Students were asked how the kind of funding envisioned by PA Promise would have helped them. Their answers are illuminating.

⁸ It is important to note that race plays a part in battles over public resources. Recent research shows that many whites favor social programs as long as they are perceived as helping white people, and that they resent these programs if they know they will help people of color. White people are, in fact, the biggest beneficiaries of government support. See the following NPR interview with Rachel Wetts, social science researcher:

<https://www.npr.org/sections/codeswitch/2018/06/08/616684259/why-more-white-americans-are-opposing-government-welfare-programs>

⁹ According to Ken Mash's testimony, when compared to the Gross State Product, funding for the State System today is only 42 percent of its 1983-84 level":

<https://www.pennbpc.org/students%E2%80%99-expense-rising-costs-threaten-pennsylvania-publicuniversities%E2%80%99-role-upward-mobility>

I didn't start until I was about 30, I still defer occasionally to catch up with other bills. ... invested in a 401(k), not been in debt 10 times over, actually finished college and gotten my master's. —Julia

Julia is not alone. I personally know of several students who have left college for financial reasons and will continue to carry their debt forward with no financial benefit.

I would have been able to save and would pay more in taxes instead of using taxpayer money to be on food stamps while I serve in AmeriCorps.
—Rachael

In six years since graduation, I admittedly have yet to make one student loan payment, due to a combination of career changes, physical moves, unemployment, and unexpected financial emergencies. I will have to begin to pay soon, still cannot really afford to, and my loans feel like a ticking time bomb. —Timothy

We all know how many people live paycheck to paycheck; certain members of society like to cite this as a moral failing. But how can one “pay oneself first” if there isn't enough left to even cover the student loan payment, especially with any serious financial emergency.

If I could have spent less in undergrad, I would have been a homeowner ten years sooner. I also would have the money to go back for a Ph.D. – Mary, West Chester University

If I hadn't needed to spend so much on my undergrad, I would have more in retirement savings, be able to pursue additional education, and have more in my kids' college savings. —Theresa, West Chester University

Do we still expect to find our graduates investing their earlier paychecks into their first home? Rents in Chester County are astronomical, and mortgages are far beyond the reach of most new college graduates. The impact on property tax will eventually come home to roost if we deny these graduates the ability to invest in their own security. It is important to remember that the vast majority of students who attend our universities stay in PA, and contribute a healthy share of taxes. As their wages increase, the state will see a rise in taxable income and more funding will become available.

But the effects of high tuition and total cost of college is not just felt in student loan debt after graduation. For some, the pain of paying for tuition is too much of a burden even while they are studying: a significant number of West Chester students (37.1%) are food insecure, and a small number are homeless.¹⁰ It is important to

remember that even on the most financially stable of our campuses, students are suffering from economic insecurity.

The ability to complete a graduate degree likewise can be a ticket into a higher standard of life, but if student loan bills are already a burden, who would be able to embark on a course of study that might cost even more in loan debt? Some school districts pay for their teachers to get these degrees and others don't, so that once again, a more privileged circumstance adds up to increased opportunities for some citizens than others. PA Promise would level that playing field by making undergraduate education much more affordable for all who qualify.

Finally, it is important to note that many of our system schools are having financial trouble as they are losing students, and are raising their tuition to make up for lost revenue, further driving students away. You will have read in my APSCUF colleague Ken Mash's testimony about the MaGuire study's successful predictions on the effect of rising tuition. If the students in each of the 14 communities that are home to PASSHE schools knew they could attend tuition-free, it is very likely that enrollment would improve significantly. For many of these institutions, there are no other affordable options, and students are instead opting for the same or even more debt to attend private schools. Worse still, these universities are cultural and economic engines for their community and region, and the effects of their financial decline will multiply as they lose workers, as cultural events disappear with the elimination of arts and community sports programs, and as community-university partnerships around health-related fields dry up. What the system needs – as the systems in surrounding states are much quicker to identify and act on – is an infusion of students, and that means increased state support.

I fully believe that HB 2444 will help to ensure the success of public higher education in our state, and strongly encourage the passage of this important legislation.

Dr. Mark Rimple
Professor
Department of Music Theory, History and Composition
Chapter President, WCU-APSCUF

¹⁰ See the homepage of the WCU Resource Pantry:
https://www.wcupa.edu/_services/stu.slv/pantry/default.aspx; see also the profile of one of 26 homeless students at WCU:
<https://www.wcupa.edu/president/annualReport/studentSuccess.aspx#ssFinances>



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August 9, 2018
House Democratic Policy Committee
Testimony re: HB 2444 - the Pennsylvania Promise Act

The Pennsylvania Commission for Community Colleges appreciates the opportunity to submit testimony regarding HB 2444, the Pennsylvania Promise Act. The Pennsylvania Promise Act would establish a scholarship program for individuals under age 24 to provide for tuition and fees, and room and board where applicable for up to two years at a Pennsylvania community college. In addition, the bill provides for scholarships at state system and state-related universities, a scholarship program for adult learners, funds for apprenticeship programs, and funds to support work study programs.

Pennsylvania's community colleges are the largest provider of public postsecondary education and training in the Commonwealth. In the 2016-2017 academic year, the colleges educated more than 300,000 students in a range of education and training programs designed to meet student demand and current and emerging workforce needs. There is growing evidence, however, that Pennsylvania needs to do more to address its skills gap and increase its educational attainment, particularly in the area of diplomas, certificates and associate degrees in order to be competitive in the new global economy.

The Georgetown Center on Education and the Workforce estimates that by 2020, nearly 65 percent of all jobs in the United States will require postsecondary education and training beyond high school, with 30 percent of those jobs requiring some college or an associate degree. Data from the Pennsylvania Department of Education shows that the growth needed for Pennsylvania to reach national and state attainment goals is projected to be in associate degree or certificate completion. While the state is providing nearly enough bachelor's and overproducing master degrees, it needs to increase associate degree attainment to meet workforce projections.

Pennsylvania's community colleges have pursued a variety of research based initiatives to increase affordability and access to help Pennsylvania meet these attainment goals. However, cost continues to be a barrier for many students in their pursuit of a postsecondary education credential. As a result, community colleges throughout Pennsylvania have worked with private foundations and community partners to offer a variety of scholarships and financial supports for students to allow them to pursue postsecondary education. Some of these programs are known as "promise" programs. While the program components and funding structures vary, these programs share the goal of increasing educational attainment, reducing student cost and student debt, and improving retention and completion. Examples of promise programs can be found at the Community College of Philadelphia (CCP), the Community College of Allegheny County (CCAC), and Lehigh Carbon Community College (LCCC).

At CCP, the 50th Anniversary Promise Scholarship was established in 2015 and has offered opportunities to more than 735 students. Since 2008, more than 1,800 students in the City of Pittsburgh have utilized the Pittsburgh Promise program to attend CCAC. At Lehigh Carbon Community College, students in the Tamaqua School District are eligible for full scholarships through the Tamaqua Promise. The scholarship was established in 2003 and over 1,000 students have taken part in the program.

HB 2444 would establish a statewide promise program. Such programs have been established or are pending in many states across the country, including the neighboring states of New York and Delaware. The Pennsylvania Commission for Community Colleges supports efforts such as HB 2444 to increase opportunities for students to obtain a postsecondary credential.

As the General Assembly considers ways to make postsecondary education more affordable in Pennsylvania, and specifically the model contained in HB 2444, the Commission recommends the following:

- Expand eligibility to all Pennsylvania students regardless of residency.
- Eligibility should initially be focused on students who can provide evidence of a high school diploma or its equivalent within 12 months of enrollment.
- Deferment should be provided for students called to active military duty.
- Eligibility should include two years at a community college and upon attainment of an associate degree, two years at a state system or state-related university to complete a bachelor's degree.
- Accompanying policy changes should be implemented to require state system universities and state-related universities to accept and transfer all credits from a Pennsylvania community college and award students full junior standing at the state system or state-related university.
- A study and review of the potential impact on enrollment trends. Most "promise" programs provide tuition assistance for community college tuition only. HB 2444 however, provides tuition assistance at either a community college or a four-year institution. The Commission recommends that the General Assembly review the impact of New York's Excelsior Scholarship Program to understand the potential impact on enrollment patterns in Pennsylvania.

The mission of Pennsylvania's community colleges is to offer an affordable, accessible education and training opportunities for all students in the Commonwealth. We congratulate the Chairman, the sponsors, and the committee for its consideration of this important issue, and look forward to working with you to ensure that a postsecondary education credential is available to all.

Thank you.

PENNSYLVANIA'S PROMISE

WHAT IT DOES:

Covers **two years of tuition/fees** for any recent HS grad enrolled full-time at one of PA's **14 public community colleges**;

Covers **four years of tuition/fees** for recent HS grads with a family income less than \$110,000/year accepted at a **State System of Higher Education school**;

Provides an additional **four years of grants from \$2,000 up to \$11,000**, depending on family income, for students accepted into a **state-related university**;

Provides **grants to adults without a college degree**, with priority given to those seeking in-demand skills and industry-recognized credentials.

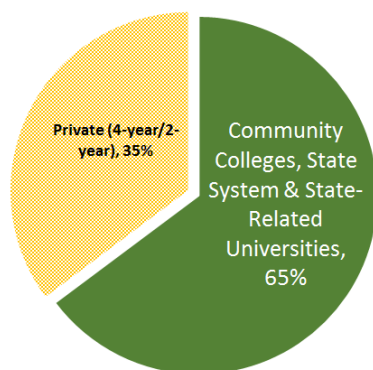
Additional Information about the Pennsylvania Promise:

- 1) Last Dollar Proposal – Pennsylvania Promise money kicks in after federal and state grant aid
- 2) Support to students filling out financial aid forms
- 3) Support for room and board for students from families making less than \$48,000/year.
- 4) Work Study Supplement for students from families making less than \$48,000/year. Access to 500 hours of work study at a wage rate that would phase up to \$15/hour by 2024.

Figures from PBPC/KRC research

Publicly Funded Colleges Are Essential To Realizing The American Dream

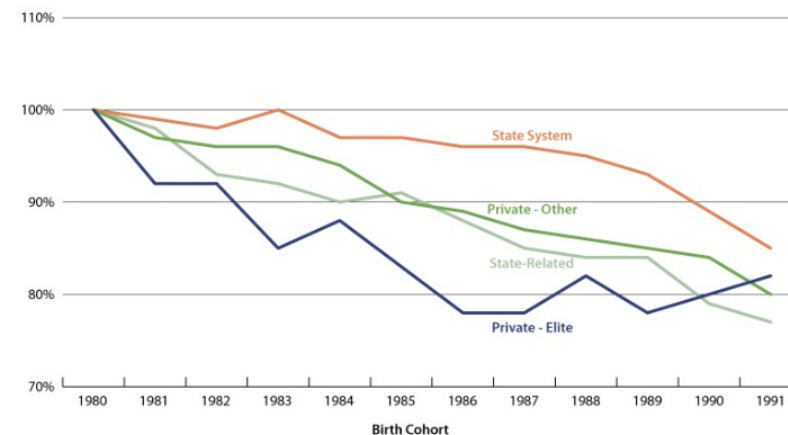
Public Colleges and State-Related Universities Account for 65% of All Pennsylvania College "Success Stories" - i.e., 65% of of All Students That Come From Bottom 60% Households and Have Top 40% Incomes by Age 32-34



Source: Keystone Research Center based Mobility Report Cards: The Role of Colleges in Intergenerational Mobility <http://www.equality-of-opportunity.org/college/>

The Share of Students from Households with Bottom 60% Incomes has Fallen 15% in the State System and Fallen 20% in State-Related Universities

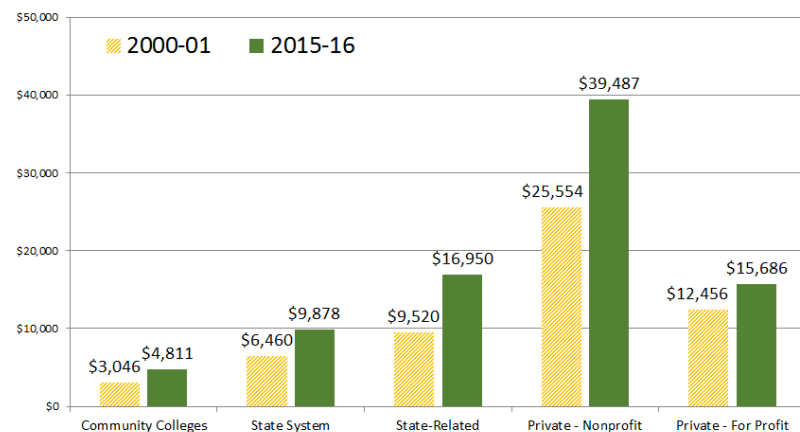
Percent of Students from Households with Bottom 60% Incomes by Birth Year (indexed to 1980 percent of graduates from bottom 60% households = 100)



Source: Keystone Research Center analysis of Mobility Report Cards: The Role of Colleges in Intergenerational Mobility: <http://www.equality-of-opportunity.org/college/>

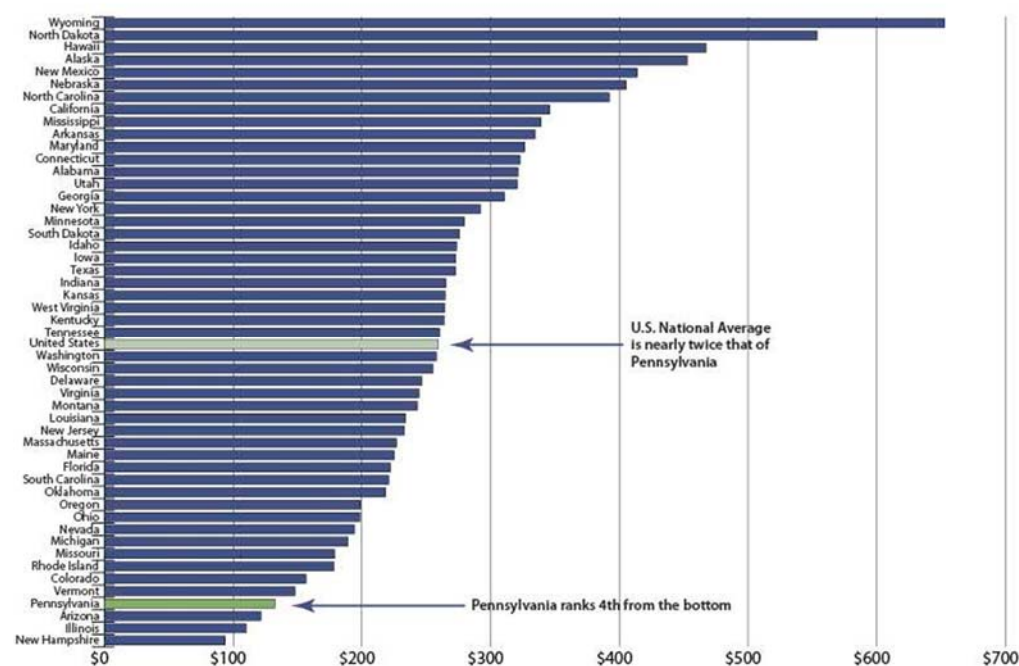
In The Last 15 Years Tuition and Fees are up 66% in Public and State-Related Universities in Pennsylvania

In state tuition and fees for Pennsylvania students by type of university, 2000-01 and 2015-16, inflation-adjusted 2016 dollars



Source: Keystone Research Center analysis of College Scorecard data <https://collegescorecard.ed.gov/>

State Higher Education Investment Per Capita, 2017



Note: Per Capita estimates based on July 2016 population estimates from the U.S. Bureau of the Census

Source: Pennsylvania Budget and Policy Center based on University of Illinois Grapevine data base Table 4, online at <https://education.illinoisstate.edu/g>

The Pennsylvania Promise

Making College Affordable and Securing Pennsylvania's Economic Future



About the Authors

Mark Price is a labor economist at the Keystone Research Center; Stephen Herzenberg is an economist and Executive Director of the Keystone Research Center; Diana Polson is a Policy Analyst at Pennsylvania Budget and Policy Center.

Acknowledgements

The authors want to thank Sara Goldrick-Rab of Temple University and Lindsay C. Page of the University of Pittsburgh for sharing their research and thoughts about ways to improve this proposal. Thanks also to staff at the Association of Pennsylvania State College and University Faculties, the State System of Higher Education, the Pennsylvania Commission for Community Colleges, and Pennsylvania Higher Education Assistance Agency, and the Pennsylvania Department of Revenue for assistance locating data and/or providing feedback on early drafts of the proposal. Thanks to Aidan Davis and the rest of the staff at the Institute on Taxation and Economic Policy (ITEP) for providing estimates on the tax incidence of changes to the personal income tax. Thanks to John Neurohr for editing and Stephanie Frank for layout and cover design.

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Executive Summary

Three recent briefs by the Keystone Research Center laid out the case for more affordable access to post-secondary education in Pennsylvania.¹ The global race for raising incomes and increasing opportunity hinges critically on access to post-secondary education and training. If Pennsylvania does not expand access to higher education to more of its citizens, the Commonwealth's economy will suffer and living standards will lag growth

elsewhere. With a modest and smart investment, Pennsylvania can build a more prosperous future for its citizens and reinvigorate the American Dream in every corner of the Keystone State. "The Pennsylvania Promise," outlined below, shows how.

Our Previous Work on Higher Education in Pennsylvania

- *Pennsylvania's Great Working-Class Colleges* (<https://goo.gl/NHhtqn>)
- *At Student's Expense: Rising Costs Threaten Pennsylvania Public Universities' Role in Upward Mobility* (<https://goo.gl/gwXphr>)
- *Pennsylvania Higher Education at a Crossroads: To Boost Opportunity and Growth, Pennsylvania Needs to Invest in Higher Education* (<https://goo.gl/fr3cBU>)

The Need for Investment. There is a pressing need for reinvestment in post-secondary education and training in Pennsylvania.

- Thirty-five years of state disinvestment have left Pennsylvania ranked worst in the nation when it comes to higher education, sunk in the rankings by students' high debt at graduation and the state's high tuition and fees, according to *U.S. News and World Report*.²
- The state ranks 40th for the share of adults 25-64 with an education beyond high school.³
- In over half of Pennsylvania counties (35), the share of adults with more than a high-school degree is lower than in any of the 50 states (i.e., lower than West Virginia's 48.1%).⁴
- A large body of economic research shows that lagging educational attainment translates to lower wages and incomes for individuals and slower economic growth for regions.⁵
- The *Wall Street Journal* has already labeled rural America the "new inner city," the nation's most troubled regions. Rural Pennsylvania has so far escaped the fates of some parts of West Virginia and Kentucky.⁶ But if Pennsylvania's rural counties remain higher education deserts,⁷ it would guarantee their accelerating decline over the next generation.

The Pennsylvania Promise. For about a billion per year, Pennsylvania could:

- cover two years of tuition and fees for any recent high school graduate enrolled full-time at one of the Commonwealth's 14 public community colleges;
- cover four years of tuition and fees for any recent high school graduate with a family income less than or equal to \$110,000 per year accepted into one of the 14 universities in the State System of Higher Education;
- provide 4 years of grants ranging from \$2,000 up to \$11,000, depending on family income, for students accepted into a state-related university.⁸
- Provide free college tuition and fees for adults without a college degree, with priority going to those seeking in-demand skills and industry-recognized credentials, as well as college credit.

Currently per capita funding for higher education in Pennsylvania ranks 47th out of 50 states.⁹ The increase in state spending required under the Pennsylvania Promise would raise Pennsylvania's rank to 36th.

The Pennsylvania Promise would cost:

- **One fourth of the revenue raised from increasing the Pennsylvania personal income tax rate by one percentage point.**¹⁰
- **About half of the revenue raised by a progressive tax proposal that cuts the personal income tax rate on wages and interest while raising it on the income derived from wealth.** This is a proposal that would lower taxes for most Pennsylvanians, including a large majority of the rural Pennsylvanians who would especially benefit from the Pennsylvania Promise.¹¹
- **Roughly the money raised by a severance tax like West Virginia's.** The added appeal of using a severance tax to fund a portion of the Pennsylvania Promise would be that many drilling regions lack a low-cost local community college, making attendance at two and four-year institutions a particularly burdensome proposition for low income students from those regions.¹²
- **The amount raised by a 0.054 percent flat tax on financial wealth ("net worth") – \$540 annually for a taxpayer with \$1 million in financial assets.**¹³ Investing these revenues in the Pennsylvania Promise, thereby addressing Pennsylvania's chronic higher education investment deficit, would increase wealth in Pennsylvania long-term. Funding this investment solely through a wealth/net worth tax paid almost entirely by the highest-income Pennsylvanians would place the burden of financing expanded access to higher education on those individuals who have benefited most from changes to tax and economic policy in the last several decades. It would also generate profound improvements in opportunity and quality of life for Pennsylvanians generally.

After running the numbers, the question that emerges is "what are we waiting for?" Anyone who cares about Pennsylvania, particularly those parts of the state underserved by affordable, accessible higher education – most of the state outside the Philadelphia metro area and parts of the Pittsburgh metro area – should be leading the charge for Pennsylvania to enact the Pennsylvania Promise.

The Pennsylvania Promise

In recent years, in the context of rising costs of attending college and mushrooming student debt, proposals have emerged nationally and in several states to increase funding for higher education. Table 1 (on the next two pages) profiles four of the most visible proposals (the Tennessee Promise, the Oregon Promise, New York's Excelsior Scholarship program, and Senator Bernie Sanders' proposal) and compares them to the Pennsylvania Promise. (The Technical Appendix has more detail on the methodology and data sources for the cost estimates of our proposal.)

Our proposal:

- Provides grants for two years at one of the Commonwealth's 14 public community colleges or four years at one of 14 universities in the State System of Higher Education (State System) or four years at a state-related university.
- Would make these grants available to any recent high school graduate from Pennsylvania enrolled full-time in a community college or to full-time students enrolled in a State System or state-related university with a family income less than or equal \$110,000.
- Would make these grants cover the "last dollar" of tuition and fees remaining after accounting for all other federal, state, and institutional grants awarded to a student. This is a design like the existing Tennessee, Oregon, and New York programs. Eligible students would need to complete a FAFSA application and access federal Pell grants and state Pennsylvania Higher Education Assistance Agency (PHEAA) grants before Pennsylvania Promise grants pay their remaining tuition and fees.
- Would provide an amount capped initially at \$50 million for adults (20 and over) without a college degree who have a family income less than or equal to \$110,000 to earn, ultimately, up to four years of postsecondary credit. Priority would go to programs that lead to an industry-recognized credential that is articulated with college credit, ordinarily at a community college or State System or state-related university.¹⁴
- Would establish the Office of Income Mobility within the Pennsylvania Department of Education. The office would coordinate with colleges, high schools, and local communities in implementing evidence-based solutions designed to lower barriers to college attendance and completion for high achieving low- and middle-income students.
- Would include for income-eligible students – those with family incomes less than or equal to \$48,000 – a minimum grant of \$1,000 for those enrolled in a community college and a minimum grant of \$2,500 for those enrolled in the State System or state-related university. For students with federal and state aid that covers all or a substantial portion of tuition and fees, these minimum grants provide some additional assistance in covering other college costs including books and room and board.
- Would add a state supplement to federal work-study programs that gives income eligible students – those with family incomes less than or equal to \$48,000 – access to 500 hours of employment annually at a wage level that would phase up to \$15 per hour by 2024. As proposed by Sara Goldrick-Rab, an expansion of work study could seek to increase student participation in community service and in career training via apprenticeships, internships, and co-op programs.¹⁵ This would benefit employers and regional economies as well as students, particularly in regions underserved by affordable higher education currently.

Table 1.**A Comparison of Five Tuition Assistance Proposals**

	<i>Tennessee Promise¹</i>	<i>New York Excelsior²</i>	<i>Oregon Promise³</i>	<i>Sanders' Proposal⁴</i>	<i>PA Promise</i>
<i>Covered Costs</i>	Tuition & fees	Tuition	Most tuition	Tuition	Tuition & fees
<i>Eligible Institutions</i>	CCs, app. tech. C's, other elig. Assoc. Deg. institutions	All City & State Univ. of NY (CUNY/SUNY) 2- and 4-year colleges	Community colleges	Public colleges (State System & Community Colleges)	Any public community college, State System or state-related university
<i>Last Dollar?</i>	Yes -- costs above Pell, HOPE school., TN Stud. Ass.	Yes	Yes -- after Pell & OR Opportunity Grants	Yes	Yes
<i>Grant maximum</i>		\$5,500 minus TAP (see last row on next page), Pell, and other awards	Up to \$3,450 in 2017-18		Tuition & fees minus all federal, state and local grants; grants for state-related schools will be capped at grant average in State System Schools.
<i>Help w/non-tuition costs</i>			Min. \$1,000 grant pays some non-tuition for low-income	Expands work study for low-income students	Minimum grants for low-income students: \$1,000 grant at CCs; \$2,500 at State System or state-related universities; also expanded work study
<i>Income Eligibility</i>		Up to \$125,000 family gross income in 2019	"Expected Family Contribution" on FAFSA up to \$18,000		No income eligibility limits at Community Colleges. At State System and state-related universities, eligibility limited to family income less than or equal to \$110,000 per year
<i>Years/credits of eligibility</i>		Up to 2 years for Associate's Degree and 4 for Bachelor's	Up to 12 credits per semester; 90 credits total		Up to 2 years at a community college/4 at State-system or state-related universities
<i>Up-front geographic eligibility</i>		Resided in state for 12 continuous months prior to term of award	Oregon resident at least 12 months prior to college		Resided in state for 12 continuous months prior to term of award

Table 1 (continued). A Comparison of Five Tuition Assistance Proposals

	<i>Tennessee Promise</i>	<i>New York Excelsior</i>	<i>Oregon Promise</i>	<i>Sanders' Proposal</i>	<i>PA Promise</i>
<i>Back-end geographic eligibility</i>		Live & work in NY after graduation for length of scholarship	None		None
<i>Current or future students?</i>		For new and current students; current must be on track to complete on time	Recent HS graduates		Recent high school graduates; \$50 million set aside for adults age 20 and older
<i>Full-time (FT) or Part-time (PT) Students?</i>		Requires 30 credits per calendar year (incl. Jan. and summer)	At least 1/2 time; 100% grants for FT students, 75% for 3/4 time; 50% for 1/2 time		Eligibility for new high school graduates limited to full-time students. Adult education open to part-time students
<i>Grade Requirement</i>	2.0 GPA	Passing grade	2.5 High School GPA	Passing grade	Passing grade
<i>Other features</i>	Mentors for admissions; 8 hours of comm. service per term		Satisfactory Academic Progress (SAP), as determined by college	States pay 33% & must maintain higher education spending, need-based aid, use fewer low-paid adjuncts; no \$ for admin., merit aid, non-academic building	Fund office to promote college entry and persistence for low- to middle-income students
<i>Estimated cost</i>		\$163 million; NY already has \$1 billion Tuition Assistance Program (TAP)	\$40 million allocated for 2017-19, \$8 million short of projected cost		\$1.16 billion

¹ <http://www.tn.gov/thec/topic/tn-financial-aid> and <http://tnpromise.gov/about.shtml>

² https://www.ny.gov/sites/ny.gov/files/atoms/files/ExcelsiorScholarship_Toolkit.pdf

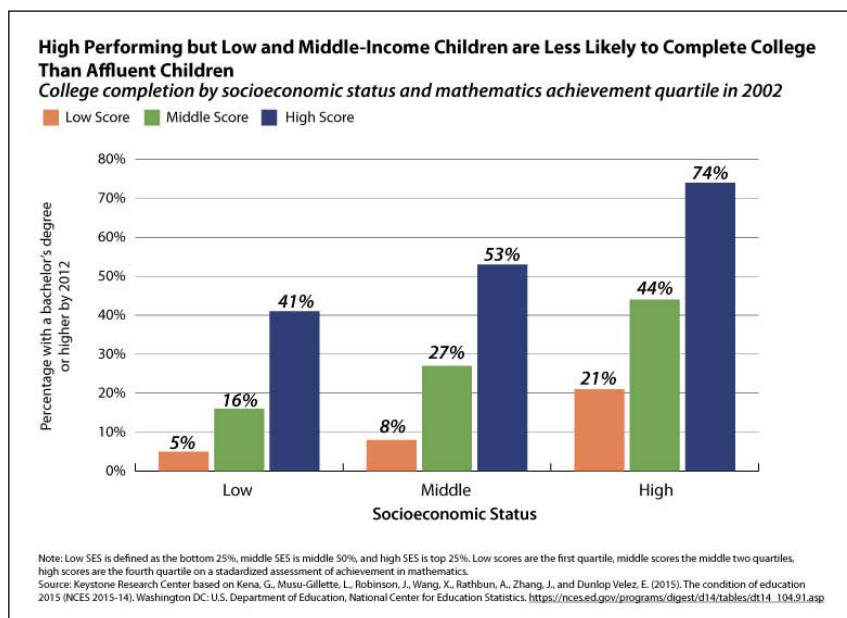
³ <https://oregonstudentaid.gov/oregon-promise-faq.aspx?m=print>

⁴ <https://www.sanders.senate.gov/download/collegeforallsummary/?inline=file>

Promoting Upward Mobility

Substantial barriers other than ability impede access to post-secondary education and training for low- and middle-income students. Indicative of this, among students scoring in the top quartile of a standardized assessment of achievement in mathematics when they were high school sophomores, only 41% of the low socioeconomic status kids (based on family income and parental occupation) had completed college 10 years later. College completion rises to 53% for similarly high-scoring middle socioeconomic students and to 74% for high socioeconomic status children (Figure 1).¹⁶

Figure 1.



Access to skills through education and training are an important vehicle for upward income mobility in Pennsylvania.¹⁷ There is also evidence that reducing college costs facilitates college entrance and persistence.¹⁸ However, federal grants impose large paperwork burdens that limit their effectiveness in

Many young people from low- and middle-income families lack key information about college benefits, costs, and the process of applying to and selecting a college. The charge of the Office of Income Mobility is to work to bridge these informational gaps to facilitate increased college-attendance and completion among low- and middle-income students.

facilitating increases in college entry among low-income students relative to grant programs with less burdensome eligibility requirements. The Pennsylvania Promise, in seeking to maximize existing federal and state sources of grant aid, also requires students to fill out a FAFSA form. Considering this, to maximize the effectiveness of the Pennsylvania Promise in raising college entry among high achieving low- and middle-income students, we propose establishing an Office of Income Mobility within the Pennsylvania Department of Education with an annual appropriation of \$9.9 million. The office's primary charge will be to facilitate the implementation of solutions at public colleges, high schools and in local communities designed to reduce the constraints faced by less affluent students in applying to and completing college. Page and Scott-Clayton provide an in-depth discussion of the empirical research into interventions designed to overcome these constraints.¹⁹ One of the programs we propose the Office of Income Mobility implement is the recruitment of volunteer mentors (replicating innovative features of the Tennessee Promise) to help students navigate through their college, financial aid, and Pennsylvania Promise applications. The office will also be responsible for managing PA Promise grants targeted at adults.

Changes in the Net Total Cost of College Under the Pennsylvania Promise

Although the Pennsylvania Promise delivers substantial benefits in terms of new grant aid, Table 2 illustrates that the net total cost of college (tuition, fees and living expenses after subtracting existing grants/scholarships and Pennsylvania Promise aid) remains substantial.²⁰ Students in the State System from families with incomes less than \$30,000 still face a net total cost after all aid of \$12,086, in Community Colleges that figure is \$6,288. These total cost figures point to the critical importance of access to living wage work study opportunities. (See Section IV: Work Study of the Technical Appendix for more details on the work study component of the Pennsylvania Promise). In 2018, we estimate 500 hours of work study at \$9.00 an hour would yield gross wages of \$4,500, a figure that is still less than half of the remaining college tuition bill facing the students from the lowest income families.²¹

Table 2.

Net total cost¹ of college 2018-19 before and after Pennsylvania Promise² by family income					
	Less than \$30,000	\$30,001 to \$48,000	\$48,001 to \$75,000	\$75,001- \$110,000	\$110,001 or more
State System of Higher Education					
Before	\$16,900	\$18,203	\$22,366	\$25,909	\$26,688
After	\$12,086	\$12,256	\$15,062	\$15,351	\$26,688
Decline in net total cost	-\$4,815	-\$5,947	-\$7,304	-\$10,558	\$0
Percent decline in net total cost	-28%	-33%	-33%	-41%	0%
Community Colleges					
Before	\$7,555	\$8,455	\$11,284	\$13,551	\$13,898
After	\$6,288	\$6,493	\$7,646	\$8,248	\$9,724
Decline in net total cost	-\$1,267	-\$1,962	-\$3,638	-\$5,303	-\$4,174
Percent decline in net total cost	-17%	-23%	-32%	-39%	-30%
State-Related Universities					
Before	\$19,752	\$21,087	\$24,110	\$28,103	\$30,083
After	\$14,938	\$15,140	\$16,806	\$17,545	\$30,083
Decline in net total cost	-\$4,815	-\$5,947	-\$7,304	-\$10,558	\$0
Percent decline in net total cost	-24%	-28%	-30%	-38%	0%

¹ Average annual total cost of attendance, including tuition and fees, books, and supplies, and living expenses, minus the average grant/scholarship aid. It is calculated for all full-time, first-time, degree/certificate-seeking undergraduates who receive Title IV aid. It is included in the IPEDS Student Financial Aid component. Separate metrics are calculated for public institutions and private institutions. For public institutions, this metric is limited to undergraduates who pay in-state tuition and receive Title IV aid. For private institutions, it includes all undergraduates who receive Title IV aid. The total cost of attendance depends on whether undergraduates live on campus, off campus (not with family), or off campus (with family)

² Includes mobility grants

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

Tuition assistance proposals like the Pennsylvania Promise do substantially lower the financial barriers to college enrollment, reducing the total cost of tuition between 17% and 41% for students with income below \$110,000, but they still leave students and their families facing substantial costs (Table 2). Tuition

assistance proposals by no stretch of the imagination make college free, but they do drive the total cost of college back down in the direction of the lower cost of college faced by previous generations of students that attended public colleges in Pennsylvania.

Public Institutions of Higher Education: Successful, Accountable & Cost Effective

Only students enrolled in one of Pennsylvania's community colleges, the State System or state-related universities qualify to participate in the Pennsylvania Promise, thus excluding participation by private non-profit and for-profit institutions. This design choice reflects the record of success of Pennsylvania public colleges as engines of upward income mobility. Our analysis finds that, as a group, Pennsylvania public colleges, including state-related universities, account for 65% of the college students from families with bottom-60% incomes who had an income in the top 40% (within their age cohort) by their early thirties.²² In addition to being a critical channel of upward mobility for Pennsylvania residents, public colleges are also accountable to the taxpayers through the oversight of the Governor and General Assembly.

Despite 35 years of declining state financial support, public colleges (community colleges, state system schools) as well as state-related universities remain the most affordable higher education option in Pennsylvania (Table 3). Private, non-profit institutions with an average tuition of \$37,939 are more than five times as expensive as average tuition across community colleges and State-system schools.

Table 3.

Federal, state, local and institutional grants awarded per student¹ in public, state-related and private institutions of higher education 2014-15

College type ²	Federal, state, and local grants per student	Institutional grants per student	Total grants per student	Tuition and fees ³
Public	\$2,756	\$367	\$3,123	\$7,235
Community Colleges	\$2,629	\$50	\$2,679	\$4,440
State System	\$2,854	\$612	\$3,466	\$9,389
State-Related	\$2,110	\$3,196	\$5,307	\$15,621
Private - Nonprofit	\$2,144	\$17,953	\$20,097	\$37,939
Private - For Profit	\$3,439	\$2,454	\$5,893	\$21,796

¹ Total number of full-time first-time degree/certificate seeking undergraduates - financial aid cohort (variable name "scugffn") drawn from the Student Financial Aid Data file of IPEDS, 2014-15.

² Grant amounts per student as well as tuition and fees are weighted averages based on the total number of full-time first-time degree/certificate seeking undergraduates see note ¹ for source.

³ In-district average tuition for full-time undergraduates (variable name "tuition1") drawn from the Institutional Characteristics Data file of IPEDS, 2014-15.

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

Table 3 also illustrates that private, non-profit institutions attempt to offset high prices for some of their students using their own grants (institutional grants). Because private institutions are not accountable to the public, there is a risk that opening the Pennsylvania Promise to private institutions may create an

incentive for these institutions to rely on the Pennsylvania Promise to fund more socio-economic diversity on their campuses and thus redirect current institutional grant aid to other less meritorious institutional priorities.

Promoting Training and Education for Adults

Pennsylvania ranks 40th out of 50 states for the share of adults age 25-64 with more than a high school education.²³ The Pennsylvania Promise seeks to boost educational attainment among adults without a college degree, with an initial investment in grants of \$12.5 million in 2018-19 that rises to \$50 million by 2021-22.

- We recommend priority in funding go to programs that lead to an industry-recognized credential that is articulated with college credit, ordinarily at a community college, State-system school or state-relative university.
- Adult learners would be eligible for up to two years of tuition assistance at community colleges or up to four years at a State-system school.
- Eligibility would be limited to adults with family income less than or equal to \$110,000 a year.
- We would recommend NOT limiting eligibility to students attending college full-time.

Based on average tuition and fees at the states community colleges, we estimate the program could provide grants to 1,975 adult learners in 2018-19, with the number of grants rising to 7,301 by 2021-22.

Funding the Pennsylvania Promise

We recommend that the revenues raised to support this proposal be earmarked to a separate fund managed by the Commonwealth called the Pennsylvania Promise Fund. Earmarking tax revenues raised to support the Pennsylvania Promise establishes a direct link between increased taxes and the services funded by those increases.

Funding the Pennsylvania Promise with a Higher Tax on the Income from Wealth

Analysis by Institute on Taxation and Economic Policy (ITEP) finds an increase in the personal income tax rate from 3.07% to 4.36% applied to all classes of income other than wages and interest (e.g. capital gains, rental property income, etc.) raises 89% of its revenue from taxpayers with incomes of \$109,000 or more. Only 24% of Pennsylvania taxpayers would experience a tax increase under this proposal and the funding made available would eliminate or substantially reducing tuition and fees for 137,000 students a year.

In selecting financing alternatives for the fund, our starting point is to consider tax proposals that are the least likely to increase the burden of taxation on low- and middle-income families relative to high income families. Today, non-elderly middle-income taxpayers in Pennsylvania pay 9.3% of their income in state and local taxes – that’s more than twice as large as the 4.2% of income that the top 1% of families pay in taxes.²⁴ Relying heavily on an increase in the state sales tax to finance the fund would substantially shift more of the tax burden to low- and middle-income taxpayers. We thus focus on corporate, income, severance, and wealth taxes, all of which have tax incidence that is more favorable for low- and middle-income families.

We present below a menu of possible funding options with each tax rate scaled up to entirely fund the Pennsylvania Promise at \$1.16 billion:

- An increase in the corporate net income tax rate (CNI) from 9.99% to 13.99%.
- Reenacting the Capital Stock and Franchise Tax at 3 mills.
- A natural gas severance tax at a rate similar to the 5% in West Virginia.²⁵
- A higher personal income tax rate of 4.36% on unearned income (excluding interest).²⁶
- An across-the-board increase in the personal income tax rate of from 3.07% to 3.32%.²⁷
- A wealth tax of 0.054%.²⁸

The revenue impact on the state budget of corporate tax cuts enacted since 2002 has increased four times since 2003-04 from \$796 million to \$3.25 billion per year.²⁹ The top 1% of earners have captured 40% of income growth since 1979.³⁰ Because tax policy and economic growth have favored both corporate and high-income taxpayers, relying on tax increases that ask more of these taxpayers than other groups is fair and given the cost of the Pennsylvania Promise, a modest amount relative to the tax cuts and income growth these tax payers have enjoyed in the past 38 years. These investments may mean slightly higher taxes now for those with the greatest ability to pay. Long-term they will lead to a more prosperous and profitable Pennsylvania economy, with benefits even for those affluent Pennsylvanians asked to invest in our common future.

Technical Appendix

This technical appendix explains in detail the assumptions underlying our estimate of the total cost (presented in the last row of Table A1 below) of the Pennsylvania Promise. We estimate that the Pennsylvania Promise will cost \$879.2 million in 2018-19 with total costs reaching \$1.16 billion in 2021-22 as all components of the proposal are fully implemented.

Table A1.

Summary of Total Cost, Number of Students Affected & Average Tuition Assistance Per Student Under Pennsylvania Promise				
	2018-19	2019-20	2020-21	2021-22
Section I: State System of Higher Education				
Total Cost	\$367,415,692	\$387,240,661	\$408,106,063	\$414,259,770
Number Affected	54,968	54,583	54,310	54,140
Average Award Per Student	\$6,684	\$7,095	\$7,514	\$7,652
Section II: Community Colleges				
Total Cost	\$77,489,139	\$78,535,281	\$82,973,762	\$88,658,820
Number Affected	30,990	30,571	30,408	30,633
Average Award Per Student	\$2,500	\$2,569	\$2,729	\$2,894
Section III: State-Related Universities				
Total Cost	\$393,394,450	\$490,800,190	\$537,990,027	\$532,786,641
Number Affected	48,631	51,342	54,169	53,993
Average Award Per Student	\$8,089	\$9,559	\$9,932	\$9,868
Section IV: Work Study Expansion				
Total Cost	\$20,000,000	\$40,000,000	\$60,000,000	\$60,000,000
Section V: Adult Education Assistance				
Total Cost	\$12,500,000	\$25,000,000	\$37,500,000	\$50,000,000
Section VI: Office of Income Mobility				
Total Cost	\$8,382,993	\$9,565,761	\$10,290,699	\$10,357,052
Section X: Overall				
Total Cost	\$879,182,274	\$1,031,141,894	\$1,136,860,550	\$1,156,062,284

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

We will now move through each section of Table A1 discussing in detail the assumptions underlying our cost estimate beginning with Section I: State System of Higher Education, followed by Section II: Community Colleges, Section III: State-Related Universities, Section IV: Work Study, Section V: Adult Education Assistance, and Section VI: Office of Income Mobility.

Section I: State System of Higher Education

Under the Pennsylvania Promise, the Commonwealth of Pennsylvania will cover tuition and fees remaining after deducting all other state and federal aid for up to four years of college at one of the 14 schools in the State System of Higher Education³¹ (hereafter for brevity the State System) for any student with a family income less than \$110,000 a year (low income students with family incomes less than \$48,001 would be provided a minimum \$2,500 grant in addition to assistance with tuition and fees).

In our derivation of the total cost of this proposal we begin with an estimate of the total number of students enrolled in the State System that would be affected by this proposal. In Table A2 we project the enrollment of full-time first-time degree/certificate seeking undergraduates in the State System in each year from 2018-19 to 2021-22 assuming the enrollment of Pennsylvania residents in the State System will remain 13.8% of the projected number of Pennsylvania high school graduates.³² In 2018-19 this yields an enrollment of 17,136 students. With the upper income limit for Pennsylvania Promise eligibility set at \$110,000, enrollment eligible for grant assistance is reduced to 13,099 (76% of the students in the State System have family incomes less than \$110,000 a year).³³ Using the same procedure for students enrolled in the previous three years (i.e., current sophomores, juniors, and seniors), we estimate an additional 39,675 students will be eligible to participate in the Pennsylvania Promise in 2018-19.

We expect enrollment in the State System to rise in response to the fall in the total cost of attendance. In an unpublished working paper Page, Nurshatayeva and Lowry³⁴ identified 11 studies tracking the effect of financial aid on overall enrollment, with enrollment gains ranging from zero to 5.4% per \$1,000 dollars of aid. To estimate the impact of the Pennsylvania Promise on enrollment in the State System we averaged across these 11 estimates to arrive at an average effect of 2.3% for every \$1,000 dollars of aid. Based on the average benefit, we estimate enrollment will rise 17% (an increase of 2,244 students) in the State System.³⁵ Altogether we estimate 55,018 students in the State System will be eligible to participate in the Pennsylvania Promise in 2018-19. We now turn our attention to tuition and existing financial aid.

Table A2.

Pennsylvania resident enrollment estimates 2018-19 to 2021-22 for the State System of Higher Education

	2018-19	2019-20	2020-21	2021-22
A: Enrollment				
Predicted Enrollment	17,136	16,807	16,950	17,065
Family Income < \$110,000	13,099	12,847	12,956	13,044
Eligible Enrollees Prior 3 Years	39,675	39,542	39,160	38,902
Predicted Enrollment Increase	2,244	2,244	2,244	2,244
Total Enrollment	55,018	54,633	54,360	54,191

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

We have assumed that in-state average tuition and fees for full-time undergraduates will rise 3.5% in 2017-18 and 2.5% every year after that, yielding tuition and fees of \$11,100 in 2018-19 (see Table A2 below).³⁶ For 55,018 students in 2018-19 this corresponds to \$610.7 million in tuition and fees. We estimate existing grant aid from all sources at \$277 million in 2018-19.³⁷ Under the Pennsylvania Promise, students with family incomes less than or equal to \$48,000 are guaranteed a minimum grant (labeled mobility grants in Table A2) of \$2,500 on top of their tuition assistance.³⁸ In 2018-19, summing tuition & fees net of grant aid (\$333.7 million) with mobility grants (\$34.1 million) yields a total cost for students enrolled in the State System of \$367.7 million.

Table A2 (continued).

Pennsylvania tuition and grant aid estimates for 2018-19 to 2021-22 for the State System of Higher Education

B: Tuition & Financial Aid				
	2018-19	2019-20	2020-21	2021-22
Tuition & fees	\$11,100	\$11,380	\$11,667	\$11,961
Total tuition & fees	\$610,691,773	\$621,714,326	\$634,213,849	\$648,185,364
Total grant aid	\$276,985,152	\$286,369,221	\$296,319,811	\$306,792,401
Tuition & fees net of grant aid	\$333,706,621	\$335,345,105	\$337,894,037	\$341,392,962
Mobility grants	\$34,073,726	\$52,080,318	\$70,217,250	\$72,692,859
Total Cost	\$367,780,347	\$387,425,423	\$408,111,287	\$414,085,822

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

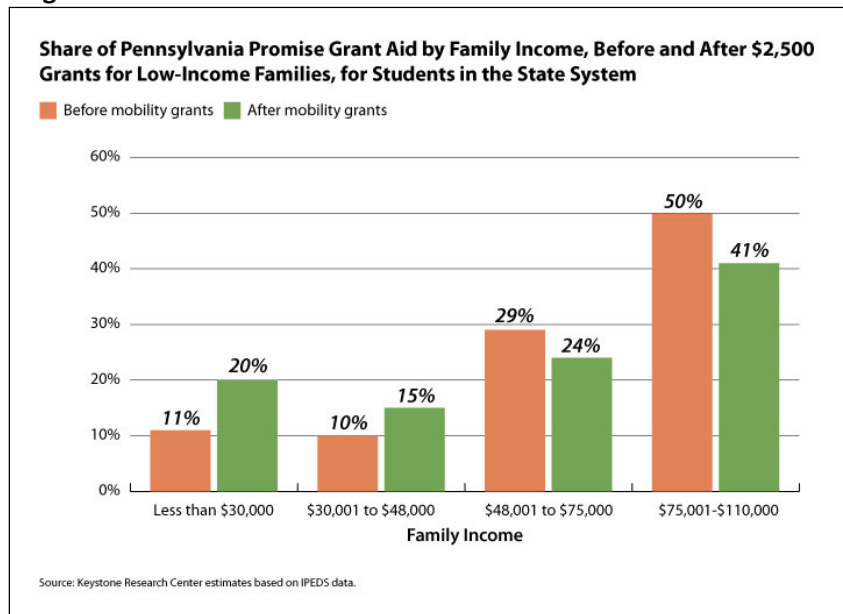
\$2,500 Mobility Grants in the State System of Higher Education

Figure A1 summarizes, for students in the State System of Higher Education in 2018-19, the share of Pennsylvania Promise grant aid by family income before and after the application of \$2,500 mobility grants for students with family incomes less than \$48,001.

The Pennsylvania Promise distributes more aid to students with family incomes between \$48,001 and \$110,000 because existing federal and state grants peak for the lowest income students at an average of \$8,812 and declines to an average of

\$1,192 for students with family incomes between \$75,000 and \$110,000. This fact combined with the Pennsylvania Promise's coverage of tuition and fees remaining after existing grant aid drives the bulk of aid upward to middle-income students. In the absence of mobility grants, the share of grant aid going to students with family incomes less than \$30,001 is 11% and 10% for those with family incomes between \$30,001 and \$48,000. These shares rise to 20% and 15% respectively as minimum grants guarantee that low income students receive assistance even if existing federal and state grants cover all tuition and fees.

Figure A1.



Section II: Community Colleges

For students in who live in a county or school district than “sponsors” a community college, the Pennsylvania Promise the Commonwealth of Pennsylvania will cover tuition and fees remaining after deducting all other state and federal aid for the first two years of college at one of the 14 community colleges³⁹ for any recent Pennsylvania high school graduate. Students who live in counties and school districts that do not sponsor a community college would have their tuition and fees reduced to the average “local share” of tuition and fees in sponsoring counties and school districts. Low-income students with family incomes less than \$48,001 would be provided a minimum \$1,000 grant in addition to assistance with tuition and fees. Our derivation of the public cost of covering tuition and fees at Pennsylvania community colleges follows closely the derivation described in “Section I: State System of Higher Education.” For brevity, we will limit our discussion to key assumptions unique to our cost estimates for these institutions.

- To estimate the impact of the Pennsylvania Promise on enrollment in the community colleges we calculated an average award per student from 2018-19 to 2021-22 of \$2,673, which implies an increase in enrollment of 6% (an increase of 926 students).⁴⁰
- Tuition and fees in community colleges grew 5.8% between 2009-10 and 2016-17, in projecting the growth of tuition and fees through 2022-23, we assume average annual growth of 2.9%.
- We estimate that three-fourths of Pennsylvania residents attending community colleges pay in-district tuition and fees with the remainder of students paying in-state tuition and fees.⁴¹ Our

cost estimates subtract existing aid from in-district tuition, which we estimate at \$5,379 in 2018-19. We estimate in-state but out-of-district tuition at community colleges will be \$9,086 in 2018-19. The difference reflects the subsidy that sponsoring school districts and county governments pay for their residents to attend community college, with non-residents paying higher in-state tuition. These out-of-district (but in-state) students in our estimates will have the cost of tuition covered up to the maximum tuition paid by in district students. We recommend counties and school districts that do not have their own community colleges reimburse students for the difference and/or establish their own community colleges. We estimate the total cost of covering the remaining tuition and fees of out-of-district students in Pennsylvania is \$30 million per year. One alternative to consider is state legislation that requires county governments and school districts to reimburse these students for tuition costs not covered by grant aid if districts and counties do not already financially support a community college.

- We recommend that legislation establishing the Pennsylvania Promise make participation by community colleges contingent on school districts and county governments maintaining their current financial support relative to the state's pre-Pennsylvania Promise financial support.
- Under the Pennsylvania Promise community college students with family incomes less than or equal to \$48,000 are guaranteed a minimum grant (labeled mobility grants in Table A3) of \$1,000 on top of their tuition assistance.

In 2018-19, summing tuition and fees net of grant aid (\$57 million) with mobility grants (\$20.5 million) yields a total public cost for community college enrollment of \$77.5 million with total costs rising to \$88.7 million in 2021-22.

Table A3.

Pennsylvania resident enrollment, tuition, and grant aid estimates 2018-19 to 2021-22 for community colleges

	2018-19	2019-20	2020-21	2021-22
A: Enrollment				
Predicted Enrollment	14,966	14,678	14,803	14,904
Eligible Enrollment	14,966	14,678	14,803	14,904
Enrollment Previous Year	15,097	14,966	14,678	14,803
Predicted Enrollment Increase	926	926	926	926
Total Enrollment	30,990	30,571	30,408	30,633
B: Tuition & Financial Aid				
Tuition & fees (in-district)	\$5,379	\$5,535	\$5,695	\$5,860
Tuition & fees (in-state)	\$9,086	\$9,291	\$9,501	\$9,716
Total tuition & fees	\$166,696,688	\$169,203,319	\$173,172,190	\$179,506,133
Total grant aid	\$109,688,125	\$111,483,891	\$110,906,458	\$111,704,329
Tuition & fees net of grant aid	\$57,008,564	\$57,719,428	\$62,265,732	\$67,801,804
Mobility grants	\$20,480,575	\$20,815,854	\$20,708,029	\$20,857,016
Total Cost	\$77,489,139	\$78,535,281	\$82,973,762	\$88,658,820

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

\$1,000 Mobility Grants in Community Colleges

Figure A2 summarizes for students enrolled in community colleges in 2018-19 the share of Pennsylvania Promise grant aid by family income before and after the application of \$1,000 mobility grants for students with family incomes less than \$48,001. Mobility grants raise the share of total Pennsylvania Promise aid going to students with family incomes less than \$48,001 from 16% to 38%.

Section III: State-Related Universities

Under the Pennsylvania Promise, the Commonwealth of Pennsylvania will provide grants to students with incomes of less than \$110,000 enrolled at state-related institutions (Lincoln University, Pennsylvania College of Technology, Pennsylvania State University, Temple University, Thaddeus Stevens College of Technology, and University of Pittsburgh). Extending grant aid to 48,631 students in 2018-19 and raises the cost of the Pennsylvania Promise by \$393.4 million in 2018-19, with costs rising to \$532.8 million by 2021-22.

The derivation of the cost of extending the Pennsylvania Promise to students at state-related Universities follows closely the discussion in “Section I: State System of Higher Education.” We limit our discussion here to assumptions unique to state-related institutions.

- To estimate the impact of the Pennsylvania Promise on enrollment in the state-related institutions, we calculated an average award per student from 2018-19 to 2021-22 of \$9,362, which implies an increase in enrollment of 22% (an increase of 2,950 students).⁴²
- Tuition and fees in state-related institutions grew 3.4% between 2009-10 and 2016-17; in projecting the growth of tuition and fees through 2022-23 we assume average annual growth of 1.7%.
- Tuition and fees at state-related universities are 51% higher than in the State System. We therefore propose capping Pennsylvania Promise grants available to students enrolled in state-related universities at the average Pennsylvania promise grant aid available to students enrolled in the State System (see Table A5 for maximum grant levels).

Figure A2.

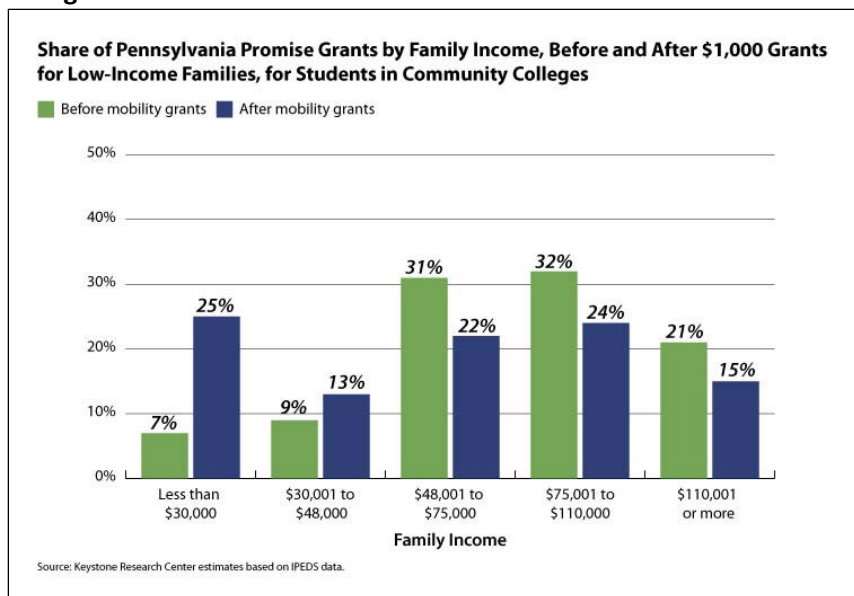


Table A4.

Pennsylvania resident enrollment, tuition, and grant aid estimates 2018-19 to 2021-22: State-Related Universities

	2018-19	2019-20	2020-21	2021-22
A: Enrollment				
Predicted Enrollment	19,342	18,970	19,131	19,261
Family Income < \$110,000	13,615	13,353	13,467	13,558
Eligible Enrollees Prior 3 years	35,016	37,989	40,703	40,435
Predicted Enrollment Increase	2,950	2,950	2,950	2,950
Total Enrollment	48,631	51,342	54,169	53,993
B: Pennsylvania Promise Grant Aid (tuition assistance plus mobility grants)				
Total Cost	\$393,394,450	\$490,800,190	\$537,990,027	\$532,786,641

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

Table A5.

Pennsylvania Promise Grant Aid Maximums by Family Income in State-Related Universities

Note: After subtracting existing state and federal grants from State-Related University tuition and fees students will be eligible for up to the following amounts of Pennsylvania Promise tuition assistance. Mobility grants discussed in the next section are excluded from this calculation.

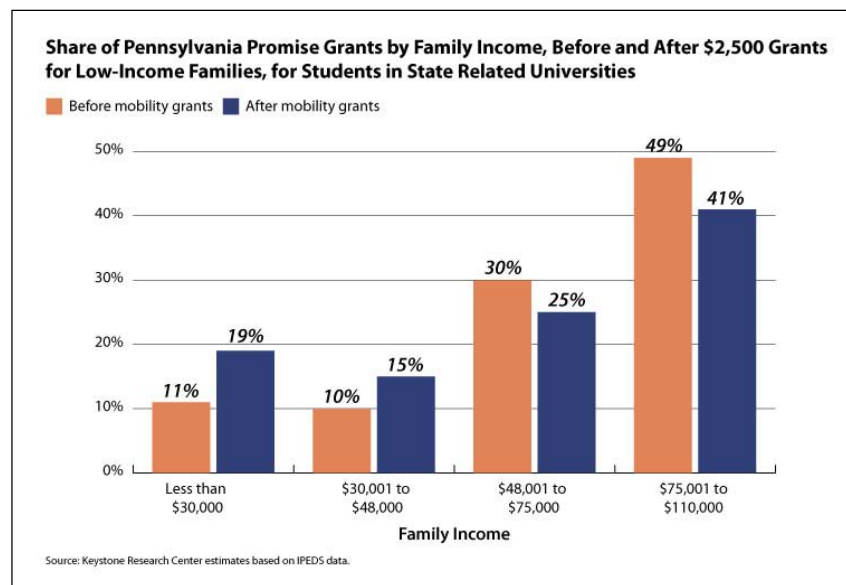
Family Income	2018-19	2019-20	2020-21	2021-22
Less than \$30,000	\$2,315	\$2,595	\$2,882	\$3,176
\$30,001 to \$48,000	\$3,447	\$3,727	\$4,014	\$4,309
\$48,001 to \$75,000	\$7,304	\$7,584	\$7,871	\$8,165
\$75,001-\$110,000	\$10,558	\$10,838	\$11,125	\$11,419
\$110,001 or more	\$0	\$0	\$0	\$0

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

\$2,500 Mobility Grants in State-Related Universities

Figure A3 summarizes for students enrolled in state-related institutions in 2018-19 the share of Pennsylvania Promise grant aid by family income before and after the application of \$2,500 mobility grants for students with family incomes less than \$48,001. Mobility grants raise the share of total Pennsylvania Promise aid going to students with family incomes less than \$48,001 from 21% to 34%.

Figure A3.



Section IV: Work Study

Sara Goldrick-Rab and Nancy Kendall propose a state and local stipend for 15 hours per week of living-wage employment and a federal work-study for 15 hours per week of living-wage employment in the local area.⁴³ In the absence of federal support for the latter, we propose using state funds to finance a version of the work-study expansion. The Pennsylvania Promise will provide a state supplement to federal work-study programs that makes available to students with family incomes less than or equal to \$48,000 access to 500⁴⁴ hours of employment annual at a wage level that would phase up to \$15 per hour by 2024. Since it will take time to create additional work-study positions, we propose phasing in the funds for work-study expansion – \$20 million in year one, \$40 million in year two, and \$60 million in year three and beyond.⁴⁵ Given the phase in of funding, we project that by year three, funds would be available for a little over half eligible students (Table A6).

Table A6.

Section III: Work Study Expansion				
	2018-19	2019-20	2020-21	2021-22
Funds Available	\$20,000,000	\$40,000,000	\$60,000,000	\$60,000,000
Hourly wage rate	\$9	\$10	\$11	\$12
Number of Work Study Position	4,444	8,000	10,909	10,000
Gross Wages Per Student	\$4,500	\$5,000	\$5,500	\$6,000
Projected Number of Eligible Students	18,266	17,956	18,126	18,199

Section V: Adult Education Assistance

The Pennsylvania Promise seeks to boost educational attainment among adults without a college degree, with an initial investment in grants of \$12.5 million in 2018-19, which rises to \$50 million by 2021-22. Based on average tuition and fees at the states' community colleges, we estimate the program could provide grants to 1,975 adult learners in 2018-19 with the number of grants rising to 7,301 by 2021-22 (Table A7).

Table A7.

Section V: Adult Education Assistance

	2018-19	2019-20	2020-21	2021-22
Tuition & fees (in-district)	\$5,379	\$5,535	\$5,695	\$5,860
Tuition & fees (in-state)	\$9,086	\$9,291	\$9,501	\$9,716
Average tuition and fees	\$6,330	\$6,498	\$6,671	\$6,849
Funds Available	\$12,500,000	\$25,000,000	\$37,500,000	\$50,000,000
Number of Available Grants	1,975	3,847	5,621	7,301

Source: Keystone Research Center estimates based on Integrated Postsecondary Education Data System (IPEDS) data

One modification not priced into Table A7 above would be to set aside a portion of Adult Education Assistance funds to pay for grants of up to \$2,000 to cover classroom-related instruction for existing apprenticeship programs registered with the Apprenticeship and Training Office located in the Pennsylvania Department of Labor & Industry. These grants would be available to apprenticeship programs that are free, offer paid employment, and have articulation agreements with accredited colleges including, but not limited to, community colleges, State System and state-related Universities. This modification would lower the cost of apprenticeship to employers and to apprenticeship and training funds, and could be used as an incentive to encourage more employers to establish apprenticeship programs.

Section VI: Office of Income Mobility

As discussed in the main body, we propose the Pennsylvania Promise include an annual appropriation in the state budget of \$9.9 million (1% of the total Pennsylvania Promise aid flowing to students in the community colleges, State System and state-related universities) to establish and operate the Office of Income Mobility within the Pennsylvania Department of Education. The office's primary charge will be to facilitate the implementation of solutions at public colleges, high schools and in local communities designed to reduce the constraints faced by less affluent students in applying to and completing college. The office shall:

- On an annual basis, track the total number of students served by the Pennsylvania Promise and compare net total college costs at public schools in Pennsylvania to a baseline to evaluate the success and adequacy of the Pennsylvania Promise in lowering college costs for Pennsylvania families. The office shall also track the utilization of the Pennsylvania Promise by gender, race, and ethnicity.
- Explore the academic literature and engage academic experts in pursuing and funding interventions aimed at boosting college entry and completion. The office should seek to consult with academic experts and develop internal expertise on the use of control groups to evaluate the effectiveness of interventions the office funds.

- Coordinate the recruitment and assignment of volunteer mentors to help high school students navigate through their college, financial aid, and Pennsylvania Promise applications.
- Pursue strategies to inform high school students of key deadlines in the college application process from college admission exams to financial aid. For more on the potential of reminders and well-framed encouragements, see Page and Scott-Clayton's review.⁴⁶
- The office, in its efforts, should seek to boost college entry for historically underrepresented groups by race, ethnicity (overall in college degree attainment) and for women the pursuit of training in STEM fields.
- Work with school districts that serve low- and middle-income students to both seed and leverage other public and private philanthropic funds to improve access to career counseling. The office shall report to the General Assembly on the success of these interventions in facilitating increased college entry among low- and middle-income high school students and propose statewide publicly funded interventions that replicate successful approaches.
- Administer Pennsylvania Promise funds allocated to Adult Education Assistance. The office shall establish a procedure for collecting applications for tuition assistance and award funds to adult learners. The office shall provide counselors to adult learners to develop an educational plan. The office shall coordinate with workforce development professionals located in the Pennsylvania Department of Labor's CareerLink offices to provide information about skill development and career opportunities in local communities.
- Coordinate with Apprenticeship and Training Office located in the Pennsylvania Department of Labor & Industry to recruit students for career tracks that combine classroom instruction with on the job training that leads to industry recognized credentials and incomes on par with similarly aged college graduates.
- Track the rate at which high school students in each school district complete college admission exams and explore interventions in communities where test taking rates fall below the statewide average to boost the number of students taking college entrance exams.
- Track the intergenerational income mobility of Pennsylvania Promise recipients by establishing a longitudinal database that includes the family income at grant reciprocity for each student and surveying those students at regular intervals throughout their adult life. The office shall follow standard procedures to anonymize this microdata and make it available to researchers.

End Notes

¹ 1) Pennsylvania's Great Working-Class Colleges <https://goo.gl/uysc3F> 2) At Students' Expense: Rising Costs Threaten Pennsylvania Public Universities' Role in Upward Mobility <https://goo.gl/zxEQuJ> 3) Pennsylvania Higher Education at a Crossroads: To Boost Opportunity and Growth, Pennsylvania Needs to Invest in Higher Education <https://goo.gl/TH5KFy>

² Ranked from best (1) to worst (50) Pennsylvania ranked 47 on low debt at graduate, 48 on tuition and fees and 37 on 2-year college graduation rate with an overall ranking of 50 for higher education see Best States for Higher Education, U.S. News & World Report, <https://www.usnews.com/news/best-states/rankings/education/higher-education>

³ Eugene Henninger-Voss and Stephen Herzenberg, "Pennsylvania Higher Education at a Crossroads: To Boost Opportunity and Growth, Pennsylvania Needs to Invest in Higher Education," Keystone Research Center and Pennsylvania Budget and Policy Center, August 18, 2017, <https://www.keystoneresearch.org/publications/research/pennsylvania-higher-education-crossroads-boost-opportunity-and-growth-pennsylv> see Page 10.

⁴ Ibid., 11.

⁵ For further discussion and references, see Stephen Herzenberg, Mark Price, and Michael Wood, "A Must Have for Education, Part Two: Investment in Higher Education for Growth and Opportunity," Keystone Research Center and Pennsylvania Budget and Policy Center, October 2014, pp. 3-6; <https://www.keystoneresearch.org/publications/research/investment-higher-education>

⁶ *Wall Street Journal*, May 30, 2017; <https://www.wsj.com/articles/rural-america-is-the-new-inner-city-1495817008>

⁷ Nicholas Hillman and Taylor Weichman, "Education Deserts: The continued significance of "Place" in the Twenty-First Century", American Council on Education & Center for Policy Research and Strategy, 2016, <https://goo.gl/WnfNB8>, label 15 counties in central, northern, and western PA as "education deserts". These are areas where either 1. Zero colleges or universities located nearby or 2. One community college "is the only public broad access institution near-by." "Broad access" is defined as having an acceptance rate of greater than 75%. "Near-by" is defined as located within the same Commuting Zone (from the 1990 census), metropolitan, or metropolitan statistical area.

⁸ State Related Universities include Lincoln University, Pennsylvania College of Technology, Pennsylvania State University, Temple University, Thaddeus Stevens College of Technology, and University of Pittsburgh

⁹ The source for this ranking and for our estimates of the change in ranking with alternative proposals for providing free tuition is the University of Illinois Grapevine data base online at <https://education.illinoisstate.edu/grapevine/>. For a bar graph comparing funding per capita in all 50 states, see Diana Polson, Stephen Herzenberg, and Mark Price, "At Students' Expense: Rising Costs Threaten Pennsylvania Public Universities' Role in Upward Mobility," Keystone Research Center and Pennsylvania Budget and Policy Center, June 2017, Figure 1; <https://goo.gl/zxEQuJ>

¹⁰ According to the 2017-18 Governor's Executive Budget, p. B-3, the Pennsylvania 3.07% Personal Income Tax is projected to raise \$14.28 billion in 2018-19. Thus, each point raises 4.65 billion, one fourth of which is \$1.16 billion.

¹¹ The Fair Share Tax increases the tax on income from dividends; net income [from a business, profession, or farm]; capital gains; net income from rents, royalties, patents, and copyrights; gambling and lottery winnings; and income from estates or trusts. from 3.07% to 6.5% and decreases the tax on wages and interest from 3.07% to 2.8%. In total the Fair Share Tax raises \$2 billion in new revenue. For more see Marc Stier, "A Fair Share Tax to Support Public Investment in Pennsylvania," Pennsylvania Budget and Policy Center, March 22, 2017, http://www.pennbpc.org/sites/pennbpc.org/files/20170321_FairShareTaxReport.pdf

¹² Based on Independent Fiscal Office analysis (April 2017), we calculate that a severance tax matching the West Virginia severance tax would have raised over and above existing impact fee revenues another \$912 million in 2010 in Pennsylvania.

¹³ Financial assets of households and non-profit organizations equaled \$78.3 trillion in the second quarter of 2017 (<https://www.federalreserve.gov/releases/z1/current/html/b101.htm>). We assume that the Pennsylvania share of U.S. financial assets equals the Pennsylvania share (2.78%) of the net worth held by people with more than \$2 million in assets in 2007 (http://www.irs.gov/file_source/pub/irs-soi/07in06pw.xls). (The year 2007 was the last

time these personal wealth statistics by state are reported; <https://www.irs.gov/statistics/soi-tax-stats-personal-wealth-statistics#2>.) Thus, Pennsylvania financial wealth equals \$2,179 billion. A 0.054% tax on this amount would raise \$1.18 billion.

¹⁴ One possible modification from the baseline for the Pennsylvania Promise would be to offer grants of up to \$2,000 to cover classroom related instruction for adults enrolled in apprenticeship program registered with the Apprenticeship and Training Office in the Pennsylvania Department of Labor & Industry. Eligible apprenticeship programs would be free to students, provide paid employment associated with the apprenticeship and have articulation agreements with accredited colleges including but not limited to community colleges and State System schools.

¹⁵ Sara Goldrick-Rab and Nancy Kendall, “F2CO: Redefining College Affordability: Securing America’s Future with a Free Two-year College Option,” April 2014, http://wihopelab.com/publications/Redefining_College_Affordability.pdf, see especially p. 21.

¹⁶ For a compelling summary of changes in college enrollment and persistence by income see Sara Goldrick-Rab and Nancy Kendall, “F2CO: Redefining College Affordability: Securing America’s Future with a Free Two Year College Option”, *The EduOptimists*, April 2014, <http://theeduooptimists.com/2014/04/redefining-college-affordability-securing-americas-future-with-a-free-two-year-college-option.html>

¹⁷ Mark Price, “Pennsylvania’s Great Working-Class Colleges”, Keystone Research Center, April 24, 2017, <https://goo.gl/uysc3F>

¹⁸ For a review of the literature see David Deming and Susan Dynarski, “Into College, Out of Poverty? Policies To Increase The Postsecondary Attainment of the Poor”, NBER Working Paper 15387, September 2009, <http://www.nber.org/papers/w15387> see also Lindsay C. Page and Judith Scott-Clayton, “Improving college access in the United States: Barriers and policy response”, NBER Working Paper No. 21781, December 2015, <http://www.nber.org/papers/w21781>

¹⁹ Lindsay C. Page and Judith Scott-Clayton, “Improving college access in the United States: Barriers and policy response,” NBER Working Paper No. 21781, December 2015, <http://www.nber.org/papers/w21781>

²⁰ The net total cost of college is defined as the average annual total cost of attendance, including tuition and fees, books, and supplies, and living expenses, minus the average grant/scholarship aid. It is calculated for all full-time, first-time, degree/certificate-seeking undergraduates who receive Title IV aid. It is included in the IPEDS Student Financial Aid component. Separate metrics are calculated for public institutions and private institutions. For public institutions, this metric is limited to undergraduates who pay in-state tuition and receive Title IV aid. For private institutions, it includes all undergraduates who receive Title IV aid. The total cost of attendance depends on whether undergraduates live on campus, off campus (not with family), or off campus (with family)

²¹ Gross wages would climb to \$7,500 for 500 hours of work at \$15 per hour in 2024. The proposed wage levels follow our proposed schedule for increases in the Pennsylvania minimum wage see Mark Price and Stephen Herzenberg, “The State of Working Pennsylvania”, Keystone Research Center, September 2017, <https://www.keystoneresearch.org/publications/research/state-working-pennsylvania-2017>

²² Based on our analysis of Mobility Report Cards: The Role of Colleges in Intergenerational Mobility <http://www.equality-of-opportunity.org/college/>

²³ Based on our analysis of American Community Survey 2011-2015 data <https://goo.gl/JAN1wL>

²⁴ We are defining middle-income taxpayers here as families with incomes between \$60,000 and \$95,000. Data on tax incidence is provided by the Institute on Taxation and Economic Policy, “Who Pays?”, January 2015, <https://itep.org/whopays/pennsylvania/>

²⁵ Based on Independent Fiscal Office analysis (April 2017), we calculate that a severance tax matching the West Virginia severance tax would have raised over and above existing impact fee revenues another \$912 million in 2010 in Pennsylvania.

²⁶ Analysis by the Institute on Taxation and Economic Policy (ITEP) finds that leaving the current personal income tax rate fixed at 3.07% on all wage and interest income while raising the personal income tax rate to 4.36% on all other classes of income including dividends, capital gains, net profits would raises taxes on average in 2018 by: \$2 on families with incomes less than \$23,000, \$8 on families with incomes between \$22,000 and \$42,000, \$19 on families with incomes between \$42,000 and \$66,000, \$62 on families with incomes between \$66,000 and \$109,000, \$162 on families with income between \$109,000 and \$226,000, \$787 on families with incomes between \$215,000 and \$563,000 and \$8,455 on families with an income over \$563,000. In total this tax change would raise in \$1 billion in 2018.

²⁷ Analysis by the Institute on Taxation and Economic Policy (ITEP) finds that raising the current personal income tax rate from 3.07% to 3.32% in 2018 would raises taxes on average by \$15 on families with incomes less than \$23,000, \$40 on families with incomes between \$22,000 and \$42,000, \$79 on families with incomes between \$42,000 and \$66,000, \$155 on families with incomes between \$66,000 and \$109,000, \$294 on families with income between \$109,000 and \$226,000, \$654 on families with incomes between \$215,000 and \$563,000 and \$3,056 on families with an income over \$563,000. In total this tax change would raise \$1 billion in 2018.

²⁸ Financial assets of households and non-profit organizations equaled \$78.3 trillion in the second quarter of 2017 (<https://www.federalreserve.gov/releases/z1/current/html/b101.htm>). We assume that the Pennsylvania share of U.S. financial assets equals the Pennsylvania share (2.78%) of the net worth held by people with more than \$2 million in assets in 2007 (http://www.irs.gov/file_source/pub/irs-soi/07in06pw.xls). (The year 2007 was the last time these personal wealth statistics by state are reported; <https://www.irs.gov/statistics/soi-tax-stats-personal-wealth-statistics#2>.) Thus, Pennsylvania financial wealth equals \$2,179 billion. A 0.054% tax on this amount would raise \$1.18 billion. A 0.054% wealth tax for a taxpayer with \$1 million in financial assets would mean an annual tax bill of \$540. This wealth tax for a taxpayer with \$50,000 in financial assets would mean an annual tax bill of \$27.

²⁹ Stephen Herzenberg, "Corporate Tax Cuts Since 2002 Now Cost PA \$3.25 Billion Yearly", Pennsylvania Budget and Policy Center, Forthcoming.

³⁰ This is a comparison of the split income growth between 1979 and 2007 with 2007 being the most recent peak of the business cycle. Those that prefer a more recent estimate the top 1% of earners have 44% of income growth between 1979 and 2014 (the most recent year of data available). As the current business cycle has not yet peaked the income split between the top 1% and the bottom 99% measured for 2015, 2016 and 2017 will likely improve moving closer to the average measured from 1979 to 2007.

³¹ State System schools include: Bloomsburg, California, Cheyney, Clarion, East Stroudsburg, Edinboro, Indiana, Kutztown, Lock Haven, Mansfield, Millersville, Shippensburg, Slippery Rock, and West Chester

³² Full-time first-time degree/certificate seeking undergraduates in State System schools from 2010-11 to 2014-15 averaged 13.8% of high school graduates over the same period. Data on full-time first-time degree/certificate seeking undergraduates paying in-state tuition rates is tracked in the Student Financial Aid data file (variable named "scfa12n") of the Integrated Postsecondary Education Data System (IPEDS). The total number of high school graduates through 2015-16 and projections from 2016-17 to 2021-22 were generously provided by Alan Shay at the State System of Higher Education. Shay's data and estimates are based on Pennsylvania Department of Health "Pennsylvania Vital Statistics 1997-2015."; Pennsylvania Department of Education Public High School Graduates 2003-2016; Pennsylvania Department of Education Public High School Enrollment 2003-2016; projections of high school graduates from 2016-17 to 2021-22 were based on Western Interstate Commission for Higher Education (WICHE) "Knocking at the College Door: Projections of High School Graduates." Issued December 2012. Updated by the Office of Educational Intelligence May 22, 2017.

³³ Based on the Student Financial Aid data file for 2014-15 from IPEDS we estimate that 76% of the students enrolled in the state system have family incomes less than \$110,000 (summing across State System schools the variables (gis4n12+gis4n22+gis4n32 +gis4n42)/gis4n2).

³⁴ Lindsay C. Page (lpage@pitt.edu), Aizat Nurshatayeva, and Danielle Lowry, "The private labor market returns from decreasing the financial cost of college for low-income students", Unpublished Working Paper, April 14, 2017

³⁵ We estimate an average award per student over four years of (see Table A1) of \$7,402.

³⁶ In-state tuition and fees rose at an average annual rate of 5% in the state system from 2009-10 to 2016-17. Assuming increased state support for higher education tuition is assumed to rise at half that pace (2.5%) over the period of our analysis.

³⁷ Based on data from the Student Financial Aid data file of the Integrated Postsecondary Education Data System (IPEDS) for 2014-15 (variables "gis4n12", "gis4n22", "gis4n32", & "gis4n42") we distribute enrollment (row 3 of panel A of Table A2) for each year assuming the same distribution by family income. We adjust these figures by the percent of students in each income group in 2014-15 that were awarded any grant/scholarship aid (variables "gis4g12", "gis4g22", "gis4g32", "gis4g42"). We distribute the predicted increase in enrollment (row 4 of panel A of Table A2) assuming the same distribution of students by family income in 2014-15. We then multiply our total enrollment figure within each income group by the average amount of grant and scholarship aid awarded in 2014-15 (variables "gis4a12", "gis4a22", "gis4a32", and "gis4a42"). Multiplying by enrollment for each income group and summing across those groups we arrive a total dollar value of existing grant aid for first-time full-time students

who are PA residents. We arrive at a total for two years of students by repeating the same procedure for the previous year; in effect we are assuming that grant amounts for students in their second year are identical to their first-year award. Staff at the State System confirmed that grant amounts for their students in their second year were almost identical. We were not able to determine if the same pattern prevails among students enrolled in community colleges and state-related institutions. Another key and related assumption here is that federal and state grant aid will remain fixed at 2014-15 levels. If other federal and state grant sources fall or increase over time that will introduce error into our cost estimates.

³⁸ Average grant aid for State System students by family income in 2014-15 was \$8,812 for family incomes less than \$30,000; \$7,710 for those with incomes between \$30,001 and \$48,000; \$4,189 for those with incomes between \$48,001 and \$75,000 and \$1,192 for family incomes between \$75,001 and \$110,000. Given this distribution of grant aid a free college plan that covers tuition and fees after all other existing federal and state grants distributes a larger share of financial aid to students with family incomes between \$48,001 and \$110,00 (see Figure A2 in the main body). Students with family incomes less than \$48,001 account for 22% of new aid while students with family incomes over \$48,000 capturing the remaining 78% of aid. Instituting a minimum grant of \$2,000 for students with incomes less than \$48,001 raises their share of total grant aid to 32%. As illustrated in Table 2 in the main body of the paper, the total cost of attendance (note we assume that the total cost of attendance rises at the same rate of tuition and fees between 2014-15 and 2018-19) for State System students falls in a range between 26% and 30% for the two lowest income groups of students (those earnings less than \$48,001). The total cost of attendance falls 32% for students with family incomes between \$48,001 and \$75,000 and falls 40% for family incomes between \$75,001 and \$110,00.

³⁹ Community colleges include: Bucks County Community College, Butler County Community College, Community College of Allegheny County, Community College of Beaver County, Community College of Philadelphia, Delaware County Community College, Harrisburg Area Community College, Lehigh Carbon Community College, Luzerne County Community College, Montgomery County Community College, Northampton County Area Community College, Pennsylvania Highlands Community College, Reading Area Community College, and Westmoreland County Community College.

⁴⁰ Lindsay C. Page (lpage@pitt.edu), Aizat Nurshatayeva, and Danielle Lowry, "The private labor market returns from decreasing the financial cost of college for low-income students," Unpublished Working Paper, April 14, 2017

⁴¹ Data on the number of students paying in-district (variable "scfa11n") and in-state (variable "scfa12n") tuition is derived from the Student Financial Aid data file for 2014-15 of the Integrated Postsecondary Education Data System (IPEDS).

⁴² Lindsay C. Page (lpage@pitt.edu), Aizat Nurshatayeva, and Danielle Lowry, "The private labor market returns from decreasing the financial cost of college for low-income students", Unpublished Working Paper, April 14, 2017

⁴³ Goldrick-Rab and Kendall, "F2CO: Redefining College Affordability: Security America's Future with a Free Two-year College Option," p. 21.

⁴⁴ Five hundred hours equals approximately 15 hours of employment per week for 34 weeks during the school year.

⁴⁵ In 2016-17, Pennsylvania drew down \$50.1 million for federal work study across all public and private colleges, of which \$3.8 million and \$14.6 million were for public two-year and public four-year institutions (see Table 8 at <https://www2.ed.gov/finaid/prof/resources/data/databook2016/databook2016.html>). If a bit less than half the \$14.6 million goes to State System students, these data suggest that our proposal would be twice the scale of work study at community colleges and State System schools in year one and six times by year three. If expanding the number of positions this quickly proves, the cap for individual awards could be increased to 1,000 hours, potentially allowing students to work full-time during the summer as well as 15 hours per week in the school year.

⁴⁶ Lindsay C. Page and Judith Scott-Clayton, "Improving college access in the United States: Barriers and policy response," NBER Working Paper No. 21781, December 2015, <http://www.nber.org/papers/w21781>

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House Co-Sponsorship Memoranda

House of Representatives Session of 2017 - 2018 Regular Session

MEMORANDUM

Posted: April 17, 2018 01:50 PM
From: Representative James R. Roebuck, Jr. and Rep. Jordan A. Harris
To: All House members
Subject: PA Promise Act

In the near future I plan to introduce legislation, known as the Pennsylvania Promise Act, that will improve college access and affordability for Pennsylvania students.

The legislation will remove substantial financial burdens on students and their families and make college more affordable for students attending one of Pennsylvania's community colleges, state system universities, and state-related institutions.

The Pennsylvania Promise will be administered by the Pennsylvania Higher Education Assistance Agency (PHEAA) and will cover two years of tuition and fees for recent high school graduates attending one of the 14 community colleges and four years of tuition and fees at a state-owned or state-related university for students with a family income of \$110,000 or less per year. Students whose family income is \$48,000 or less will also be eligible for assistance with costs associated with room and board.

The grants associated with the Pennsylvania Promise will cover the "last dollar" - the remaining amount after all other federal, state, and institutional grants are awarded to a student. Similar legislation has been enacted in New York and Tennessee.

Additionally, this legislation provides dedicated grants to adult learners who are seeking additional credentials, including certification and college credit. The legislation will also dedicating funding to improve college access and opportunity for low and middle-income students.

Together we can improve college access and affordability, reduce the financial burden on Pennsylvania's students and their families, and provide support for our community colleges and state system and state-related universities.

I hope you will join me in sponsoring this important legislation. Please contact my office if you have any questions.



Introduced as HB2444

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2444 Session of
2018

INTRODUCED BY ROEBUCK, J. HARRIS, BRIGGS, HARKINS, A. DAVIS,
McCARTER, YOUNGBLOOD, STURLA, CALTAGIRONE, SOLOMON, KINSEY,
MURT, D. COSTA, McCLINTON, DRISCOLL, HILL-EVANS, DALEY AND
SCHWEYER, JUNE 6, 2018

REFERRED TO COMMITTEE ON EDUCATION, JUNE 6, 2018

AN ACT

1 Providing for the Pennsylvania Promise Program and the
2 Pennsylvania Promise Fund.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Pennsylvania
7 Promise Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Academic year." A 12-month period commencing on or after
13 August 1 of the calendar year.

14 "Agency." The Pennsylvania Higher Education Assistance
15 Agency.

16 "Community college." An institution created under Article
17 XIX-A of the act of March 10, 1949 (P.L.30, No.14), known as the

Public School Code of 1949, or the act of August 24, 1963
(P.L.1132, No.484), known as the Community College Act of 1963.

"Eligible adult learner." An individual who:

(1) Is a resident of this Commonwealth at the time of
the application.

(2) Has been a domiciled resident of this Commonwealth
as determined by the agency.

(3) Is 24 years of age or older at the time of the
application.

(4) Has graduated from high school or an equivalent
approved by the Department of Education.

(5) Has applied for and been accepted to an institution
of higher education.

(6) Has completed a Free Application For Federal Student
Aid (FAFSA).

(7) Has applied for all available Federal Pell grants,
Pennsylvania State grants and institution grants.

"Eligible student." An individual who:

(1) Is a resident of this Commonwealth at the time of
the application.

(2) Has been a domiciled resident of this Commonwealth
as determined by the agency.

(3) Is less than 24 years of age or is an active member
of a branch of the armed services at the time of the
application.

(4) Has graduated from high school or an equivalent
approved by the Department of Education within the previous
five years.

(5) Has applied for and been accepted to an institution
of higher education.

(6) Has completed a Free Application For Federal Student Aid (FAFSA).

(7) Has applied for all available Federal Pell grants, Pennsylvania State grants and institution grants.

"Fees." Fixed charges to recover costs of certain services, materials or activities provided. Fees shall not exceed the highest fixed charges set by the Pennsylvania State System of Higher Education's Board of Governors.

"Full-time student." An individual enrolled in an undergraduate degree program at an institution of higher education and registered for a minimum of 12 credits per semester or equivalent enrollment as set by the agency.

"Fund." The Pennsylvania Promise Fund established under section 5.

"Institution of higher education." Any of the following:

(1) A community college.

(2) A State-owned institution.

(3) A State-related institution.

(4) The Thaddeus Stevens College of Technology.

"Part-time student." An individual enrolled in an institution of higher education and registered for less than 12 credits per semester or equivalent enrollment as set by the agency.

"Program." The Pennsylvania Promise Program established under this act.

"Room and board." The standard educational expense allowance for the most recent year as determined by the agency.

"State-owned institution." An institution which is part of the State System of Higher Education under Article XX-A of the Public School Code of 1949 and all branches and campuses of the

1 institution.

2 "State-related institution." The Pennsylvania State
3 University, Pennsylvania College of Technology, University of
4 Pittsburgh, Temple University, Lincoln University and associated
5 branch campuses of the universities.

6 "Tuition." An amount not to exceed the maximum undergraduate
7 in-state tuition rate established by the Board of Governors for
8 rendering educational services, as enumerated in Article XX-A of
9 the Public School Code of 1949. The agency, at its discretion,
10 may increase the maximum amount.

11 Section 3. Pennsylvania Promise Program.

12 There is established within the agency a program to be known
13 as the Pennsylvania Promise Program.

14 Section 4. Procedure.

15 (a) Agency.--The agency shall administer the program and be
16 responsible for carrying out the provisions of this act.

17 (b) Regulations.--The agency may adopt rules and regulations
18 necessary to administer the provisions of this act.

19 Section 5. Pennsylvania Promise Fund.

20 (a) Fund.--A restricted receipts account shall be
21 established in the State Treasury and shall be known as the
22 Pennsylvania Promise Fund.

23 (b) Administration of fund.--Money in the fund shall be
24 appropriated to the agency on an ongoing basis to carry out the
25 provisions of this act.

26 (c) Contributions and investment.--The following apply:

27 (1) The fund may accept gifts, donations, legacies or
28 any other revenues.

29 (2) Interest earned by the fund shall remain in the
30 fund.

(d) Purpose.--Money in the fund shall be used for the purpose set forth in this act.

(e) Allocation.--The following shall apply:

(1) The agency shall distribute money from the fund to eligible students in accordance with sections 6 and 7.

(2) The agency shall allocate money in the fund for eligible adult learners:

(i) In accordance with section 8.

(ii) In the following amounts:

(A) For fiscal year 2018-2019, \$12,500,000.

(B) For fiscal year 2019-2020, \$25,000,000.

(C) For fiscal year 2020-2021, \$40,000,000.

(D) For fiscal year 2021-2022 and each fiscal year thereafter, \$50,000,000.

(3) Beginning no later than the first full fiscal year after the notice in section 10 is published and each fiscal year thereafter, \$50,000,000 shall be transferred by the agency from the fund to the Department of Labor and Industry to support and enhance apprenticeship programs across this Commonwealth.

(4) Beginning no later than the first full fiscal year after the notice in section 10 is published and each fiscal year thereafter, no more than \$50,000,000 shall be used by the agency for matching funds through the agency's work study program.

(5) Notwithstanding any provisions of law to the contrary, uses of funds made available under this section shall be determined by the agency.

(f) Nonlapsing.--Money in the fund shall not lapse and shall be available in subsequent fiscal years to be used in accordance

1 with the provisions of this act.

2 (g) Administrative fees.--No more than 2% of the money in
3 the fund may be used to cover administrative costs. For purposes
4 of this section, administrative costs shall include marketing of
5 the program throughout this Commonwealth.

6 (h) Insufficient funds.--If during any year there are
7 insufficient funds available to provide scholarships or make the
8 transfers required under this section, the agency shall pro rate
9 the transfers and scholarships under sections 6 and 7.

10 Section 6. Scholarship for tuition and fees.

11 (a) Application.--The agency shall accept applications, in a
12 form and manner as determined by the agency, from eligible
13 students for tuition and fees.

14 (b) Scholarship at State-owned or State-related
15 institution.--An eligible student may receive a scholarship at a
16 State-owned institution or State-related institution for the
17 academic year in an amount not to exceed the outstanding tuition
18 and fees after Federal, State and institution grants have been
19 applied if the eligible student:

20 (1) has a total annual household income that does not
21 exceed \$110,000; and

22 (2) is enrolled full-time.

23 (c) Scholarship at community colleges.--An eligible student
24 may receive a scholarship at a community college for the
25 academic year in an amount not to exceed the outstanding tuition
26 and fees after Federal, State and institution grants have been
27 applied if, at a minimum, the eligible student is enrolled full-
28 time.

29 (d) Review and approval.--

30 (1) The agency shall review all applications submitted

1 under this section.

2 (2) The agency may approve an application if the
3 application meets the requirements under subsection (b) or
4 (c) and if the eligible student submitting the application
5 meets the requirements of this act.

6 (e) Distribution of scholarship.--Once an eligible student
7 has been approved for a scholarship for tuition and fees under
8 this section, the agency shall, upon receipt of an outstanding
9 balance from an institution of higher education, pay the
10 outstanding tuition and fee balance owed by the eligible student
11 directly to the institution of higher education.

12 (f) Limitation on scholarship.--Notwithstanding any
13 provision of this act to the contrary, the agency may not issue
14 any scholarship in excess of the outstanding balance for tuition
15 and fees received from an institution of higher education.

16 (g) Renewal.--

17 (1) A scholarship for tuition and fees awarded to an
18 eligible student shall not exceed one academic year.

19 (2) The agency shall create an application to allow
20 previously approved eligible students to recertify their
21 eligibility.

22 (3) An eligible student at a State-owned or State-
23 related institution who has not exceeded the limitation in
24 subsection (i) may reapply for the scholarship for tuition
25 and fees if the eligible student:

26 (i) Is enrolled full-time.

27 (ii) Is making satisfactory academic progress as
28 determined by the institution of higher education, unless
29 the eligible student is in the first year of college.

30 (iii) While attending a State-owned institution or

State-related institution, has a total annual household income that does not exceed \$110,000.

(4) An eligible student at a community college who has not exceeded the limitation in subsection (i) may reapply for the scholarship for tuition and fees if the eligible student:

(i) Is enrolled full-time or part-time.

(ii) Is making satisfactory academic progress, unless the eligible student is in the first year of college.

(h) Continued eligibility.--An eligible student shall be continuously enrolled in the institution of higher education for the academic year which the eligible student received a scholarship for tuition and fees. If the eligible student is not continuously enrolled in the institution of higher education, the agency, in its discretion, may deny renewal under subsection (g).

(i) Limitation to scholarship.--

(1) An eligible student may not receive a scholarship for tuition and fees if the eligible student:

(i) While attending a community college, the eligible student has completed no more than four academic years or has earned an associate's degree, except as provided in paragraph (2).

(ii) While attending a State-owned institution or State-related institution, the eligible student has completed four academic years or has earned a bachelor's degree.

(2) A student who is otherwise eligible for a scholarship under this section may not be eligible for a scholarship for tuition and fees if the local sponsor has not

1 made the payment required under section 1913-A(a)(2) of the
2 act of March 10, 1949 (P.L.30, No.14), known as the Public
3 School Code of 1949.

4 (3) An eligible student may receive a scholarship for no
5 more than four academic years at an institution of higher
6 education.

7 Section 7. Scholarship for room and board.

8 (a) Application.--The agency shall accept applications, in a
9 form and manner as determined by the agency, from eligible
10 students who qualify under subsections (b) and (c).

11 (b) Scholarship at State-owned or State-related
12 institution.--An eligible student at a State-owned or State-
13 related institution may receive a need-based scholarship for
14 room and board for the academic year after Federal, State and
15 institution grants have been applied if the eligible student:

16 (1) has a total annual household income that does not
17 exceed \$48,000; and

18 (2) is enrolled full-time.

19 (c) Scholarship at community college.--An eligible student
20 at a community college may receive a need-based scholarship for
21 room and board for the academic year after Federal, State and
22 institution grants have been applied if the eligible student:

23 (1) has a total annual household income that does not
24 exceed \$48,000; and

25 (2) is enrolled full-time or part-time.

26 (d) Review and approval.--

27 (1) The agency shall review all applications submitted
28 under this section.

29 (2) The agency may approve an application if the
30 application meets the requirements under subsection (b) or

(c) and if the eligible student meets the requirements of this act.

(e) Distribution of scholarship at State-owned or State-related institution.--If an eligible student has been approved for a scholarship for room and board under subsection (b), the agency shall, upon receipt of an outstanding balance from the State-owned or State-related institution of higher education, pay the outstanding balance for room and board owed by the eligible student directly to the institution.

(f) Distribution of scholarship at community colleges.--If an eligible student has been approved for a scholarship for room and board under subsection (c), the agency shall pay a scholarship for room and board in a manner decided by the agency.

(g) Limitation on scholarship.--

(1) Except as provided in paragraph (2) and notwithstanding any provision of this act to the contrary, the agency may not issue a scholarship for room and board in excess of the outstanding balance received from a State-owned institution or State-related institution.

(2) The agency may issue a scholarship for room and board in excess of the outstanding balance received from a community college.

(3) A student who is otherwise eligible for a scholarship under this section may not be eligible for a scholarship for tuition and fees if the local sponsor has not made the payment required under section 1913-A(a)(2) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.

(h) Renewal.--

1 (1) A scholarship for tuition and fees awarded to an
2 eligible student shall not exceed one academic year.

3 (2) The agency shall create an application to allow
4 previously approved eligible students to recertify their
5 eligibility.

6 (3) An eligible student who has not exceeded the
7 limitation in subsection (j) may reapply for the scholarship
8 for room and board if the student is enrolled full-time at a
9 State-owned or State-related institution or is enrolled full-
10 time or part-time at a community college and:

11 (i) is making satisfactory academic progress, unless
12 the eligible student is in the first year of college; and

13 (ii) has a total annual household income that does
14 not exceed \$48,000.

15 (i) Continued eligibility.--An eligible student shall be
16 continuously enrolled in the institution of higher education for
17 the academic year for which the eligible student received a
18 scholarship for room and board. If an eligible student is not
19 continuously enrolled in the institution of higher education,
20 the agency, in its discretion, may deny renewal under subsection
21 (h).

22 (j) Limitation to eligibility.--

23 (1) An eligible student may not receive a scholarship
24 for room and board if the eligible student:

25 (i) While attending a community college, has
26 completed four academic years or has earned an
27 associate's degree except as provided in paragraph (2).

28 (ii) While attending a State-owned institution or
29 State-related institution, has completed four academic
30 years or has earned a bachelor's degree.

1 (2) An eligible student may receive a scholarship for
2 two academic years at a State-owned institution or State-
3 related institution if they have exhausted their eligibility
4 under paragraph (1)(i).

5 Section 8. Eligibility for adult reeducation.

6 (a) Application.--The agency shall accept applications, in a
7 form and manner as determined by the agency, from an eligible
8 adult learner for aid to assist with education expenses.

9 (b) Eligibility.--An eligible adult learner may receive
10 assistance for aid for adult reeducation programs for the
11 academic year the eligible adult learner:

12 (1) has a total annual household income that does not
13 exceed \$110,000; and

14 (2) has applied for and has been accepted into an adult
15 reeducation program or adult reeducation certificate program,
16 or is enrolled part time or full time in an institution of
17 higher education.

18 (c) Pennsylvania Targeted Industry Program.--Notwithstanding
19 any provisions of law to the contrary, the agency may use money
20 allocated for adult reeducation for the Pennsylvania Targeted
21 Industry Program.

22 (d) Review and approval.--

23 (1) The agency shall review all applications submitted
24 under this section.

25 (2) The agency may approve an application if the
26 application meets the requirements under subsection (b) and
27 if the eligible adult learner meets the requirements of this
28 act.

29 (e) Priority.--When reviewing an application for aid under
30 this section, the agency shall prioritize aid for programs that

1 lead to an industry-recognized credential that is articulated
2 with college credit. The agency shall annually determine and
3 post on its publicly accessible Internet website industry-
4 recognized credentialed programs that qualify for aid priority
5 under this section.

6 (f) Distribution of aid.--If an eligible adult learner has
7 been approved for aid under this section, the agency shall, upon
8 receipt of an outstanding balance from an institution of higher
9 education, pay the outstanding balance owed by an adult learner
10 directly to the institution of higher education.

11 (g) Limitation on aid.--Notwithstanding any provision of
12 this act to the contrary, the agency may not issue any aid in
13 excess of the outstanding balance received from an institution
14 of higher education.

15 (h) Renewal.--

16 (1) Aid awarded to an eligible adult learner shall not
17 exceed one academic year.

18 (2) The agency shall create an application to allow
19 previously approved eligible students to recertify their
20 eligibility.

21 (3) An eligible adult learner who has not exceeded the
22 limitation in subsection (i) may reapply for aid if:

23 (i) Enrolled as a full-time student or part-time
24 student at an institution of higher education or a
25 certificate program approved by the agency.

26 (ii) Total annual household income does not exceed
27 \$110,000.

28 (i) Limitation to eligibility.--An eligible adult learner
29 may not receive aid if the eligible adult learner:

30 (1) While attending a community college, has completed

1 no more than four academic years or has earned an associate's
2 degree or an industry-recognized credential for which the
3 eligible adult learner was enrolled in order to qualify for
4 aid.

5 (2) While attending a State-owned institution or State-
6 related institution, has completed four academic years or has
7 earned a bachelor's degree or industry-recognized credential
8 for which the eligible adult learner was enrolled in order to
9 qualify for aid.

10 Section 9. Annual report.

11 Beginning one year after the first scholarship is awarded
12 under this act, the agency shall provide the Governor and the
13 chairperson and minority chairperson of the Appropriations
14 Committee and the Education Committee of the Senate and the
15 chairperson and minority chairperson of the Appropriations
16 Committee and the Education Committee of the House of
17 Representatives with a report which includes the following:

18 (1) The total number of students served by the program.

19 (2) A breakdown by race, gender, ethnicity and
20 socioeconomic demographic for all students served by the
21 program, if known.

22 (3) The total number of scholarships awarded and the
23 average amount awarded.

24 (4) A year-over-year comparison of the net total costs
25 at all institutions of higher education in this Commonwealth
26 which shall be used to evaluate the adequacy and success of
27 the program in lowering college costs.

28 (5) Recommendations, if any, for improving access and
29 affordability of higher education.

30 (6) Any other information.

1 Section 10. Notice.

2 The Secretary of the Commonwealth shall submit notice for
3 publication in the Pennsylvania Bulletin when the General
4 Assembly appropriates money necessary to effectuate this act.

5 Section 11. Effective date.

6 This act shall take effect as follows:

7 (1) The following provisions shall take effect
8 immediately:

9 (i) This section.

10 (ii) Section 10.

11 (2) The remainder of this act shall take effect upon
12 publication of the notice under section 10.