

A Tale of Two Solutions to the College Affordability Crisis

By

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To my father, for his unending support and guidance throughout this journey. Thank you for being my rock and a source of constant encouragement.

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Chapter 1

Introduction

Overview of Study

The supply, demand, and price of higher education in the U.S. have changed dramatically over the past half century. Changes in the economy have made acquiring a college degree, especially a Bachelor's degree, more essential than ever for secure employment and entrance into middle-class and higher occupations and professions (Dumais & Ward 2009; Putnam, 2015; Pitt & Zhu, 2019). Thus, the percentage of the nation's population with college degrees has dramatically increased (Bensman and Vidich, 1987; Collins, 2002). At the same time, the price of a college degree has also risen dramatically, as has the cost of financial assistance to students (Dynarski and Scott-Clayton, 2013; Goldrick-Rab, 2016). These changes have made a college degree both more necessary and less affordable. This has resulted in a national crisis – widespread student debt with extensive defaults of student loans (Goldrick-Rab, 2016; Scott-Clayton, 2018).

Since WWII, the federal and state governments have implemented numerous financial aid initiatives to help students pay for college. Beginning in 1965 with the Higher Education Act, federal college financial aid became predominantly “need-based” – designed primarily for students from lower income families – and states often followed similar need-based models. By the 1990s, this was beginning to change. This study examines two very different contemporary approaches to the college affordability crisis that have become popular and widespread since the 1990s.

One approach entails the provision of “merit-based” scholarships to students – that is, aid based on students’ academic achievement and not based on students’ economic circumstances. The other entails the provision of “free-college” or “free-tuition” for students – that is, aid based neither on academic achievement nor on economic circumstances. The aim of the first is to give financial aid to “the best and brightest” students, while the aim of the other approach is to give college aid to almost all students.

Both approaches have become hugely popular, are the subject of a growing body of research, and have been widely implemented across the nation. While these two approaches appear to be clear opposites, as I will describe in more detail later in this chapter they are also surrounded by a great deal of debate and confusion – largely centered around how they differ in what they seek to achieve, their underlying values, who they serve or do not serve, and with what degree of success. One large, but unanswered, question concerns a comparison of the implications of each approach for educational equity and the extent to which each approach results in more, or less, inequality in education.

As a result, despite their importance and their implications for the future of higher education, these two important approaches, and their similarities and differences, are not well understood. The objective of this study is to utilize a sociological theoretical perspective to compare and contrast these two college-aid approaches. I do so by focusing on two states, Georgia and Tennessee, where they were first implemented. These two state programs serve as side-by-side case studies of the two approaches to college financial aid. I examine and compare 1.) the context and origins of each state’s financial-aid program 2.) the goals, methods, and underlying values of each program and 3.) the consequences and outcomes of each approach.

Background

Since the mid-20th century, shifts in the economy have had a profound impact on higher education in the U.S. There has been a sharp decrease in jobs that do not require a college education and a sharp increase in employment that does require a degree (Greenhouse, 2008; Putnam, 2015; Bensman and Vidich, 1987; Collins, 2002; Horowitz, 2018). In response, enrollment in higher education institutions has increased dramatically. As I document in Chapter 2, the percentage of the adult population with Bachelor's degrees has increased dramatically – from 16 percent in 1955 to almost 40 percent in 2021. At the same time, the price of college tuition has dramatically increased at a far faster rate than inflation; from 1980 to 2021, college tuition at 4-year institutions increased by over 300 percent, after adjusting for inflation. As a result, the average portion of household incomes devoted to college expenses has dramatically increased (Dynarski and Scott-Clayton, 2013). These changes have made a college degree more essential, but simultaneously, less affordable for students.

To address this growing problem of college affordability, over the years federal and state governments have responded with a plethora of college financial aid programs for students. With the Higher Education Act of 1965, federal college financial aid became predominantly need-based – designed primarily for students from lower-income families – and states often followed similar need-based models. Need-based aid usually requires so-called means testing, to establish students' finances, and usually sets income caps above which students are not eligible for funding.

Originally created in the early 1970s, one of the most prominent need-based efforts has been the federal Pell Grant program. But beginning in the late 1970s, because of increasing program expenditures, federal student aid began to switch from a focus on grants to a focus on

loans, and in turn, switched from subsidized to unsubsidized loans (Geiger, 1999; Dynarski and Scott-Clayton, 2013; Parker 2019). For the latter, the cost of the loan is substantially higher to students. In recent years, over half of all college loans issued each year have been unsubsidized (Dynarski and Scott-Clayton, 2013).

Because of available financial aid there is often a significant difference between the gross “sticker” price of college and the net price actually paid by students and their families. But, nevertheless, both the number of students borrowing and the amount of loans to pay for college have dramatically increased. In turn, this has led to a student debt crisis. Annual student-loan borrowing surpassed \$100 billion in 2010 for the first time in history (Parker, 2019). As I document in Chapter 2, by 2023, 43.8 million Americans owed \$1.6 trillion in federal student debt. By 2019, student loan defaults surpassed all other kinds of “severely derogatory” debt, including household, credit card, and mortgage debt (Kreighbaum, 2019). Scott-Clayton estimates that nearly 40 percent of students from the 2003-04 college cohort may default on their student loans by 2023 (Scott-Clayton, 2018). Furthermore, there are glaring racial disparities in the debt crisis; one study found that Black Bachelor’s degree graduates default at five times the rate of White Bachelor’s degree graduates and are even more likely to default than White college dropouts (Scott-Clayton, 2018). Recently, there have been controversial proposals for federal student loan “forgiveness,” in which a portion of students’ outstanding college debt is canceled, in effect converting student loans to grants.

Considering the near necessity of a college degree to secure middle-class employment (Dumais & Ward 2009; Putnam, 2015; Pitt & Zhu, 2019), this student debt crisis clearly has serious implications for future generations of students, for their financial wellbeing, for economic and social stratification, and for higher education as a whole in the United States.

The First Financial-Aid Paradigm Shift

In this context, there have been what I refer to as two major paradigm shifts in college financial aid. Beginning in the 1990s, college financial aid underwent its first major paradigm shift – from predominantly need-based, focusing on low-income and disadvantaged students, to increasingly merit-based, focusing on academically achieving students. Need-based programs represent what I refer to as a *compensatory approach* – college aid is conceived as “a helping hand” provided solely or primarily to those in economic need, in an attempt to ensure equal opportunity and address socio-economic inequality. In contrast, merit-based programs represent what I refer to as a *competitive approach* – college aid is conceived as a reward provided solely or primarily to those who earned it through higher academic achievement, regardless of economic circumstances. Often the terms “equity” and “excellence” are used by proponents of each approach in reference to their different emphases.

Merit-based programs begin with the assumption that equality of opportunity largely exists – that there is a “level playing field” – and they end with the assumption that there will inevitably be inequality of outcomes because of individual differences in merit, which is defined as a combination of ability and effort. For this approach, the concept of equal opportunity ultimately translates as opportunity *for those who are qualified*, regardless of their economic circumstances. The underlying assumption is that not all students are “college material,” or can be expected to succeed in college, and it is the role of higher education financial aid programs to stratify by merit and selectively fund on that basis. The accompanying assumption is that it is possible to fairly and objectively select on the basis of quantitative measures of merit that are deemed largely “color-blind” and “class-blind.”

The first and most prominent example of a state-wide, merit-based grant program is Georgia's "HOPE" (Helping Outstanding Pupils Educationally) Scholarship program, created in 1993 and funded through a state education lottery. Along with addressing the college affordability crisis, a central aim of the Georgia Hope program is to improve the state's workforce by staunching the "brain drain" of the "best and brightest" Georgian high school graduates to universities, and eventual employment, in other states (Dynarski, 2000; Lanford, 2017).

The Hope program offers college scholarships based on students' academic achievement, defined by their grade point average (GPA). In order to be eligible for the Hope scholarship, Georgian residents had to have graduated from a Georgia high school with at least a 3.0 (B average) high school GPA, and they also need to maintain this 3.0 GPA through college. Students who do not meet these academic standards do not receive financial aid. Hence, by definition, the Hope program entails the stratification of students.

Initially, the Hope Scholarship covered up to two years of college tuition. Starting in 1994, the scholarship was expanded to cover the full cost of 4 years of tuition, fees, and books at Georgia's 4-year public colleges and universities. Upon its inception, Hope still had a need-based element as scholarship participation was limited to families with incomes below \$66,000. This income cap was increased to \$100,000 in 1994 and completely eliminated by 1995. The result is that the Hope Scholarship is open to a broad swath of students up and down the income ladder. With the 1995 legislation, Georgia no longer had any need-based, state-wide scholarship or grant programs.

In response to state budgetary constraints in 2011, Georgia's Governor and state legislators shrank the pool of Hope recipients through imposing higher academic requirements.

These legislative changes also tied Hope Scholarship payouts to lottery revenue. As a result of decreases in Hope Scholarship payouts and also increased fees and tuition at state institutions, students saw their out-of-pocket expenses increase. In just one year from 2011 to 2012 at the University of Georgia, average out-of-pocket expenses for students jumped from \$398 to \$1,555 (University System of Georgia, 2012). After a series of reports highlighting rising student debt and advocating for need-based financial aid, Georgia passed legislation to create need-based scholarships; however, these were not funded.

The Georgia Hope Scholarship set a precedent for the nation beginning in the 1990s. Georgia deviated from dominant need-based aid approaches when it initiated a state-level merit-based college grant approach. The new Georgia Hope Scholarship program constituted the nation's first statewide program offering full tuition scholarships to attend state institutions, available to all Georgia high school graduates, based on their high school GPA. Notably, throughout the 1990s and early 2000s, the federal government and many states followed Georgia in creating similar merit-based scholarship programs, making this merit-based model of aid one of the nation's most popular approaches to the college affordability and student debt crises (Cohen-Vogel et al., 2007, Doyle, 2006). By 2003, 14 other states had adopted programs similar to the Georgia Hope program (Lanford, 2017). But, data from the College Board document that no other state has ever matched Georgia in commitment to the merit-based aid model over the need-based model (Ma and Matea, 2021).

The Second Financial-Aid Paradigm Shift

Since 2010, college financial aid has undergone what I argue is a second major paradigm shift. There has been a major thrust toward the provision of “free-college” or “free-tuition” for students – that is, financial grants that completely cover students’ college tuition and fees and are

based neither on academic achievement, nor on economic circumstances. In contrast to the need-based *compensatory approach* and the merit-based *competitive approach*, free-college programs represent what I refer to as an *egalitarian approach* – college aid is conceived as a near-universal entitlement and a right.

A large difference between egalitarian aid programs and the other two approaches is the expansiveness of eligibility. Egalitarian models typically place little emphasis on students' academic performance to receive aid. GPA and standardized test score eligibility requirements, if they exist at all, are far lower than in merit-based approaches. Moreover, unlike need-based programs, free college scholarships are not simply targeted to low-income students, but are available to students up and down the income ladder. To be eligible, there is usually neither means testing, nor an income cap, for students and their families. The result is that egalitarian programs are open to a broader swath of the public.

In its most expansive vision, free-college/free-tuition applies to a wide range of colleges and universities and both 2- and 4-year degree programs (Perna et al., 2017). However, in practice, free-college and free-tuition programs are often limited to certificate and 2-year degree programs at community and technical colleges (Davidson, Ashby-King, & Sciulli, 2020).

The first state-wide example of a free-college/free-tuition program was the “Tennessee Promise Scholarship.” Like many other states, Tennessee in the early 2000s had created a statewide merit-based scholarship program modeled closely on the Georgia Hope scholarship. However, in 2014 Tennessee’s and Georgia’s paths diverged on college aid when the former enacted a program offering free universal college tuition to all Tennessee high school graduates – a radical new direction for the state. Like the Georgia Hope program, a central aim of the Tennessee Promise program is state workforce development. Unlike the Georgia Hope program,

the Tennessee Promise only funds students enrolled in certificate and Associate degree programs at public state institutions, almost entirely 2-year community and technical colleges. The Promise Scholarship covers the full cost of up to 5 semesters of tuition and fees.

Before the Tennessee Promise, small-scale, “place-based” examples of free-tuition programs at specific colleges had been initiated in a handful of local jurisdictions across the nation, starting with the Kalamazoo Michigan Promise in 2005 (Bartik, Hershbein, and Lachowska, 2021). Similarly, the Tennessee Promise found its origins in 2008 in a local, grassroots initiative that provided privately-funded scholarship aid to graduating high school seniors in Knox County, Tennessee to fully cover tuition and fees at their local community college.¹ In 2014, Tennessee’s Governor announced an expansion of the program state-wide as Tennessee Promise. No other state has since matched Tennessee in commitment to the free-college model (Ma and Matea, 2021).

Like the Georgia Hope program, the Tennessee Promise model has become widespread. By July 2018, four years after the Tennessee Promise was enacted, a dozen states had officially implemented similar free-college programs (Davidson, Ashby-King, & Sciulli, 2020). Tennessee has garnered a reputation as a pioneer in its efforts to make two-year colleges widely free to state residents (Nguyen, 2020). Moreover, the provision of free-college or free-tuition programs have become staples in the current national political atmosphere and especially popular with the Democratic Party (Perna, Leigh and Carroll, 2017). President Obama’s “America’s College Promise” program, which had the goal of making public community and technical college degrees free for all students, was directly based on the Tennessee Promise model.

¹ The definition of “free college” or “Promise” programs was often explicitly *place-based* before the creation of the state-wide Tennessee Promise program, and the subsequent state-wide free college programs elsewhere (Davidson, Ashby-King, & Sciulli, 2020; Odle, 2021; Swanson et al., 2016). However, in my study, the terms “free college” and “Promise” programs refer to both place-based and state-wide programs, as both are now common in the US.

Senator Sanders popularized this movement in the 2016 presidential campaign, and most recently, President Biden has proposed making public community and technical college degrees free for all students. Table 1-1 provides a summary comparison of the two state models of college aid.

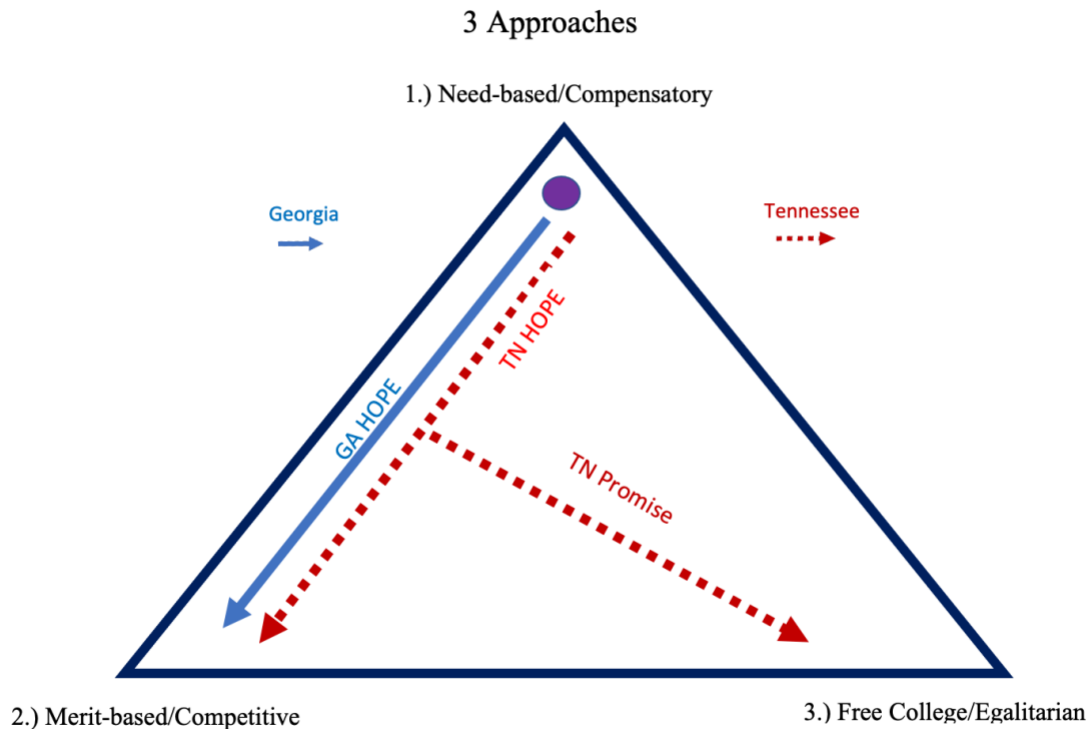
Two Models of College Financial Aid

Figure 1-1 shows the evolution of the two state models of financial aid from the inception of their respective Hope programs to the present. The triangle represents my typology of American higher education financial aid. Each point of the triangle represents one of three major approaches to college financial aid: 1.) need-based/compensatory; 2.) merit-based/competitive; 3.) free-college/egalitarian. As depicted by the lines with arrows in the figure, both state programs moved away from need-based aid, at the apex of the triangle, with the inception of their respective Hope programs. As shown, both began in a similar direction, moving toward merit-based aid, but Tennessee, with the inception of the Tennessee Promise, then diverted by adding an additional and different approach toward a free-college model. The objective of this study is to show why, how, and with what consequences, each state moved in these directions in the triangle.

Table 1-1: Two State College Financial-Aid Models

State	Program Name	Goals	Method	Eligibility	Financial Aid Levels
GA	Hope Scholarship, begun in 1993	*Address the college affordability and debt crises *Expand educational attainment *Address inequality and foster social and economic mobility *Bolster the workforce and the economy	Competitive Merit-based grants, at state public institutions	For top academic students, regardless of family income	Up to full tuition/fees
TN	2 Programs: 1.) Hope Scholarship, begun in 2003 2.) TN Promise, begun in 2015	*Address the college affordability and debt crises *Expand educational attainment *Address inequality and foster social and economic mobility *Bolster the workforce and the economy	1.) Hope: Competitive Merit-based grants at state public institutions 2.) Promise: Egalitarian Free-college at state public 2 yr. institutions	1.) Hope: For top academic students, regardless of family income 2.) Promise: For all students, regardless of family income	1.) Hope: Less than half tuition/fees 2.) Promise: Full tuition/fees

Figure 1-1: The Evolution of The GA and TN Models of College Financial Aid



Georgia and Tennessee have been vanguards in two major college aid policy movements of the last three decades – respectively, the rise of merit-based grants and the rise of free-college programs. In the same way that Georgia set a precedent for a nationwide transition away from need-based aid and toward merit-based aid beginning in the 1990s, Tennessee set a precedent for a nationwide transition away from merit-based aid and toward universal free college in the past decade. Both states are unusual in the degree to which they continue to eschew need-based financial aid. Data from the College Board document that in 2018, on average, 75 percent of grant aid from states for undergraduates is need-based. That year, in Tennessee 30 percent of grant aid was needs-based – the 8th lowest level in the nation. Georgia functionally has no needs-based state financial aid – the lowest level in the nation (Ma and Matea, 2021).

Despite being initially implemented side-by-side in adjoining southern states, the Hope merit-based aid program and the Tennessee Promise free-tuition program appear to be opposites – almost like “apples and oranges” – in their goals, values, and methods. Georgia’s program represents what I call a competitive approach to providing aid, and Tennessee’s program represents what I call an egalitarian approach to providing college aid. Both also appear to be on opposite ends of the political spectrum. A competitive merit-based approach to aid appears to be more aligned with conservative and Republican Party values, while an egalitarian free-college approach appears to be more aligned with progressive, liberal and Democratic Party values.

Unanswered Questions

Despite their popularity and prominence, there are, however, numerous important but unanswered questions surrounding these two state programs, largely centered around differences in their genesis, goals, methods, and consequences. While these two approaches appear to be clear opposites, it is unclear how they actually differ in what they seek to achieve, their underlying values and assumptions, who they serve or do not serve, and with what degree of success. It is unclear how and why these two very different paradigm shifts got their start side-by-side in the adjoining states of Georgia and Tennessee. In the first case, how did the Hope merit-based program get created in Georgia? At the time, Georgia had a Democratic-majority legislature and a Democratic governor. How did Democratic Georgia move away from the established need-based model and be the first state to create a scholarship program that allocates aid, not on the basis of need, but on the basis of students’ prior academic performance, when the latter has long been strongly correlated with family income, race-ethnicity, and socio-economic status? What does the Georgia Hope program potentially reveal about the goals, values, and methods underlying merit-based approaches in general?

In an opposite manner, Tennessee at the time of creating its free-college program had a Republican-majority legislature and a Republican governor. How did Republican Tennessee move away from the established merit-based model and be the first state to create what appears to be a prime example of an egalitarian program, that provides aid universally, and a model subsequently widely supported nationally by the Democratic party? Moreover, what does the Tennessee Promise program potentially reveal about the goals, values, and methods underlying the free-college movement in general?

Interestingly, despite their differences, the Georgia Hope program and the Tennessee Promise program both espouse a very similar set of multiple goals for the state – to address the college affordability and student debt crises, to expand educational attainment, to address educational inequality and foster social and economic mobility, and to bolster the workforce and the economy. While not mutually exclusive, these are very different goals. It is unclear how compatible these differing goals are, whether in practice some compete with, or predominate over, others, and how this varies between the two states.

In addition, it is unclear how each program has fared relative to the other, in terms of both their benefits to the state and their benefits for students. For each program, how many students receive aid, and who actually receives it? Has the aid led to decreases in student borrowing and student debt, increases in college enrollments and improvements in college attainment, and does this vary across different demographic groups? For Georgia's Hope Scholarship program, and the merit-based aid approach in general, there are important questions regarding their implications for educational opportunity and equality. By definition, merit-based programs entail the stratification of students by academic performance. But, because the latter has long been strongly correlated with family background, this raises the question of who is

served, and not served, by such programs. But, while the Tennessee Promise is ostensibly more universal and egalitarian, it is important to understand who actually utilizes and benefits from the program.

Research Literature

Given the prominence of the college financial aid crisis, there have been numerous studies on changes in college tuition, financial-aid, and the evolution of the student debt crisis. In one of the best-known studies, Ehrenberg (2021) traced the rates of, and reasons for, the decades-long rise in college tuition. Educational historians such as Geiger (1999) and Thelin (2011) illuminated the “financial aid revolution” of the 1970s and 1980s that marked the earlier shift from grants to loans. Dynarski and Clayton (2013) have summarized the evolution of college aid since the 1960s and examined in detail the mix of need-based and merit-based grants and loans that have evolved over the decades. Brint et al. (2005) brought attention to the shift from grants to loans beginning in the 1970s. Bell, Wehde, and Stucky (2020) investigated the growing use of state lotteries as a mechanism to fund college aid, finding that lottery earmarks were generally associated with an increase in merit-based aid and a decrease in need-based aid. Others, such as Goldrick-Rab (2016) have brought attention to the shortcomings of college-aid programs, particularly the federal Pell Grant, and how these limits have contributed to rising student debt and drop-out rates.

Most of the literature on college financial aid has tended to adopt a national level of analysis and focused on federal aid. However, a purely national image of education – whether K-12 or higher education – is a limited perspective. The framers of the federal Constitution did not include education or schooling among the functions of the federal government and thus the

provision of education historically began as the responsibility of individual states. As a result, American education has remained, to a large extent, a local and state system, beholden to local and state policy (Kirst, 1984). This is also true for higher education. In addition, while the bulk of student loans are federal, the bulk of student grants are non-federal, either from states or colleges and universities themselves (Ma and Matea, 2021). Hence, a state-level study of student financial aid (for which grants, instead of loans, are presented as a remedy) provides a much needed perspective amidst the many studies looking at the college affordability crisis from the national-level.

Given their prominence, both the merit-based aid and the free-college model, in general, and the Georgia and Tennessee programs, in particular, have themselves also been the subject of much debate and discussion. Not surprisingly, much of the literature regarding these two popular financial-aid approaches has been applied research and policy studies undertaken by economists and education evaluation experts, primarily assessing the quantitative outcomes for the Georgia and Tennessee models. For instance, Dynarski (2000) conducted an early evaluation of the Georgia Hope through its first few years and the program's impact on college attendance, asking: "Do programs such as Georgia's Hope actually increase college enrollment? Or do they simply transfer funds to families who would have sent their children to college anyway?" (2000: 631). Dynarski found that Hope scholarships seemed to reduce student out-migration from the state. However, Dynarski's findings also suggest that Georgia's Hope "widened the gap in college attendance between blacks and whites and between those from low- and high-income families" (2000: 629). Despite these widened gaps, "Georgia politicians have deemed HOPE a great success, pointing to the steady rise in the number of college students receiving HOPE" through the 90s (Dynarski, 2000: 236).

In a PhD dissertation study of the Tennessee Promise program, House (2017) (and later summarized in House and Dell, 2020) examined the prevalence of postsecondary undermatch among Tennessee high school graduates after the implementation of Tennessee Promise, using quantitative data from state education agencies. House focused on the changing socio-economic characteristics of Tennessee community college students as a whole, before and after the inception of the Promise program. House found that Tennessee Promise had a positive effect on total enrollment. House also found that, compared to Tennessee community college students before Tennessee Promise, Tennessee community college students after Promise were less likely to be the first-generation in their families to attend college and more likely to come from more advantaged backgrounds in terms of parents' education and income, and this "changing socioeconomic profile of community college students suggests that some 'downshifting' from the university sector to the community college sector may be occurring" (House & Dell, 2020: 165).

In addition to Dynarski and House's applied research on the Georgia Hope and Tennessee Promise, there are numerous other studies on the Georgia Hope and Tennessee Promise programs specifically. The vast majority are quantitative and applied, such as Dee and Jackson's 1999 study of student attrition from the Georgia Hope and Odle's 2021 study of the effects of Tennessee Promise on student loans, among others (Long, 2004; Pallais, 2009; Sjoquist & Winters, 2013; Suggs, 2016; Swanson et al., 2016; Carruthers & Fox, 2016; Finney et al., 2017; Nguyen, 2020; Lee 2020; Jones, 2020; Bell, 2021). The very few that are qualitative or mixed-methods include Lanford's 2017 policy-analysis of the education lottery funding for the Georgia Hope Scholarship and Buchanan's 2017 narrative policy-analysis of university responses to the Tennessee Promise.

These are useful studies to begin unpacking the outcomes of each of these two programs and what the programs mean for equality of opportunity. However, there are limits to these studies. The great majority illuminate outcomes, but much of this literature does not investigate how the social, economic, and political context has shaped each program. There has also been little theoretical or empirical analysis undertaken comparing and contrasting the two models and approaches – merit-based aid and free college – their implementation at the state level, and their differences in goals, methods, and outcomes. As a result, despite their importance and their implications for the future of higher education, these two important approaches, and their similarities and differences, are not fully understood. My objective in this study is to utilize a sociological perspective to try to analyze and compare these two different higher education financial-aid models by focusing on the Georgia and Tennessee state-level programs.

The Study

Research Questions

Figure 1-2 depicts the analytic model underlying my study.

Figure 1-2: The Analytic Model

I.	II.	III.
The Expansion of Higher Education, the Origins of the Student Debt Crisis, and the Higher Education Hierarchy <small>□</small>	Two State Programs of College Financial Aid -Georgia HOPE merit-based program -Tennessee Promise free-college program (origins, goals, methods, and values) <small>□</small>	Outcomes of the Two College Aid Programs

Following the above analytic model, this study addresses three sets of research questions:

1.) The Expansion of Higher Education and the Origins of the Student Debt Crisis

- How have the demand, supply, and price of higher education changed over the last half century in the US?
- What are the origins of the college affordability and student debt crises?
- What have been the national trends in the percent of the adult population holding college degrees, in college tuition levels, in the number of college students receiving financial aid, and in the overall level of student debt in the US?
- How have large differences among higher education institutions, in mission, prestige, types of students, and price, set the context for the two types of college-aid programs?

I address these questions in Chapter 2.

2.) The Georgia Hope Scholarship Program and the Tennessee Promise Scholarship Program

- What was the political and economic context in which the Georgia and Tennessee college-aid programs arose?
- How did Georgia and Tennessee come to create and develop the first state-wide merit-based aid and free-college/free-tuition programs, respectively?
- What are the goals, methods, and underlying values of each state program?
- What arguments, both for and against, were used in the debates surrounding the creation of each state program?
- What are the similarities in, and differences between, each program?

I address these questions in Chapters 3 and 4.

3.) The Outcomes of the Georgia and Tennessee Scholarship Programs

- How has each scholarship program fared relative to the other, in terms of both their benefits for students and for the state?
- For each state, since the advent of each scholarship program: What have been the tuition levels for public institutions? How many students have received state grants? Have student borrowing and debt levels changed? Have these programs led to increases in the number of degrees awarded, and improvements in the overall level of educational attainment of the adult population in each state? How do these trends vary by students' economic status and race-ethnicity? And, have these scholarship programs had an impact on each states' workforce and economy?

I address these questions in Chapter 5.

Theoretical Perspectives

My study is centrally situated in the field of sociology of education and especially in sociological analyses that have illuminated the impact of social forces, norms, and ideologies on higher education (e.g., Clark 1960, 1985; Coleman 1987; Brint and Karabel, 1989; Becker, Geer and Hughes, 1995; Brint 2002; Brint et al., 2005; Goldrick-Rab, 2016; Horowitz, 2018; Collins, 1971, 1979, 2002). My contribution is to draw from several strands of theory (political sociology, organizational theory, the theory and critique of neoliberalism, and the sociology of education) in order to understand and interpret the goals, methods, and values of the two types of college aid models, the context in which they arose, and finally the implications and consequences of these influences and models.

Political Sociology

As a tool, I briefly draw on theory from political sociology to briefly provide background on the political and economic context in which each state program arose (e.g., Harvey, 2005; Pacewicz, 2016; Alvord, 2019; Lotesta, 2019). As mentioned, both states represent the “New South” with governments often characterized as neo-conservative and – in Tennessee and later in Georgia – often dominated by the Republican party, and hence state programs, such as the provision of college financial aid, have developed in this context (Lloyd, 2012).

Organizational Theory

As an additional tool, I make extensive use of ideas from organizational theory to interpret and explain the spread of the two models of college aid. In particular, I use Institutional Theory, a prominent sociological perspective within organizational theory. The central thesis of this perspective is that different models of organization are replicated, not simply for reasons of technical rationality and economic efficiency, but for reasons of normative conformity and social legitimacy (Meyer and Rowan. 1977, 1978; DiMaggio and Powell, 1983, 1991). The classic work of Max Weber prophesied the spread throughout modern society of the classic model of organizational rationality – “the iron cage” – largely for reasons of technical superiority. Institutional theorists hypothesize that the spread of particular organizational forms and models is often driven by pressure to be consistent with dominant institutionalized norms in the social environment, regardless of their technical and economic effectiveness. This perspective entails a distinctly sociological departure from rational, technological, and economic explanations of the development of organizations. Organizations, rather than solely a function of their productive, exchange, and technical activities and characterized by rationality and efficiency, are social actors, which like any other are shaped according to the surrounding social institutions.

Following Meyer and Rowan (1977, 1978), in this theory problems arise for organizations when they face a pluralistic environment comprised of important, but competing, constituencies, with differing values and norms. In this kind of environment, organizations may be forced to simultaneously address contradictory demands from multiple constituencies, and it may not be possible to arrive at a consensus as to the ends and means of the organization. Such organizations, they argue, are prone to develop a decoupled model of organization, with an Erving-Goffman-like “front stage” and “backstage.” The former is an outward facing presentation of organizational missions, goals, values, and methods to important constituencies in the environment to garner legitimacy. The latter is the reality of what actually transpires in the organization – a reality which may or may not be consistent with the stated mission and values of the organization and may or may not be consistent with the values of important constituencies in the social environment. To the extent to which the organization can conceal any inconsistencies and inefficiencies, it will be better able to maintain legitimacy, attract resources, and hence be successful. In this theory, such organizations can simultaneously be both successful, in the sense of legitimacy and attracting resources, and also ineffective, in the sense of failing to meet its goals. This view holds that some types of organizations are more prone to this institutionalized model. Among the most likely are educational organizations.

In my study I draw on Institutional Theory to illuminate the influence of the social, economic, and political environment on the two state-level college financial aid programs. Like other organizations in the larger educational sector, my argument is that state financial aid programs face a pluralistic environment comprised of important, but competing, constituencies, with differing values and norms. I illuminate the competing values and interests in the environment of college financial aid programs and how each state program sought to address

these competing institutionalized demands. The latter include different goals (such as to address the college affordability and student debt crises, to expand educational attainment, to address inequality and foster social and economic mobility, and to bolster the workforce and the economy) and different methods (such as, compensatory, egalitarian, and competitive approaches). I draw on the Institutional Theory perspective to illuminate the distinction between the outward-facing legitimizing rhetoric each state program espouses – the front stage – and the reality of what has actually transpired as a result of the programs – the backstage. I argue that the rapid spread of these state bureaucratic models of college financial aid, whether or not there is convincing evidence of meeting their goals, represents an institutional normative conformity for purposes of legitimacy.

The Theory of Neoliberalism

The third and main body of theoretical literature that I make substantial use of is the interdisciplinary literature on what is referred to as neoliberalism and the neoliberal paradigm. Scholars contributing to this literature are from a wide range of disciplines, including economists, sociologists, historians, anthropologists, education theorists, political scientists, and geographers. Their common ground is to insightfully illuminate the nature of the neoliberal paradigm and its impact on American political, economic, and even social institutions, and for my purpose, the educational system (e.g., Harvey, 2005; Spector, 2007; Greenhouse, 2008; Thelin, 2004; Apple 2000; Giroux 2005; Olssen & Peters, 2005; Shore, 2010; Boyd, 2011; Putnam, 2015). Whether neoliberalism and its impact is positive or negative is a source of long debate, and in this larger literature there are both proponents and critics of neoliberal ideas and policies. In this study, I use a sociological perspective on neoliberalism to interpret and illuminate the values underlying the goals and methods of each college-aid program.

Central to the neoliberal paradigm is the view that an unregulated “laissez- faire” and “invisible hand” market economy, free of governmental interference, is the primary source of economic success, and in turn political freedom. The economist Milton Friedman (1962), an early proponent of this view, argued for a return to classic liberalism – the tradition of economic thought endorsed by such philosophers as John Locke, Adam Smith, and Immanuel Kant. Friedman famously argued that the welfare state, or any centralized state management of the economy, undermines individual freedom and can be a path to political coercion and even totalitarianism (Fairbanks and Lloyd, 2011). This resurgence of classic liberalism came to be called neoliberalism and is highly distinct ideologically from contemporary politically left and progressive liberalism. A central difference between neoliberal and liberal-left/progressive perspectives is their views of the benefits of free-market systems vs. welfare-state systems and in particular, the legitimacy of entitlement programs – public services which the government is responsible for funding and providing. By definition, entitlement programs provide benefits on a formulaic basis to predetermined populations of recipients (e.g., the elderly, indigent, disabled, and minority groups). Since the New Deal, these have often been championed by proponents of liberal-left/progressive perspectives, as the core of a welfare-state model of governance. In contrast, the neoliberal perspective holds that the “helping hand” of government entitlements, no matter how well intended, often become an overly restrictive and detrimental “heavy hand.” Typically, this perspective eschews government entitlements in favor of voluntary support by non-governmental actors and organizations or a more contingent and limited governmental responsibility (Bickers & Stein, 2000: 1073).

Scholars have argued that especially since WWII, neoliberalism has become more dominant in Western industrialized countries (Harvey, 2005). In recent decades there has been a

tendency to equate neoliberalism with neo-conservatism and with the Republican party. This is understandable because politicians on the rightward end of the political spectrum have often been vocal supporters of deregulation and public sector rollback (Pacewicz, 2016: 118). This illustrates the curious alliance of values that make up the Republican party. Neoconservatism and neoliberalism are not synonymous though, and neoconservative and neoliberal positions can even be in conflict. Unlike neoconservatism, neoliberalism has gained broad acceptance across the political spectrum beginning in the 1980s. Indeed, in recent decades, a number of scholars have concluded that neoliberalism has become a “reigning ideology” in the U.S. (Harvey, 2005; Goldstein, Macrine, and Chesky, 2011). Neoliberal policies have, of course, not gone uncontested, and there has been a long line of critique in the realms of both research and policy, much of which is aligned with a progressive/liberal-left perspective. Some more recent critics have even argued, perhaps hopefully, that neoliberalism is entering its “twilight” (Maskovsky and Bjork-James, 2019; Robotham, 2019).

From the perspective of a neoliberal paradigm, education is fundamental to the economy and to economic vitality, for both individuals and for society. Hence, it is important that education systems be closely tied to the market economy. These ties operate in several ways. From a neoliberal perspective, education is conceived as a consumer good to acquire and as a valuable asset in which to invest – captured in the concept of human capital. Distinct from financial capital, human capital refers to the knowledge and skills one acquires through education. For individuals, increased human capital enhances one’s market value and earnings. For society, rising workforce educational attainment leads to stronger productivity and in turn to economic growth and ultimately higher living standards for all. In this view, the aim of both lower and higher education is not solely to broaden minds, develop critical thinking, and produce

well-rounded informed citizens, as in progressive and humanistic visions of education going back to John Dewey (1974/1902; Becker, Geer, and Hughes, 1995). Rather, from a neoliberal perspective it is important to provide education that is practical, relevant, applied, and oriented to job preparation (see e.g., Boyd, 2011; Brint and Karabel, 1989). For these reasons, a neoliberal perspective often supports a shift in priority from the liberal-arts to the practical arts and tends to be supportive of educational programs that serve as a training and development adjunct to business and industry (see, Brint et al. 2005). For instance, Career Technical Education and Vocational Education, at both the lower education and higher education levels, align with the neoliberal paradigm.

Neoliberal thinking also tends to argue for the efficacy of applying business principles and models of organization to educational systems. As in the marketplace, the assumption is that market-like choice and competition in education – a “survival of the fittest” and “cream rises” ethos – begets quality and excellence, as it presumably does in industry and business (Hankins and Martin, 2006; Chubb and Moe 1990). The underlying assumption is that students widely vary in “merit.” In this perspective, those with the highest levels of ability are especially important to society because much of society’s functioning depends on those who possess such ability. In contrast, liberal-left thinkers and an equity perspective tend to favor an opposite viewpoint: “The success of an educational institution and an individual teacher should not be measured by the treatment of the high-achieving students, but rather by the treatment of those not achieving” (Rist, 1970).

The neoliberal education model is framed by proponents as an equal opportunity mechanism, which through a competitive process sorts and tracks students. From this perspective, the stratification of individuals, first as students in schools, and then as employees in

the economy, is necessary, fair, and beneficial for both the individual and for the larger society (e.g., Clark, 1985; Chubb and Moe 1990; Murray & Herrnstein, 1992). The neoliberal paradigm tends to favor the use of quantitative market-like rankings and ratings to assess caliber and quality. For instance, to assess student “merit,” neoliberal thinking favors the use of quantitative metrics such as students’ GPA and standardized test scores. This thinking also applies to the growing use of quantitative metrics for a wide array of rankings and ratings in both lower and higher education – including school performance, student college course evaluations, professor’s research impact, and college quality. Proponents of a neoliberal paradigm tend to accept the validity and reliability of such quantitative measures as objective measures of effectiveness and quality. This stands in sharp contrast to progressive and humanistic critics who have long held that, for instance, letter grades and standardized test scores are poor measures of the most crucial aspects of student learning and growth, such as maturity, creativity, wisdom, and critical thinking (e.g., Becker, Geer, and Hughes, 1995; Kohn, 2000).

Despite generally disfavoring government regulation, neoliberalism as it “actually exists” (Fairbanks and Lloyd, 2011: 5) often supports state intervention. Where government intervention is deemed necessary or unavoidable, neoliberal thinking tends to favor decentralized approaches and initiatives undertaken at the local or state level, rather than at the federal level. Moreover, neoliberalism favors governance that emphasizes flexibility, public-private partnerships, and market-oriented consumer choice and accountability (Hankins and Martin, 2006: 528). Along with criticism of government regulation and bureaucracy, neoliberal thinking tends to view organized labor in general, including teacher unions, as barriers to innovation, anathema to market forces, and hence detrimental to economic vitality (e.g., Chubb and Moe 1990). Likewise, for education, neoliberals favor market-based models of choice and

competition, such as school vouchers and alternative, magnet, and charter schools (Chubb and Moe, 1990; Hankins and Martin, 2006: 531).

Especially after the influential 1983 *Nation at Risk* report released by President Ronald Reagan's National Commission on Excellence in Education, numerous scholars have argued that neoliberal values have become increasingly dominant in education, at both the K-12 and higher education levels. In turn, a number of education scholars have provided trenchant critiques of the infusion of a neoliberal logic in education, particularly higher education (e.g., Apple 2000; Thelin, 2004; Giroux, 2005; Olssen and Peters 2005; Shore 2010; Boyd, 2011; Goldstein, Macrine, and Chesky, 2011; Lanford, 2017). Despite neoliberalism's emphasis on decentralized government, and state or local control of education, critics of neoliberalism in higher education have tended to focus on the federal and national level. As mentioned previously, a purely national image of education – whether K-12 or higher education – is a limited perspective.

One highly important issue in higher education that has not been fully analyzed from the perspective of the neoliberal paradigm is contemporary college financial aid. In this study, I utilize this theoretical perspective to analyze the merit-based aid and the free-college approaches – by focusing on their state-level implementation in Georgia and Tennessee – to interpret and illuminate the values underlying the goals and methods of each college-aid program. As my data analysis will show, both programs, despite their apparently large differences, have been shaped by the neoliberal paradigm, representing a free enterprise version of government aid – education as an investment in human capital in the service of state economies and embodying the concepts of choice, markets, competition, and monetary rewards.

Sociology of Education

Finally, I briefly draw on sociological theories of the role of the educational system in social stratification to interpret and explain the increased necessity and the increased price of a college degree over the last 50 years. In particular, I utilize credentialist theory and social reproduction theory, prominent perspectives within the sociology of education. In this perspective, increased educational requirements for employment often do not reflect the demands for greater skills due to technological change and often do not reflect the skills and knowledge actually necessary in jobs, as in human capital theory, but rather have more to do with socio-economic mobility in a competitive and stratified society and economy (e.g., Collins 1971, 1979, 2002; Lamont and Lareau, 1988; Dumais and Ward, 2009; Rivera, 2012; Arum & Roksa, 2014; Horowitz, 2018).

Data and Methods

To address my research questions, my study utilizes and analyzes both qualitative and quantitative data, drawn from a variety of source materials. To address my study's second set of questions, regarding the origins, goals, methods, and underlying values of the two state college-aid programs, I use qualitative methods, in particular content analysis of archival materials.

I have collected, coded, and analyzed newspaper articles from two major regional newspapers – the *Tennessean* and the *Atlanta Journal-Constitution (AJC)* – and video recordings from Tennessee General Assembly legislative sessions and committee meetings regarding the creation of the Tennessee Promise program. I have collected, coded, and analyzed about 950 relevant newspaper articles. My newspaper data collection timeframe covers historically relevant periods between 1991 and 2014. The timeframe for my Tennessee Promise legislative video recording data is February 3, 2014, to May 13, 2014; February 3, 2014, marks the date

Tennessee Governor Haslam announced Tennessee Promise, and May 12, 2014, marks the date Haslam signed Tennessee Promise into law. I have identified and watched over 16 hours of timestamped clips from carefully selected legislative video recordings, transcribing relevant legislative video selections. For my archival data, I utilized content analysis, creating theory-derived qualitative codes in the software program MaxQDA. In my content analysis, I approached my coding from a directed approach, meaning my analysis began with my theoretical perspective serving as a guide for initial codes. As I coded, I also used a more inductive approach, coding categories directly derived from my data as new themes presented themselves.

In my content analyses, I utilized sense-making methods and frame analysis methods to illuminate the values and paradigms underlying the two programs. Frame analysis and sense-making methods entail the examination of the norms that individuals and groups draw upon as they socially construct understandings of the issues at hand and possible solutions. Frame analysis differs from sense-making in its focus on the strategic aspects of this process of how actors use these interpretive frames to strategically shape others' sense-making, in an effort to gain legitimacy and garner support for their cause (Coburn, 2006). Framing involves actors articulating a particular point of view related to a particular problem and presenting reasons why others should support a particular solution to the problem (McCammon et al., 2007). How a policy problem is framed is important because it assigns responsibility and creates rationales that legitimize and open-up certain avenues of action while delegitimizing and closing off others. The cultural context affects a particular frame's influence in mobilizing support, and successful frames are able to articulate "commonly held beliefs and values" and resonate with listeners (McCammon et al., 2007).

To address my first and third sets of research questions, regarding national and state trends for a variety of outcome measures, I assembled and analyzed quantitative data drawn from a number of publicly available national databases. The main federal databases on higher education institutions and their students are the Integrated Post-Secondary Education System (IPEDS) and the National Postsecondary Student Aid Study (NPSAS). Both are based on surveys undertaken by the National Center for Education Statistics (NCES), the statistical arm of the U.S. Department of Education.

IPEDS is the most comprehensive source of data on higher education in the U.S. IPEDS collects data on a large number of aspects of higher education, including institutional pricing for undergraduate students, the number of undergraduate students who receive different types of student financial aid, including grants and loans, and the amount of aid received by these students. These data have been collected annually for decades from the universe of postsecondary education providers, across all types of institutions and across all states, allowing me to examine trends over time and allowing me to compare Georgia and Tennessee to other states. For this study, I focus on IPEDS data for several relevant measures for undergraduate students: college tuition levels; number of students receiving state grants; students' federal loan levels; and number of degrees awarded.

The National Postsecondary Student Aid Study (NPSAS) is a nationally representative cross-sectional study of undergraduate and graduate students enrolled in postsecondary education conducted every 3 to 4 years since 1987. It examines the characteristics of students in postsecondary education, with a special focus on how they finance their education. I examine data from the *2017–18 NPSAS, Administrative Collection*, the most recent administration of NPSAS. This database contains administrative record data on student financial aid, enrollment,

demographic characteristics, and institution characteristics for approximately 245,000 undergraduate students and 21,000 graduate students attending 1,900 postsecondary institutions in the 50 states, the District of Columbia, and Puerto Rico. NPSAS' large sample size and breadth of data on students, including their family economic class/status and race-ethnicity, allow me to make comparisons across demographic groups. Along with being nationally representative, the 2018 NPSAS has the advantage of collecting state-representative data, allowing me to compare Georgia and Tennessee to other states. For this study, I focus on the NPSAS data for several relevant measures for undergraduate students according to their demographic characteristics: the number of students receiving state grants; the amounts of accumulated loan student debt; and students' degree completion rates.

I utilized NCES' online data analysis tools to undertake secondary analysis of these large-scale databases, using basic statistical analytic techniques to generate descriptive data estimates. For sample surveys, such as NPSAS, the database provides data weighted to compensate for the over- and under-sampling of the complex stratified survey design. For important comparisons, for example between estimates of demographic differences in students receiving state grants, I conducted tests of statistical significance. However, it is important to note that, given the large size of these federal databases, most differences between estimates are highly statistically significant, even if the difference is small. In my discussion, I focus on larger differences that are meaningful and of substantive significance.

I also draw data from several other national sources. These include the Current Employment Statistics program (CES) and the Current Population Survey (CPS), conducted by the U.S. Bureau of Labor Statistics (BLS) with the U.S. Census Bureau. These are the primary sources of labor force statistics for the nation and each state.

The CES program produces detailed industry estimates of nonfarm employment, hours, and earnings of workers on payrolls. CES produces data for the nation and for all 50 States and the District of Columbia. Each month, CES surveys approximately 131,000 businesses and government agencies, representing approximately 670,000 individual worksites. The CPS is administered monthly by the Census Bureau using a probability selected sample of about 60,000 households. I utilize data from these two sources on post-secondary educational attainment, unemployment rates, average hourly earnings of employees, and labor productivity for state populations.

In addition, I draw published data from the College Board, a non-profit focused on higher education that oversees college entrance examinations. The College Board conducts an Annual Survey of Colleges in the US and issues annual reports on trends in college pricing and student aid for the nation and the states. From these reports I utilized data on state levels of higher education funding – financial aid expenditures as a percentage of total state support for higher education and annual average grant aid dollars per full-time undergraduate. Finally, in several cases, I supplement the national data with relevant state-level data and results drawn from studies focused on the Hope and Promise programs.

More detail on the data and methods of this study can be found in the Appendix.

Outline of Chapters

Chapter 2 provides the larger context for this study by summarizing in more detail the past half century's changes in the demand for college degrees, higher education enrollments, tuition, financial aid and the series of changes that resulted in the current college affordability and student debt crises. I present data on national trends in the percent of the adult population

holding college degrees, in college tuition levels, in the number of college students receiving financial aid, and in the overall level of student debt in the US. I discuss differing explanations for the increase in demand for, and the necessity of, higher education. I close the chapter with a discussion of the large differences among higher education institutions, in mission, prestige, types of students, and price, and set the context for the different approaches of the two state college-aid programs. Chapter 3 turns to the origins, goals, underlying values and methods of the Georgia Hope Scholarship. I begin with the economic and political contexts in which the program arose and then describe the Hope Scholarship's provisions regarding funding, benefits, requirements and eligibility. I then analyze the legislative process by which the Georgia Hope was created. I examine the key legislative debates and the differences that arose regarding the goals and methods of the legislative bill. I describe the rhetoric and arguments used by opponents to criticize the bill, and by advocates to support and legitimize the program. My objective is to uncover which particular goals, values, and methods were dominant in the debate and were important to the successful passage of the legislation. Chapter 4 does the same for the Tennessee Promise Scholarship. Chapter 5 focuses on the outcomes and consequences of each state program. I present data, comparing the nation with Georgia and Tennessee, on tuition, the number of students receiving state grants, on student borrowing and debt, on the number of degrees awarded and the overall level of educational attainment of the adult population in each state. I examine how these measures and indicators vary by students' economic status and race-ethnicity. And, finally, I try to uncover if the two scholarship programs had an impact on each states' workforce and economy. Finally, chapter 6 summarizes my findings and turns to the implications of these for research and for higher education financial aid policy in general.

Chapter 2:

The Expansion of Higher Education, the Origins of the Student Debt Crisis, and the Higher Education Hierarchy

This chapter will address my first set of research questions, outlined in Chapter 1. How have the demand, supply, and cost of higher education changed over the last half century in the US? What are the origins of the current college affordability and student debt crises? My objective is to establish the background and larger context and set the stage for Chapters 3 and 4, in which I describe in detail the origins of the two financial-aid programs – the Georgia Hope and the Tennessee Promise – that are the focus of my study.

The first part of this chapter expands on my summary in Chapter 1 of the dramatic growth of higher education after WWII and how the student debt crisis came about in recent decades. I present data on the national trends in: the population with college degrees, the price of college tuition, the growth of financial aid, and student debt. The second part of the chapter compares two different perspectives that try to account for the increase in demand for post-secondary education. The first, the human capital perspective, holds that rising higher education requirements for employment are determined by increasing technical skills required of the workforce in a modern knowledge-based economy. The second, a sociological perspective, focused on socio-economic status attainment holds that competition among societal groups, rather than simply the need for technical knowledge and skill, explains the dramatic increase in demand for college degrees. In this alternative perspective, increased competition has resulted in a spiraling credential inflation, entailing ever increasing demand for higher and higher levels of

education, and increased attention to the relative prestige of degrees and of degree granting educational institutions. These perspectives represent differing explanations of, and strategies for, socio-economic mobility, and also I argue, suggest differing paths to address the problem of college affordability. The third part of this chapter describes the hierarchical structure of the higher education sector and the wide range of institutions, from prestigious, selective, and expensive 4-year liberal arts colleges and research universities on one end of the continuum, to un-prestigious, unselective, and inexpensive 2-year public community colleges on the other end.

These discussions provide background to the two different state financial aid programs that are the focus of my study – the Georgia Hope and Tennessee Promise. As I discussed in Chapter 1, these two programs differ in method – one adopts a competitive approach to providing financial aid and the other adopts an egalitarian approach. As described below, these programs also differ in the types of institutions they target, in the types of students they seek to serve, in the strategies of socio-economic mobility they represent, and in the types of solutions they offer for the college affordability crisis.

The Origins of the Student Debt Crisis

The United States, as well as much of Europe, the Soviet Union, and some countries in East Asia, experienced enormous economic growth in the two decades following WWII, and the US, in particular, experienced unprecedented levels of economic equality and social mobility (Bensman & Viditch, 1987, Greenhouse, 2008; Putnam, 2015; Collins, 2002; Horowitz, 2018). After WWII, post-war prosperity and pent-up consumer demand were boons to the economy, and a language of maintaining economic stability was adopted, in contrast to “boom and bust” economics that had long dominated (Offe, 1981). Over the last half century, with economic and

technological changes, the nature of work has changed, shifting away from occupations rooted in industrial production to occupations associated with knowledge and information. During this period, well-paying and unionized industrial jobs, that only required a high school education, declined in number. On the other hand, both the lower-paying service sector, and the higher-paying white collar and professional sectors grew (Florida, 2002; Austen, 2009; Putnam, 2015). Securing employment and entrance into occupations offering middle-class or higher wages made acquiring a college degree, especially a Bachelor's degree, increasingly essential (Dumais & Ward 2009; Putnam, 2015; Pitt & Zhu, 2019).

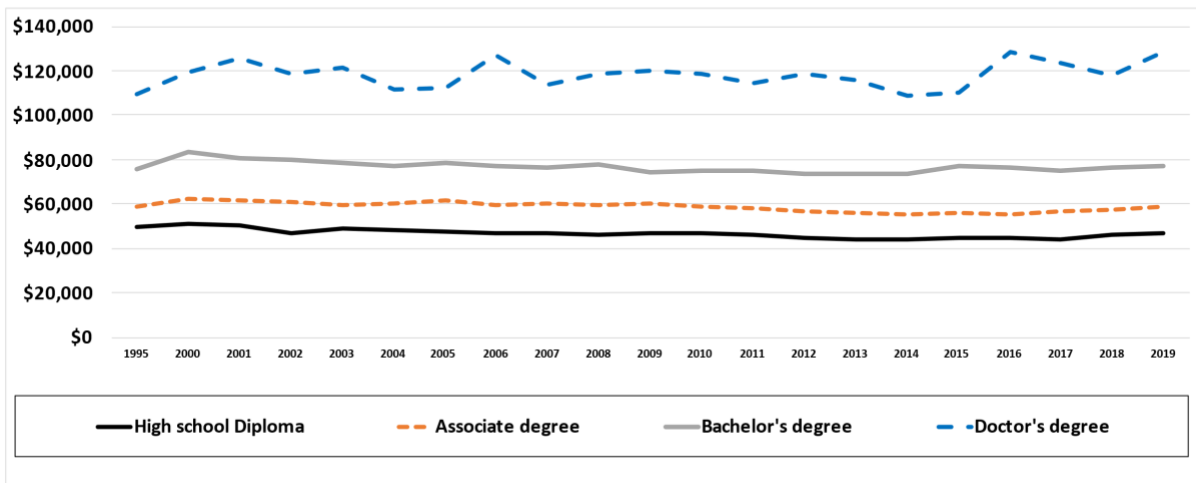
The Education Gospel

In this post-war period, education became not only perceived as the main mechanism of economic mobility, but also increasing as the best mechanism to address larger societal problems. Indeed, some have portrayed the many promises attributed to increased education as a new belief system – the “Education Gospel” (Lazerson and Grubb, 2004) or the “Education Myth” (Shelton, 2023) – which hold that societal social, economic, civic, and moral issues can and should be addressed, if not solved, through more education. For a wide host of problems — economic recessions, social instability, crime, disengaged youth, deteriorating family life, inequality, poverty, and problems of physical and mental health — this belief system assumes that more and better education, pre-school through graduate school, can alleviate or provide solutions.

This belief system has long been buttressed by empirical research and data documenting a strong correlation between individual's educational levels and their income, and between education levels and social problems (e.g., Pitt and Zhu, 2019; Putnam, 2015; Reynolds et al., 2006). While there is debate regarding the reasons for this relationship, a point I will turn to

below, data have long documented the “wage premium” correlated with educational levels, as illustrated by data from the Bureau of Labor Statistics displayed in Figure 2-1. On average, those with graduate-level degrees earn more than those with Bachelor’s degrees, who earn more than those with Associate degrees, who earn more than those with only a high school diploma. Likewise, a lack of a college education is correlated with a variety of social health indicators, such as the rise of unwed births, crime, and drugs (Putnam, 2015), and conversely, researchers have shown that attaining a four-year degree is tied to many benefits, such as fertility, health, and marital satisfaction (Schudde & Goldrick-Rabb, 2015).

Figure 2-1: Trends in Median Earnings, by Highest Degree: 1995-2019 (for males, in 2019 dollars)

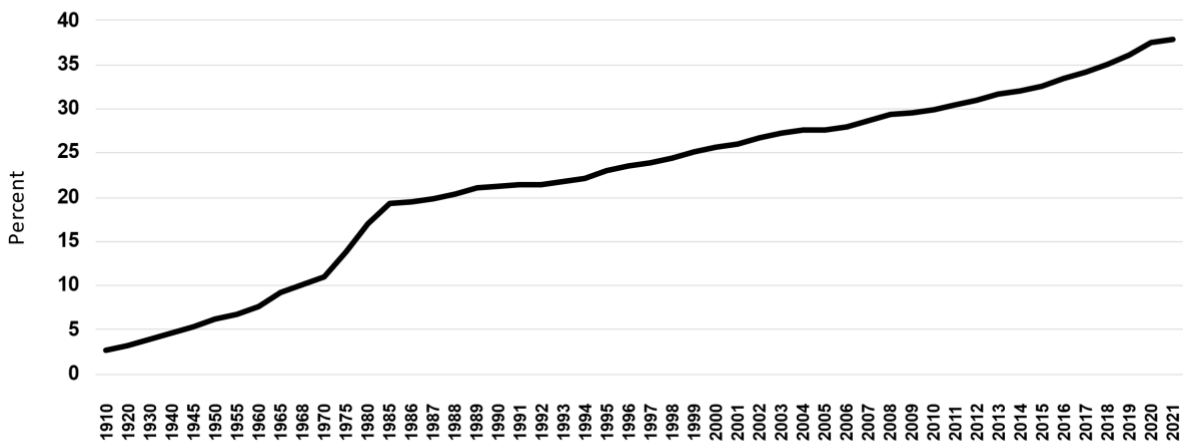


SOURCE: U.S. Department of Commerce, Bureau of Labor Statistics, Current Population Survey.

In this context, higher education has experienced unprecedented expansion. As shown in data from the US Department of Education, in 1910, less than 3 percent of the adult population in the US, predominantly those from upper income backgrounds, held a Bachelor’s degree or higher. In the thirty-five year period from 1910 to 1945, up to the end of WWII, the college

educated population only increased by about 2 percent (see Figure 2-2). In contrast, in the thirty-five year period between 1955 and 1990, the population with 4-year degrees increased from 6 percent to over 20 percent. Over the last 33 years, it has since almost doubled to about 40 percent.

Figure 2-2: Percent Adults (age 25 and over) with Bachelor’s Degree or More: 1910 through 2021



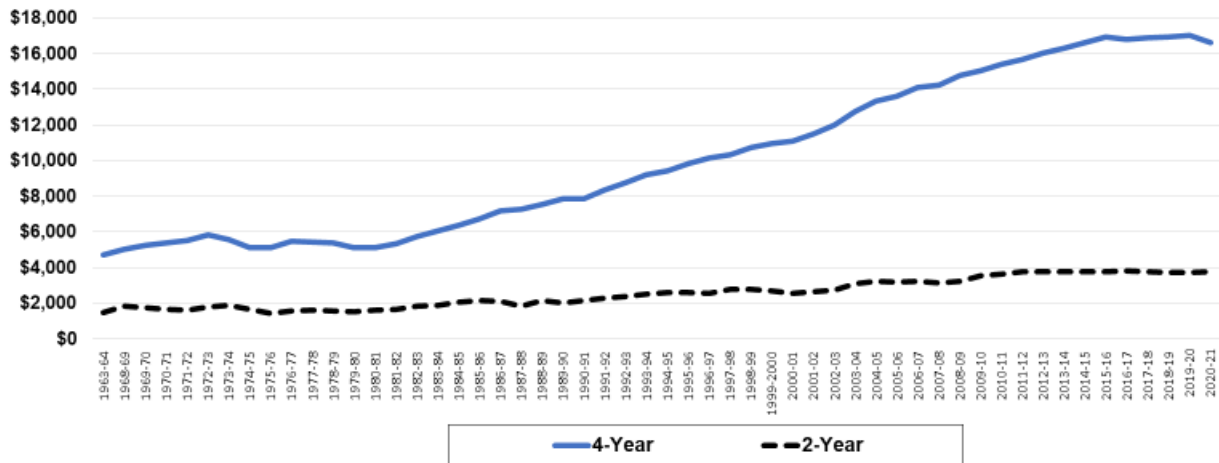
Source: 2020-21 Digest of Education Statistics U.S. Department of Education, National Center for Education Statistics

Higher Education Affordability

While demand for, and attainment of, college degrees increased, the financial side of higher education has undergone a transformation. The dramatic increase in demand has been accompanied by a dramatic increase in the price of acquiring a college degree. There are many competing theories as to the factors behind this exponential increase in higher education costs over the decades (Ehrenberg, 2021). Beginning in the 1970s, a series of economic recessions affected the broader US economy and similarly affected higher education institutions. On the one hand, declining high school graduation populations in some regions and declines in funding

from state governments reduced revenues at colleges and universities across the country (Thelin, 2004). On the other hand, inflation, rising energy costs, and expanding campus infrastructure (Thelin, 2004), including both physical construction (Gonsalves et al., 2022) and administrative “bureaucratic bloat” (Williamson, Hughes, Head, 2018), meant increases in the expense of operating higher education institutions. Part of the build-up of administration has been competition to expand student services – offering more and better facilities and aiding students in their mental and emotional “well-being” – and hence to offer students a better “product” (Arum & Roksa, 2014; Winston, 1999; Saunders, 2015).

Figure 2-3: Average Annual Undergraduate Tuition And Fees For Full-time Students In Degree-granting Postsecondary Institutions, By Level: 1963-64 Through 2020-21 (in constant 2020-21 dollars)



Source: 2020-21 Digest of Education Statistics. U.S. Department of Education, National Center for Education Statistics

In short, a confluence of factors, resulting in decreases in some sources of revenue, along with increases in expenses, have resulted in financial difficulties for colleges and universities (Thelin, 2004). In response, colleges and universities have come to increasingly rely on cost-cutting measures – such as the use of adjunct, part-time, and untenured faculty, large lecture hall

class-sizes – and revenue enhancing measures such as increases in students’ tuition and fees. As shown by data from the US Department of Education in Figure 2-3, average (across all public and private institutions) tuition and fees for 4-year undergraduate degrees fluctuated throughout the 1960s and 1970s, but beginning in the early 1980s the price of getting a 4-year college degree began to rapidly go up. After adjusting for inflation, between 1980 and 2021 average tuition and fees at 4-year institutions increased by over 300 percent. Notably, as also shown in Figure 2-3, these large price increases have not been universal across the higher education landscape – tuition and fees at 2-year community colleges have gone up little over the past half century, a point I will return to later.

The Expansion of Financial Assistance

Collectively, these changes have made a college degree both more necessary and less affordable for students. The average portion of household incomes devoted to college expenses has dramatically increased (Dynarski and Scott-Clayton, 2013). In turn, this has led to increasing demand for financial assistance for students. To address this growing problem of college affordability, over the years federal and state governments have responded with a plethora of financial aid programs for college students. Immediately after WWII, the federal and state governments first implemented financial aid initiatives to help students pay for college. These early federal college financial aids were predominantly entitlement programs, providing grants. The GI bill is perhaps the most famous early federal college financial-aid entitlement program, but there were others in the early post-war period. Between 1965 to 1982, millions of students went to college under the Social Security Student Benefit (SSSB) program; this program allowed the children of disabled, retired, or deceased Social Security beneficiaries to receive grants for college on a monthly basis tied to their parents’ Social Security. Basic Educational

Opportunity Grants, soon renamed Pell Grants, were enacted in 1972. These are need-based grants – designed primarily for students from lower-income families – and states often followed similar need-based models. Need-based grant programs usually require so-called means testing, to establish students’ family income and financial resources, to determine if and how much funding students will receive. Often such programs set income/asset caps above which students are not eligible for funding.

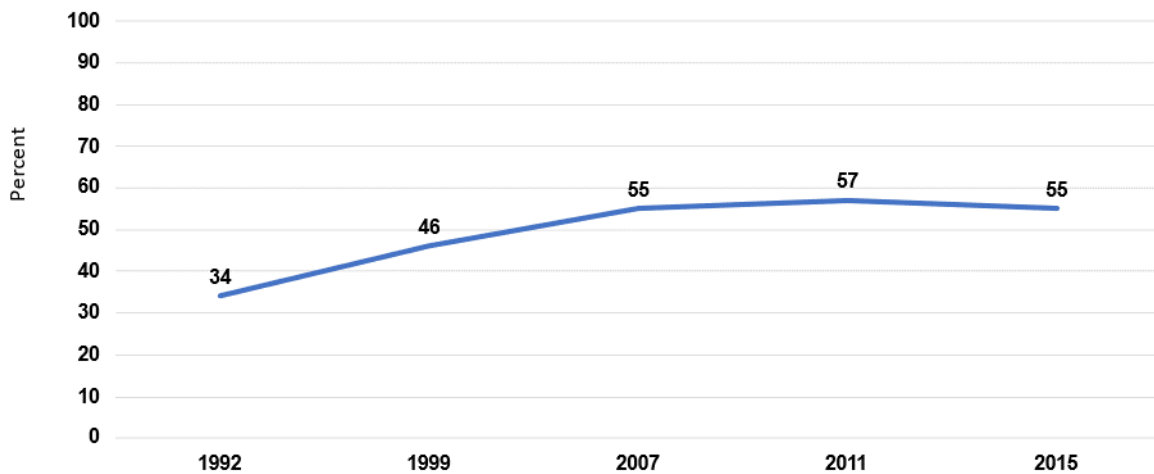
But beginning in the late 1970s, because of increasing program expenditures, federal student aid began to switch from a focus on grants to a focus on loans and the main source of student loans continues to be the federal government. Only a few years later, in 1981, Congress voted to eliminate the SSSB grant program entirely. In turn, federal programs began to increasingly shift from fully subsidized to unsubsidized loans (Geiger, 1999; Dynarski and Scott-Clayton, 2013; Parker 2019). Typically, subsidized loans entail lower interest rates, and interest does not begin to accrue until 6 months after a student graduates. Hence, subsidized loans substantially lower the cost of the loan to students.² Over half of all college loans issued each year are unsubsidized (Dynarski and Scott-Clayton, 2013). Initially, the size of loans was delimited. In 1992, unsubsidized PLUS loans were created, allowing students to borrow up to the full cost of attendance, including room and board.

The number of students borrowing for college has increased. Data from the National Postsecondary Student Aid Study (NPSAS) show that between the early 1990s and 2015, the

² According to the U.S. Department of Education, “Direct Subsidized Loans” have a number of benefits over “Direct Unsubsidized Loans,” but they also have more restrictions. Federal subsidized loans are available to undergraduate students with financial need; the cost of the school determines the amount a student can borrow, and the amount may not exceed the student’s financial need. For Direct Subsidized Loans, the U.S. Department of Education pays the interest for the loan the entire time a student is in school and for a “grace period” of the first six months after a student leaves school. Federal “Direct Unsubsidized Loans” are available to both undergraduate and graduate students, and, unlike the federal unsubsidized loans, there is no requirement for the student to demonstrate financial need. Similar to Direct Subsidized Loans, the cost of the school determines the amount a student can borrow, but dissimilarly, the student is responsible for paying the full interest of the unsubsidized loan.

percentage of undergraduate students receiving federal student loans increased from two thirds to over half (see Figure 2-4).

Figure 2-4: Percentage of Full-time, Full-year Undergraduates Receiving Federal Loans: 1992-93 through 2015-16

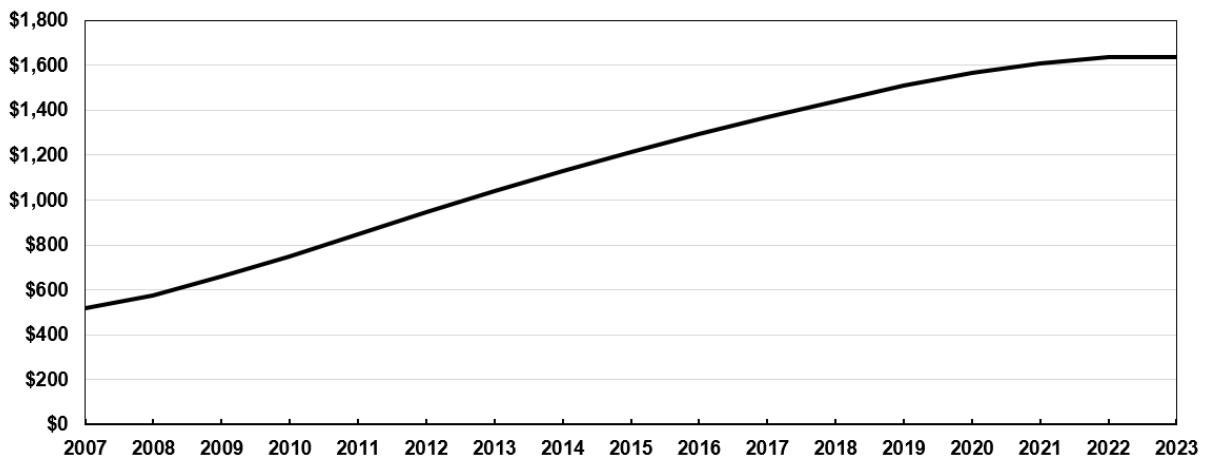


Source: 2020-21 Digest of Education Statistics U.S. Department of Education, National Center for Education Statistics

This increase in borrowing in turn has resulted in large increases in overall student debt in the US. Data from the National Student Loan Data System of the US Department of Education show that by 2007, 28 million Americans had total outstanding debt of \$516 billion from federal student loans (Figure 2-5). As of 2023, this debt had increased by over 300 percent – 43.8 million Americans owe \$1.6 trillion in federal student debt. By 2019, student loan defaults surpassed all other kinds of “severely derogatory” debt, including household, credit card and mortgage debt (Kreighbaum, 2019). Because of available financial aid there is often a significant difference between the gross “sticker” price of college and the net price actually paid by students and their families. But, nevertheless, student loan debt has become unmanageable

for many. One analyst estimates that nearly 40 percent of students from the 2003-04 college cohort may default on their student loans by 2023 (Scott-Clayton, 2018). In turn, recently there have been proposals for student loan “forgiveness,” in which a portion of students’ outstanding college debt is cancelled, in effect converting student loans to grants.

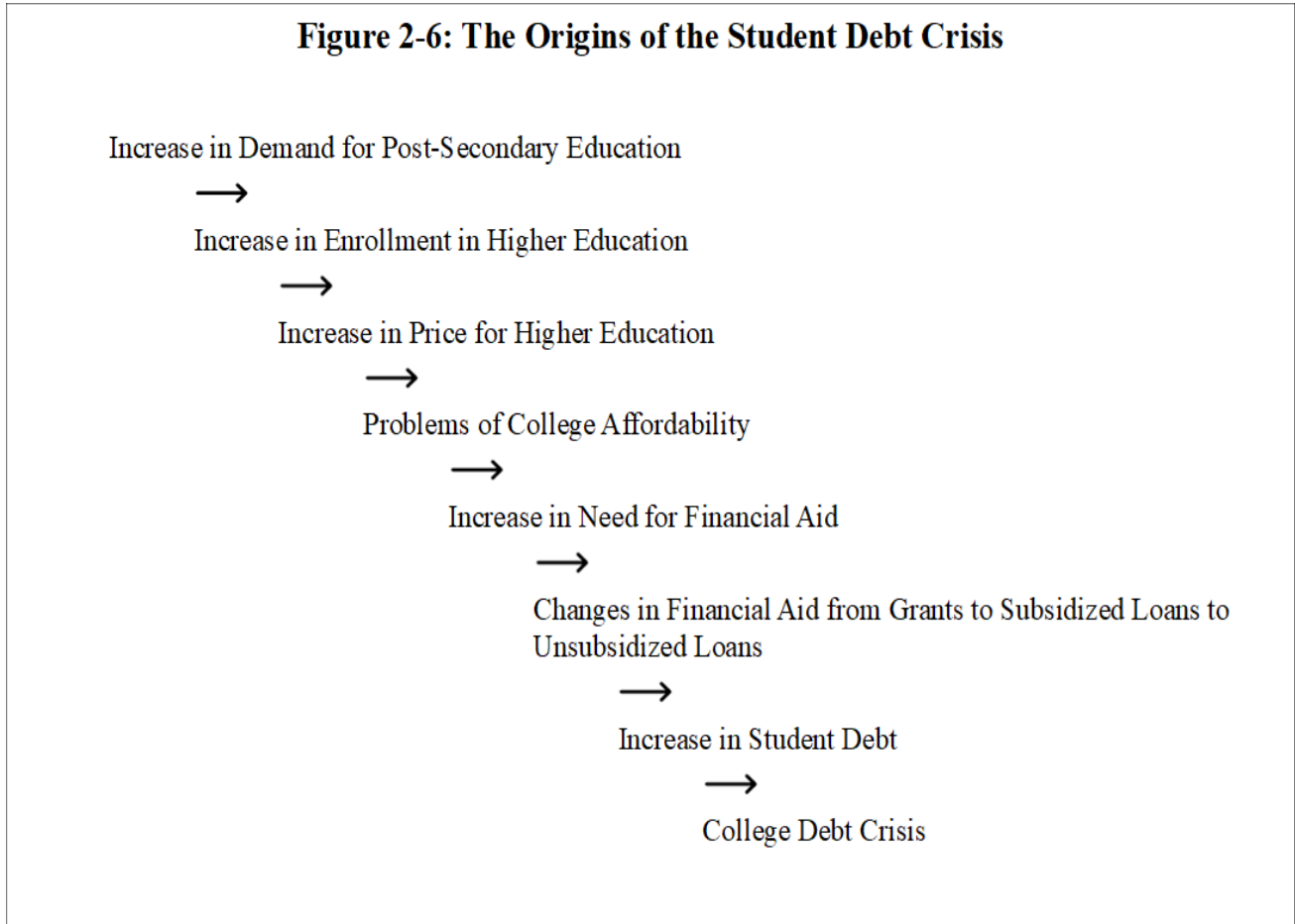
Figure 2-5: Total Student Debt (in billions) Due To Federal Loans: 2007-2023



Data Source: National Student Loan Data System (NSLDS), US Department of Education

Figure 2-6 depicts the sequence of changes that has led to the college affordability and student debt crises which in turn led to the two financial aid programs that are the focus of this study. To summarize, given an increase in demand for post-secondary education, the story of higher education over the past century has been one of dramatic expansion of student enrollments. In turn, there has been a dramatic increase in the price of a degree, leading to problems of college affordability, and, in turn, demand for financial assistance. There has been a dramatic increase in financial aid, leading to changes in the form of financial aid from grants to

loans and from subsidized to unsubsidized loans. This has created the student debt “crisis” in the U.S.



Two Perspectives on the Increase in Demand for Post-Secondary Education

It is clear there has been a dramatic increase in demand for post-secondary education since WWII. But there are differing views as to why this is so. There is more than one answer to a key set of questions: What is the main driver behind the perceived need for more and more higher education, and what is the main driver behind the long-standing correlation between individuals’ educational levels and their earnings?

The Human Capital Perspective

The dominant answer to these questions has long been based on human capital theory, a central part of the neoliberal perspective that I introduced in Chapter 1. From this perspective, human capital, like financial capital, is an important asset and driver of both individuals' economic mobility and growth in the larger economy. From this perspective, for the employee, the purpose of higher education is to increase one's marketable skills that can be utilized in one's employment. Individuals temporarily forego earnings in order to invest in themselves and their future earning potential through education. From the viewpoint of employers and policymakers education and training serve a functional purpose in the larger economy. Higher education creates a more productive workforce that can meet the changing needs of the economy (Schultz, 1961). In recent decades, the human capital perspective has focused on what is referred to as the knowledge revolution, the information society, or the high-tech economy – where the nature of work has shifted to occupations associated with advanced knowledge and information (Murnane and Levy, 2004). In this view, with technological change, increasingly jobs will require advanced levels of education and training, leading to policy calls for “college for all” in order to create a more productive workforce and to ensure success in the global economy (Lazerson and Grubb, 2004). Human capital theory is the dominant explanation of the rapid increase in educational attainment, the subsequent rise in employee earnings, and the subsequent rise in economic productivity over the past century (Goldin and Katz, 2008; Arum & Roksa, 2014; Bol et al., 2019).

A Status Attainment Perspective

There is, however, an alternative sociological explanation, also introduced in Chapter 1, of the increased demand for college degrees and of the education/earnings correlation. In this

perspective, increased educational requirements for employment often do not reflect the demands for greater skills due to technological change and often do not reflect the skills and knowledge actually necessary in jobs. From this alternative perspective, individual productivity is not the central driver of financial returns to education, and human capital theory cannot fully explain the dramatic contemporary increase in the perceived necessity of a college degree for employment. Nor, in this view, can human capital theory fully explain the dramatic increase in the price of a college degree, the problem of college affordability and the student debt crisis. In one of the early studies in this perspective, titled *Education and Jobs: The Great Training Robbery*, Ivar Moreovererg (1971) empirically documented that there is little correlation between what individual's actually acquire through their Bachelor's degree education and the actual knowledge and skills necessary to particular jobs, nor is there much correlation between education and job performance. Moreover, reviews have long concluded that for most occupations and professions there has been little, if any, empirical research done assessing the effects on performance of practitioners having a particular credential or degree (e.g., Kane, 1994; American Educational Research Association, American Psychological Association, National Council on Measurement in Education, 1999). In most occupations and professions, it appears that a positive contribution of pre-employment degrees to an individual's performance is assumed but not empirically verified.

In this vein, drawing from Max Weber's classic *Economy and Society* (1968), Collins (1971) proposed a perspective focused on educational credentialism, elaborated in his book titled *The Credential Society* (1979) as an alternative to human capital theoretical perspective, to explain the increased schooling requirements for employment in Western industrialized countries such as the US and the purpose of higher education requirements in the labor market. From this

view, which I will here refer to as a status attainment perspective, the objective of obtaining higher education degrees has less to do with technical skill attainment in a changing economy and more to do with socio-economic mobility in a competitive and stratified society and economy. From the status attainment perspective, college degrees vary in prestige, status, and market value, and they are used by individuals and groups in competition for social and economic mobility. Degree acquisition in this perspective is not due to a “thirst for education” but is a sorting device and a type of monopolistic practice, the point of which is to limit access to higher-status, higher-pay positions to those holding the coveted entry ticket. A college degree is a “symbolic sheepskin” that “matters more than the academic substance it is meant to represent” (Arum & Roksa, 2014). One interpretation of this, as in the Institutional Theory perspective I introduced in Chapter 1, is that the credential is a matter of form over substance – an outward Erving-Goffman-like presentation – and the substance is secondary or even irrelevant. That is, simply holding a degree is more important in the job market than whatever is learned in the process of its acquisition.

However, other sociologists hold that, while not simply representing the acquisition of human capital, credentials and college degrees do represent the acquisition of other assets, perhaps less tangible than financial and human capital, but no less valuable – such as cultural and social capital (e.g., Lamont and Lareau, 1988; Dumais and Ward, 2009; Rivera, 2012; Arum & Roksa, 2014; Horowitz, 2018). Cultural capital refers to one’s cultural knowledge and skill, along with social and verbal skills, and social capital refers to the depth and breadth of one’s social networks. Sociologists have held that both are assets that derive from individuals’ socio-economic position, family background, and educational experiences, and both have market value. Sociologists hold that various aspects of cultural and social capital can serve as both entry

criteria for educational institutions and as a key part of the substance – the curriculum – imparted by educational institutions.

From this perspective, cultural and social matching are as important as technical knowledge and skill in hiring processes – employers look for employees with similar types and levels of cultural and social capital and educational credentials serve as signaling devices of mastery of such capital. The status attainment view argues that more advanced degrees are correlated with higher earnings, not because the years in college raise employee skill level and productivity, but because the credential signals that the employee has preexisting characteristics desirable to the employer. As a concrete example, from this perspective, the reason for a prospective student to acquire an expensive MBA degree is not solely or primarily to acquire the managerial and financial knowledge and skills ostensibly imparted by the program's curriculum, but to acquire the cultural norms of managers and social networks and contacts with future managers. In other words, from this perspective, the purpose of higher education is to gain admission to certain occupations and professions, through the acquisition of particular social and cultural skills. In contrast to human capital theory, the status attainment perspective tends to view the educational system as less a mechanism of socio-economic mobility and more a social reproduction mechanism, which reproduces and maintains existing socio-economic inequalities.

This perspective offers an explanation of both the increased necessity and the increased price of a college degree over the last 50 years. Much of the perceived value of a credential is relative and depends largely on scarcity. As greater numbers of job seekers acquire higher levels of education, the applicant pool grows more competitive. More students are attending colleges and universities than ever before and the more people who possess a certain credential, such as a Bachelor's degree, the less that degree is worth in the job market. This decrease in value with

increase in supply is referred to as credential inflation. This credential inflation is largely driven by the expansion of schooling, like monetary inflation due to governments printing more paper money (Brint, 2002).

This credential inflation occurs when the increasing supply of educated persons has made education “a rising requirement of jobs” and “employers have raised their educational requirements to maintain both the relative prestige of their own ranks and the relative respectability of middle ranks” (Collins, 1971: 1015). From the status attainment perspective, if everyone has the same cultural qualifications, employers will insist on higher-prestige, or more advanced, degrees to maintain the same level of employee selectivity (Horowitz, 2018).

This extensive degree inflation was documented in a recent study which examined new job postings requiring 4-year college degrees and found that most of those already employed in those same jobs did not hold, nor need, such degrees (Fuller and Manjari, 2017; Quartermaine and Fuller, 2020). Despite the lack of technical need, a Bachelor’s degree has seemingly become a prerequisite for entry in many occupations and has increased the necessity of going to college, in turn contributing even more to the problem of credential inflation. Credential inflation leads to greater competition for degrees from higher prestige educational institutions. Regardless of the actual caliber of the education, or the depth of learning on the part of students, degrees from more prestigious colleges and universities have higher market value. In short, the prestige of the credential is a signal of candidates’ value for entry into the labor market. Higher-status degrees serve as “better signals of employability than others, regardless of whether those degrees are underpinned by actual field-specific knowledge and skills” (Arum & Roksa, 2014). Increased competition in the labor market leads to students pressed to acquire ever more higher level degrees (e.g., a Masters degree instead of a Bachelor’s degree; a doctorate instead of a

Masters degree) and to compete for degrees from more prestigious institutions, regardless of the academic substance imparted – all leading to more borrowing and more debt. Hence, the status attainment perspective and credential inflation provides an explanation of the college debt crisis.

The Hierarchy of Higher Education Institutions

This discussion of the relative prestige of colleges and universities highlights the variety of institutions included in the term “college” in the United States. As I describe below, along with prestige, higher education institutions differ in numerous ways – selectivity, price, the types of students they serve, their missions, and finally the strategies and paths of socio-economic mobility they represent. Their differences are also reflected in the two different models of college financial aid I focus on in this study, representing different solutions to the college affordability and student debt crises.

On one end of the hierarchy of America’s higher education institutions are 4-year private and public liberal arts colleges and research universities and on the other end are public 2-year community colleges.³ Private liberal arts colleges, private research universities (with graduate programs), and the major public research universities are relatively prestigious, the most selective, and the most expensive of higher education institutions. Historically, the most elite private colleges predominantly served the most privileged students, as exemplified by the upper-class origins of students attending private institutions such as the Ivy League. Selective institutions now are based, in theory, on meritocratic principles, admitting the brightest students

³ In this section I purposely omit discussion of for-profit private institutions and focus on private non-profit and public institutions. Like community colleges, many for-profit colleges are also lower status, but the great diversity in the for-profit sector, as well as allegations of fraudulent activity, complicate comparisons (Goldin and Katz, 2008).

regardless of family background. Historically, their promise has been to prepare students for higher-status and higher-paying white-collar occupations and professions that ostensibly require higher academic ability and more rigorous preparation (Collins, 1979; Karabel, 2005). These benefits are relatively costly. IPEDS data from the US Department of Education indicate that in 2020-21, annual tuition and fees for 4-year Bachelor's degree programs at private universities and colleges averaged almost \$36,000 nationwide. For public colleges and universities, tuition and fees averaged about \$9,000 for in-state students. But, there is a wide range in the price of degrees. In 2022-23, annual tuition and fees at the most prestigious private colleges and universities sometimes exceeded \$60,000, and at the major public universities sometimes exceeded \$20,000 for in-state students and \$40,000 for out-of-state students.

On the other end of the hierarchy are America's 2-year community and technical colleges—the least prestigious, the least selective, and the least expensive of the higher education institutions. Historically, such institutions have served as the primary entrance-point into higher education for lower-income students, those from disadvantaged backgrounds, racial-ethnic minorities, new immigrants, 1st generation students, and those looking for a second chance (Rosenbaum, Diel-Amen, & Person, 2006). These institutions are, ostensibly, based on egalitarian principles, designed to maximize access to higher education. Historically, their promise has been twofold: to prepare students for skilled working class, blue-collar occupations and trades, and also allow those students with adequate ability and motivation to transfer after 2 years to 4-year colleges to obtain Bachelor's degrees or higher (Monaghan and Attewell, 2015). Community colleges are a far less expensive alternative to other types of colleges and universities. IPEDS data indicate that in 2020-21, annual tuition and fees averaged \$3,500 for public 2-year colleges, about a third of the price at public 4-year institutions and less than a tenth

of the price at 4-year private institutions nationwide and as shown in Figure 2-3, have not gone up much over the past half century. In addition, by commuting from home to community college, a student can avoid the average \$8,000 annual cost of room and board at 2-year community colleges. Community colleges are a significant sector of higher education, enrolling about 40 percent of undergraduates in the American higher education system (Monaghan and Attewell, 2015).

While community colleges and selective universities and colleges sit on different ends of a hierarchical continuum, both types of institutions have roots in the original secular, liberal arts-focused tradition of the first American colleges. Both have similarly upheld liberal arts programs as central to their democratic mission, but both types of institutions have also been similarly beset by conflicting missions reflecting a variety of external and internal stakeholders driving changes (Brint and Karabel, 1989).

Conflicting Missions in 4-Year Colleges and Universities

There has long been historical tensions between higher education institutional Boards/Trustees with a business mindset and faculty with a scholarly mindset (Birnbaum, 1990). However, since the 1970s, there has been increased conflict between the liberal arts tradition, reflecting a humanistic vision of education going back to John Dewey (1902, 1974), and a market-based utilitarianism, reflecting a newer neoliberal perspective (Brint et al., 2005).

As discussed in Chapter 1, numerous scholars have argued that neoliberal values have become increasingly dominant in higher education in recent decades (e.g., Apple 2000; Thelin, 2004; Giroux, 2005; Olssen and Peters 2005; Shore 2010; Boyd, 2011; Goldstein, Macrine, and Chesky, 2011; Lanford, 2017). From this perspective there has been an increasing infusion of the neoliberal values of choice, markets, competition, and monetary rewards into higher

education institutions. Higher education institutions increasingly have been defined as “economic incubators,” with changes to both their organizational structure and social purpose. State governments have adopted a rhetoric of colleges as economic resources. Governors have declared higher education as a means to develop their state’s labor force and economy (Thelin, 2004). Through the late 80s, many universities joined with states to sponsor and subsidize research “parks” and new branches with “vaguely implied missions” centered on innovation and technology (Thelin, 2004). Both federal and state governments have increasingly emphasized “privatization” and “incentives” in funding allocation, and since higher education institutions are organizations that receive federal and state funding, both private and public colleges have been affected by government policy. Colleges and universities have followed these new sources of investment as enrollments soared in entry-level professional degree programs in “employable” fields, such as business, computer science, and engineering. Universities and colleges have devoted more and more resources to these increasingly popular fields. From this perspective, there has generally been a greater push to align college pathways with job training (Brint et al., 2005; Reynolds et al., 2006; Bol et al., 2019; Burke, 2019).

Despite these changes, a liberal arts education continues to have many staunch supporters, from the perspective of intellectual benefits (Geiger 1980s; Shapiro, 1997; Bowen & Bok, 1998), societal benefits (Putnam, 2015; Schudde & Goldrick-Rabb, 2015) and economic benefits (Pitt and Zhu, 2019; Reynolds et al., 2006). In this view, the aim of higher education is to broaden minds, develop critical thinking, foster maturity, and produce well-rounded informed citizens (Becker, Geer, and Hughes, 1995; Kohn, 2000) benefiting both those individuals and the larger society. Moreover, in this perspective, 4-year liberal arts degrees continue to have higher

status and yield higher earnings than 2-year degrees (as shown in Figure 2-1) and foster socio-economic mobility (Brint & Karabel, 1989; Schudde & Goldrick-Rabb, 2015).

However, given the soaring price of a college degree, an increasing portion of the public and employers have questioned the value of college degrees, especially 4-year liberal arts degrees. Critics have pointed out the degree/earnings correlation does not hold for all fields. For example, a 4-year undergraduate degree in the humanities holds very different market value compared to, for instance, a 4-year undergraduate degree in engineering (Brint et al., 2005; Humphreys & Kelly, 2014), and in some fields (such as certain technical fields) those without Bachelor's degrees have higher career earnings than those with liberal arts Bachelor's degrees (Broady and Hershbein, 2020).

A series of surveys, conducted by NORC at the University of Chicago, over the past decade has shown an increasing skepticism toward the relative costs and benefits of 4-year degrees (Belkin, 2023). The surveys asked national samples of American adults the following:

When it comes to getting a four-year college degree, which of the following statements comes closer to your point of view? A four-year college education is...

a.) Worth the cost because people have a better chance to get a good job and earn more income over their lifetime

b.) Not worth the cost because people often graduate without specific job skills and with a large amount of debt to pay off

In 2013, over half, (53%) of Americans agreed that a four-year degree would lead to good jobs and higher earnings, compared with 40% who did not. In 2017, this changed to 49% agreed with the value of degrees, compared with 47% who did not. In 2023, this shift continued, with only 42% agreeing that a 4-year degree is worth the cost and over half the opposite. In other words, in the past decade alone, these surveys suggest that there has been a 11 point drop in the proportion of Americans who believe in the value of a Bachelor's degree and a 16 point

increase in the portion who do not believe in its value. If accurate, this shift in attitudes toward the cost/benefits of a 4-year degree has large implications for the future economics of higher education.

Some research has also shown a recent decrease in the percent of job postings that require at least a 4-year college degree (Hufford, 2022). Their argument is not that such jobs do not require the acquisition of skills and knowledge, but that 4-year college degrees do not necessarily impart the requisite human capital. Accordingly, there has been an accompanying growth in education and training alternatives to 4-year college degrees. Numerous corporations and state governments have eliminated college degrees as requirements for entry into white-collar and higher paying jobs and instead have sponsored a variety of alternative routes to employment, such as internships, apprenticeships, on-line training programs, and career-technical education programs, such as at community colleges (Hufford, 2022).

Conflicting Missions in 2-Year Community Colleges

In this context, Associate degree and certificate programs at 2-year community colleges have gained renewed attention. Community colleges lie on the opposite end of the higher education hierarchy from 4-year liberal arts colleges and universities. But, like the latter, community colleges also have a similar tension between the liberal arts, reflecting a humanistic vision, and the practical arts, reflecting a neoliberal market-based utilitarian vision. Community colleges have a history of two competing missions: as sources of terminal vocational/technical training for particular blue-collar trades, and as transfer pathways to 4-year institutions for degrees leading to employment in white-collar occupations and professions.

Sociologists, in particular, have long argued that the terminal degree mission has outweighed the transfer mission. In a classic study in this vein, Burton Clark (1960), found that

community college students who seek to transfer into baccalaureate programs at state universities experience a “cooling out” of their aspirations and are diverted into vocational/technical job pathways with a less rigorous, less academic curriculum. Sociologists, in particular, have since argued that, rather than serve as a mechanism of socio-economic mobility, community colleges largely serve to reproduce existing socio-economic inequalities (Brint and Karabel, 1989; Lee and Frank, 1990; Schudde & Goldrick-Rabb, 2015; Monaghan and Attewell, 2015).

From this perspective, community colleges possess a “contradictory nature” – on the one hand, they democratize access to higher education and on the other hand they hinder students’ mobility. The source of this contradictory nature lies with the key interest groups that influence community college mission and identity – in particular, industries in need of trained employees and state university officials interested in preserving the higher prestige of 4-year educational institutions toward the top of the hierarchy. Consequently, in this view community colleges have shifted funds and attention from their transfer programs to their vocational/technical training programs. As a result, in this perspective, community college students are denied the high economic and status benefits of a 4-year degree (Brint & Karabel, 1989; Schudde & Goldrick-Rabb, 2015).

However, there has been increasing pushback to this critique of community colleges, of vocational/technical education, and of the assumption that 2-year degrees are of lesser value and do not serve as mechanisms of mobility. Some argue that community colleges do provide a transfer path and that a majority of the academically successful, Bachelor’s degree seeking, students at community colleges do end up transferring to 4-year institutions (Rosenbaum, Diel-Amen, & Person, 2006; Monaghan and Attewell, 2015). Moreover, one study has documented that students who transfer from a community college to 4-year institutions to finish their degree

have Bachelor's degree graduation rates equal to similar students who began at 4-year institutions (Monaghan and Attewell, 2015: 70).

In addition, besides the transfer function, an increasing number of commentators argue for the value of terminal 2-year degrees themselves. A prominent 2019 report by the National Science Board called for a "cultural re-evaluation" of the perceived value of 4-year Bachelor's degrees over 2-year vocational/technical degrees and certificates (Burke, 2019). This perspective holds that the widely held perception that Bachelor's degree are of higher prestige represents an unfounded bias toward Bachelor's degrees and bias against vocational/technical training, which has contributed to a shortfall of skilled technical professionals in the labor market to fill jobs that do in fact provide middle-class salaries. Data from the Bureau of Labor Statistics on higher-wage occupations, by typical entry-level education, show that numerous occupations that only require 2-year vocational/technical degrees or certificates have the earnings of middle-income American households, defined as those with annual incomes of two-thirds to double the national median (Horowitz et al., 2020). Comparisons of Associate degrees in different fields within 2-year community colleges document that 2-year degrees in the liberal arts hold far lower value in the labor market than do 2-year degrees in high demand technical fields. Moreover, employees with 2-year degrees in vocational/technical fields often have higher career earnings than employees with 4-year liberal arts Bachelor's degrees (Broady and Hershbein, 2020).

In sum, from this counter view, while of lower perceived prestige, 2-year degrees or certificates in high-demand technical fields can provide a middle-class salary, can lead to a middle-class standard of living, and can provide a potential pathway for social-economic mobility, all at a substantially lower cost for the student.

Conclusion

This chapter summarizes the background and larger context of higher education in order to set the stage for Chapters 3 and 4, in which I describe in detail the origins, goals, methods, and underlying values of the two state financial-aid programs – the Georgia Hope and the Tennessee Promise.

The story of higher education over the past century has been one of a dramatic expansion of student enrollments and a dramatic increase in the price of a degree, leading to problems of affordability and in turn demand for financial assistance. Subsequently, there has been a dramatic increase in financial aid, and in turn, changes in the form of financial aid from grants to loans and from subsidized to unsubsidized loans. This has created the student debt crisis in the U.S.

There are competing views regarding the reasons for the increase in demand for degrees. The most prominent view, the human capital perspective, holds that rising higher education requirements are determined by increasing technical skills required of the workforce in a modern knowledge-based economy. An alternative status attainment perspective, holds that competition and conflict among societal groups, rather than simply the need for technical knowledge and skill, explains the dramatic contemporary increase in educational levels. In this status attainment perspective, increased competition has resulted in increased demand for college degrees, increased attention to the relative status/prestige of degree-granting higher education institutions and increases in price. The higher education sector is a hierarchy of institutions ranging from prestigious, selective, expensive 4-year colleges and research universities on one end of the continuum to un-prestigious, unselective, inexpensive 2-year public community colleges on the other end.

It is in this context that the two state financial aid models – the Hope and Promise – were created. These two programs differ in method – one adopts a competitive approach to providing financial aid and the other adopts an egalitarian approach. They also differ in the types of institutions they target, in the types of students they seek to serve, in the strategies of socio-economic mobility they represent, and in the types of solutions they offer for the college affordability crisis.

As I will describe in Chapter 3, the primary intent of the Georgia Hope is to target the states' most academically able students to complete Bachelor's degrees at the state's 4-year universities, to try to prepare them for, and guide them into, higher-status, higher-paying white-collar positions in the state, especially in the state's growing high-tech economy. To address the college affordability crisis, it places its hopes on helping students acquire 4-year Bachelor's degrees.

As I will describe in Chapter 4, the Tennessee Promise seeks to incentivize students, including those of lower academic achievement, to complete Associate degrees and certificates at the state's 2-year community and technical colleges to try to prepare them for, and guide them into, blue-collar skilled trades in the state, especially the state's growing automobile industry. To address the college affordability crisis, it places its hopes on helping students acquire 2-year Associate degrees in technical fields.

As I also show in Chapters 3 and 4, while each program is very different, they also have common ground – each espouses similar, multiple goals and each is shaped by neoliberal values. In Chapter 5, I will present data to compare how well each program has succeeded in meeting its goals. I show that each program similarly meets some goals and does not meet others.

Chapter 3

The HOPE Scholarship

This chapter focuses on the origins and evolution of the Georgia Hope Scholarship. It addresses my second set of research questions, as elaborated in Chapter 1: how did Georgia come to create and develop the first state-level merit-based college financial aid program? What are the goals, methods, and the underlying values of the Hope Scholarship? One of the puzzles in this study is how Georgia, at the time a state dominated by the Democratic Party, would initiate a scholarship program that allocates aid, not on the basis of need, but open to all and allocated on the basis of students' prior academic performance, when the latter has long been strongly correlated with family income, race, and socio-economic status. Such programs have often been criticized by Democrats and those on the progressive and liberal-left side of the political spectrum. I address this puzzle by turning to the debate in the state during the passage and later revision of the Hope Scholarship legislation.

In Parts I and II of this chapter, I summarize the origins, goals, and methods of the Georgia Hope Scholarship program. Drawing from both state documents and media reports, I begin by summarizing the economic and political contexts in which the program arose. In this initial section, I draw on theory from political sociology, briefly introduced in Chapter 1, to briefly analyze the context in which each state program arose (e.g., Harvey, 2005; Pacewicz, 2016; Alvord, 2019; Lotesta, 2019). I then describe the Hope Scholarship's provisions regarding funding, benefits, requirements, and eligibility.

In Part III of this chapter, I analyze the ongoing debate surrounding the Georgia Hope Scholarship legislation. My objective is to uncover the values that dominated in the debate over the Hope Scholarship objectives and have been important to its continued success. I examine the major viewpoints and arguments for and against the bill used by supporters and opponents of the legislation. I focus on the rhetoric, language, and arguments that supporters successfully used to legitimize the program in the years since its inception.

I then in Part IV turn to the later creation of the Tennessee Hope Scholarship that sought to closely replicate the Georgia Hope Scholarship program and examine the context and arguments behind it and how these mirrored those of the Georgia Hope Scholarship. Finally, in my Conclusion I return to the two main theoretical perspectives I introduced in Chapter 1 – Institutional Theory and the theory of neoliberalism – and use these to interpret the results of my analysis.

As discussed in more detail in Chapter 1 and the Appendix, the method I used for the data examination in this chapter was a detailed content analysis of newspaper articles from the preeminent state newspapers in Georgia and Tennessee, the *Atlanta Journal*, the *Atlanta Constitution*, and the *Tennessean*. My data collection timeframe covers historically relevant periods between 1991 and 2014. I identified about 950 relevant newspaper articles to code and analyze. In November 2001, the *Atlanta Journal* and the *Atlanta Constitution*, the two leading newspapers in Georgia, merged under one joint masthead, the *Atlanta Journal-Constitution*, and in my discussion, I use “AJC” to collectively refer to these three mastheads. While I discuss both the Georgia Hope Scholarship and the Tennessee Hope Scholarships in this chapter, I primarily focus on the Georgia Hope Scholarship as the original and most widely copied state-

level merit-based program. In Chapter 4, I return to the Tennessee Hope Scholarship along with, in more detail, the subsequent Tennessee Promise Scholarship.

I.) The Economic and Political Context

a.) The Transformation of the Economy of Georgia

In the 1970s and 1980s, southern states were suffering from “failing agrarian economies with little competing industry and a glut of prospective employees” (Austen, 2009: 26). While the traditional agrarian and textile manufacturing economy of Georgia was in decline (Kassis & Boldt, 2005), Atlanta saw a large economic boom during this period, and “the state of Georgia has largely paralleled Atlanta’s performance,” (Kanell, 2019). A significant component of Atlanta’s economic development was growth of the technology sector beginning in the 1980s, and the high-tech boom became a critical driver for the state’s economy (Heaghney, 2007). “The metro area added 38,500 high-tech jobs between 1993 and 1998, ranking the city No. 4 nationally in technology job creation, according to the American Electronics Association” (McRaney, 2002). The tech boom in Atlanta in turn fueled a development boom as demand for housing and consumer-driven businesses like restaurants and retail exploded (Kassis & Boldt, 2005; Kanell, 2019). “From 1991 to 2001, U.S. payrolls expanded a robust 20.1%. Metro Atlanta’s job growth made that look lethargic: jobs here during that decade surged 43.3%,” (Kanell, 2019). Due to a weaker economy in other parts of the US, especially the Northeast, “many Americans looked to Atlanta as a place of opportunity, flocking here by the tens of thousands each year” (Kanell, 2019). According to PricewaterhouseCoopers LLP, “Georgia companies raised more than \$372 million in venture capital during the last three months of 1999, more than twice as much as any other period in Georgia's history,” (McRaney, 2002).

Table 3-1 displays Georgia data on employment, establishments, and wages in technology industries in 1985, 1995, and 2005. The table illustrates how high-tech made up an increasing share of Georgia’s economic base. “Employment has grown from about 8 percent of total employment in the state in 1985 to about 10.6 percent in 2005. The share of total wages has grown more quickly as these sectors tend to be high paying” (Heaghney, 2007: 14). Importantly, the report, from which these data are drawn, stressed that these high-tech jobs require a highly educated workforce, and future growth in this sector of the economy would require growth in the highly educated portion of the labor force.

Table 3-1: Trends in the High-Technology Sector of the Georgia Economy: Establishments, Employees and Wages, 1985, 1995, 2005.

Year	High Tech	-----Establishments-----		-----Employees-----		-----Wage-----	
		Number	% Share of State’s Total Establishments	Number	% Share of State’s Total Employees	% Share of State’s Total Wages	Wage Per Week (2000\$)
1985	Total	2,634	1.82	212,774	7.95	10.00	\$594
	High-Intensive	1,391	0.96	58,200	2.17	3.23	\$702
	Medium-Intensive	1,243	0.86	154,575	5.77	6.76	\$553
1995	Total	13,670	6.54	407,402	11.50	16.48	\$748
	High-Intensive	7,688	3.68	179,067	5.05	8.67	\$895
	Medium-Intensive	5,982	2.86	228,335	6.44	7.80	\$632
2005	Total	19,868	7.15	430,453	10.58	15.46	\$947
	High-Intensive	11,713	4.22	183,181	4.50	8.09	\$1,164
	Medium-Intensive	8,155	2.94	247,272	6.08	7.37	\$786

Source: Heaghney, K. 2007. “Georgia’s Economy: Trends and Outlook.” (FRC Report No. 145). *Andrew Young School of Policy Studies Fiscal Research Center.*

In the year 2000, Atlanta saw a record low unemployment of 2.6%. When the high-tech and “dot-com” economic “bubble” collapsed in early 2001, Atlanta saw a sharp increase in unemployment, “but construction barely paused, and as the economy again picked up, Atlanta quickly emerged as one of the top markets for homebuilding. The metro region added up to 50,000 houses a year in the early and mid-2000s, and hiring again outpaced the nation,” (Kanell, 2019). With a focus on homebuilding, Atlanta was thus poised to be especially hard hit by the housing crisis that occurred beginning in 2008. “The recession hit much harder here,” said University of Georgia’s Director of the Center for Economic Growth, Jeffrey Humphreys (Kanell, 2019). With this recession hitting Atlanta much harder than most other regions in the country, Georgia especially struggled in the post-recession years (Kanell, 2019). It was not until 2017 that Atlanta started posting unemployment rates (5.2 in January 2017) on a par with pre-2008 recession levels (5.2 in December 2007) after having experienced double-digit unemployment during the 2008 recession (U.S. Bureau of Labor Statistics).

It was in this economic context that, beginning in 1993, Georgia developed its higher education financial-aid initiatives. A lottery and Hope Scholarship were created in the midst of the period of rapid growth in the economy and in particular, the technology sector. Those programs were explicitly designed to address the workforce needs of state industry and in turn maintain the strength of the state economy.

b.) The Transformation of Georgia Politics and the National Republican Party

Along with the transformation of its economy, Georgia also experienced a transformation of its political parties in the first decade of the 21st century – to become a part of what is commonly called the “New South” – with a government often characterized as neo-conservative and often dominated by the Republican party (Lloyd, 2012). Georgia had elected Democratic

governors since 1871 and had a Democratic-majority Senate since 1869. In 1990, Zell Miller a conservative Southern Democrat, was elected as the 79th Governor of Georgia. Miller's election represented a transitional phase in the Democratic and Republican parties in the South, as conservative "Dixiecrat" Democrats moved to the Republican party. In 2003, Georgia elected Republican Governor Sonny Perdue and Republicans attained an elected majority in the state Senate. In 2004, Miller himself switched party allegiance and supported the presidential campaign of Republican Georgia W. Bush over Democrat John Kerry, and that same year in 2004, he was a keynote speaker at the Republican National Convention. Georgia has maintained a Republican Governor and a Republican-majority state Senate every year since 2003 and has maintained a Republican-majority state House every year since 2005. The Republican majority has continuously grown, although this has been challenged in recent years. By 2011, the composition of the Georgia state House was 116 Republicans, 63 Democrats, 1 Independent and the state Senate was 35 Republicans, 21 Democrats.

This transition in the Democratic and Republican political parties in the southern states in the first decade of the 21st century was tied to larger shifts in the party system at the national level. As a staunch conservative, Barry Goldwater's presidential bid in the 1960s began a three-decades-long shift in the American political parties:

"Though he lost his presidential bid, Goldwater mortally wounded the older Northeastern Republican establishment... it 'turned the Republican Party over – permanently, as matters turned out – to a new and basically conservative coalition based on the South, the Southwest and the West, ending the long hegemony of the relatively liberal East in the GOP's affairs'" (Lind, 1995).

Of the only six states Goldwater carried, five were south of the Mason-Dixon Line (Lind, 1995). The 1960s south is popularly known for the Civil Rights Movement and its legal victories over Jim Crow segregation, but “the political culture of the South was changing among whites as well, with the monolithic rule of the Dixiecrats giving way to new forms of conservatism” (Lloyd, 2012: 490). Democratic President Lyndon B. Johnson’s “Great Society” programs encompassed racial and economic left-liberalism, alienating conservative Southern Democrats (Black, 2004). With the new Republican party coalition, based in the South, the Southwest, and the West, came a new ideological coalition. Since the 1970s, neo-conservatives and neoliberals have joined to form much of the backbone of the Republican party (Harvey, 2005; Lotesta, 2019).

These two ideological differing perspectives, neo-conservatism and neoliberalism, are often clumped together. It is often assumed that neoliberals are conservative, vote Republican, and vice versa. “This tendency to equate neoliberalism with radical right-wingers is understandable because politicians on the right were often vocal supporters of deregulation and public sector rollback during the 1980s” (Pacewicz, 2016: 118). Neo-conservatism and neoliberalism are not synonymous, and their positions on particular issues can be in conflict. But, these two perspectives are intricately connected in the U.S. Among the issues for which there is widespread agreement from neoliberals and neo-conservatives is their opposition in general to government welfare-state entitlements. Since the New Deal, these have been championed by the Democratic party, as the core of a welfare-state model of governance, while the Republican party has historically eschewed entitlements in favor of voluntary and private

sector efforts or a more contingent and limited governmental responsibility (Bickers & Stein, 2000).

This ideological coalition of neo-conservatism and neoliberalism has differing implications for education. With their political union under the umbrella of the Republican party, this coalition has sought to shape the educational system in the United States. Neoconservatives view education as a mechanism to socialize the citizenry and instill a common core of traditional cultural and moral values (Apple, 2000). Neoliberals, on the other hand, view education as necessary to American economic competitiveness and vitality (Chubb and Moe, 1990; Boyd, 2011). For example, Margaret Spellings, US Secretary of Education under George W. Bush, pushed the perspective of “higher education in America as a consumer good” and sought to promote market-like de-regulation, competition, discipline, ratings, and accountability for high education institutions and market-like choice for student consumers (Boyd, 2011: 244).

Despite efforts to infuse neoliberal logic in higher education, there has long been friction between higher education institutions and the neoliberal and neoconservative ideologies that dominate the Republican party. For instance, explaining why Republican Governors in Wisconsin and Louisiana were cutting higher education budgets, Larry Sabato, director of the University of Virginia Center for Politics, concluded: “Most GOP elected officials believe that universities are hotbeds of Democratic support—and the voting patterns in most college precincts support this,” (Bidwell, 2015). This friction, however, existed long before the modern transformation of the Republican party and the resurgence of neoliberalism. It echoes the historical discord in America between religious conservatives and higher education brought to light in Hofstadter’s 1962 classic, *Anti-intellectualism in American Life* (Hofstadter, 1962). One thing that has changed since Hofstadter’s 1962 publication is the political reality of Republican-

controlled states in the New South in which today's neoconservatives and neoliberals hold considerable sway (Lloyd, 2012).

Despite the ties between neoliberalism and neoconservatism in the Republican party, since the 1990s, neoliberal ideals have often been embraced by both political parties, exemplified by President Clinton's neoliberal economic and welfare policies in that decade. Neoliberalism's influence in the Democratic party has been challenged in recent years by the ascendancy of liberal-left/progressive economic values, such as the Democratic Socialism popularized by Senator Sanders during his 2016 presidential campaign. Nevertheless, Democrats in the south have generally remained more neoliberal and conservative than members of their party from other regions. It was in this political context that Georgia's Democratic Governor, Zell Miller, along with a Democratic controlled Georgia House and Senate, developed the state's predominant higher education financial-aid programs and created the Hope Scholarship in the early 1990s.

II.) The Origins, Goals and Methods of the Hope Scholarship

a.) The Creation of the Georgia Hope Scholarship

In January 1991, after being inaugurated as Georgia's 79th governor. Zell Miller immediately moved forward with one of his campaign promises of introducing legislation before the General Assembly to establish an education-devoted, state-run lottery. Funds from the lottery were to be utilized for four purposes – educational technology for primary and secondary schools; a new pre-kindergarten program; school construction; and the new Hope Scholarship college financial-aid program. According to Georgia's constitution, such a lottery would require a voter referendum, and the resolution to put the lottery amendment before voters passed with a

126-51 vote in the House and a 47-9 vote in the Senate. In 1992, voters passed the lottery amendment with a 1,146,340-1,050,674 vote, and the first lottery tickets were sold to Georgians in June 1993. Funded by lottery proceeds, in September 1993, the first Hope Scholarships were awarded.

Initially, during Zell Miller's gubernatorial run in 1990, he framed his proposed scholarship as largely designed to make college more affordable to students from low-income families. The main goal of the proposed program appeared to be to expand educational opportunity to disadvantaged groups, especially low-income urban black students and rural white students (Lanford, 2017). However, leading up to the voter referendum on the state lottery amendment in November 1992, the Miller administration radically change the eligibility requirements for the scholarship to make the aid available to a wider swath of the public, beyond students from lower-income families. Initially, Hope scholarship participation was limited to students from families with incomes below \$66,000 – about twice the median household income (\$33,394) in Georgia at that time. This income cap was increased to \$100,000 in 1994 and completely eliminated in 1995. This effectively allowed for participation by more affluent Georgians.

Instead of being partially need-based, eligibility for the Hope Scholarship became solely based on students' academic achievement. To receive the Hope scholarship, Georgian residents had to have graduated from a Georgia high school after 1993 with at least a 3.0 (B) high school grade point average (GPA). Recipients of the scholarship also needed to maintain a 3.0 GPA through college.⁴ In short, the Hope Scholarship was created as a merit-based program available to higher achieving students regardless of their economic circumstances. The goal of the Hope

⁴ The original Hope Scholarship did not include standardized college admission exam scores (SAT or ACT) as part of the eligibility criteria. This test requirement was later added to the Zell Miller scholarship, to be discussed later.

Scholarship has not been to target funds solely to the disadvantaged, but rather to make college affordable for “outstanding” students, both up and down the income ladder.

According to Georgia Student Finance Commission data, “within one academic year, the overall number of students receiving a HOPE scholarship more than doubled, from 42,797 in the 1993–1994 academic year to 98,399 in 1994–1995,” (Lanford, 2017: 11). The program has continued to dramatically grow. From 1998–1999, 140,000 students received \$189 million through the Hope scholarship. Forty-five percent of these recipients attended 2- or 4-year colleges and 55 percent attended technical institutes (Dynarski, 2000). The expansion of eligibility to include a wider swath of the public also expanded political support for the program, leading to its widespread and continuing popularity (Lanford, 2017).

Initially, Hope Scholarships covered up to two years of college tuition and fees at Georgia’s public colleges and universities, with the second year being a loan. Initial estimates for lottery projections were very conservative, \$139 million, but in fall 1993, newspaper articles were reporting that the lottery had raised \$83 million more in 1993 than had been anticipated. In July 1994, with the lottery doing so well, the Hope scholarship was expanded to cover the full cost of 4 years of tuition, fees, and books.

The Hope Scholarship is designed as a “last-dollar” form of aid.⁵ That is, the Hope Scholarship payments begin where other forms of grant aid end. Georgian educational officials were worried that students would no longer apply for federal aid once the Hope Scholarship was made available (Dynarski, 2000). To prevent this, families with adjusted gross incomes lower than \$50,000 were required to complete the FAFSA (Free Application for Federal Student Aid) to apply for the Hope Scholarship. The FAFSA requests detailed information on family income,

⁵ “Last dollar” scholarships refer to aid that cover the full cost of tuition and fees after all other possible federal and state gift aid has been applied, such as the federal Pell Grant.

assets, expenses, and taxes. The consequence of these filing requirements is that students from lower-income families have faced more burdens and restrictions to receiving funding than students from families with incomes above \$50,000, who were required only to complete a 1-page form which entailed no detailed financial information (Dynarski, 2000). Moreover, students who received the maximum federal Pell Grant were not eligible for the Hope scholarship, but could receive a grant of \$400 a year for books. This stipulation, that recipients of the maximum Pell Grant were disqualified for the Hope Scholarship, remained in effect until 2002.

The Hope scholarship was primarily designed to apply to the state's public universities and colleges, but the Hope Scholarship also offered a smaller annual grant to students attending Georgia private colleges; this grant was \$500 in 1993 and increased to \$3,000 by 1996. Moreover, the college GPA requirement was originally only required for public college/university students, but in 1996 the GPA requirement was extended to private university students.

Beyond the Hope Scholarship, early on the legislature also created two other lottery funded programs to address the needs of students who did not meet the Hope Scholarship requirements. Students pursuing certain technical degrees and certificates that had not been eligible for the Hope Scholarship could receive smaller Hope Grants, with a lower GPA requirement of 2.0 (C) instead of 3.0 (B). Students who did not graduate from a Georgia high school, but received a GED (general education diploma), and were thus ineligible for the Hope scholarship, could receive a \$500 education voucher under the Hope GED Grant. Notably, while having lower GPA requirements, both of these programs had merit-based requirements.

b.) Changes in the Economic Context

By the mid-2000s, many of Georgia's neighboring states had also created lottery programs. These neighboring lotteries "placed a financial strain on HOPE scholarship funds as residents from neighboring states ceased purchasing lottery tickets in Georgia," (Lanford, 2017: 12). While still profitable, the Georgia lottery did not produce as much revenue as it had in the 1990s. This decline in revenue, plus the 2008 economic recession, which strongly impacted Georgia (as discussed previously), resulted in the Hope Scholarship facing a \$244 million shortfall by 2011 (Lanford, 2017: 12).

To address this revenue shortfall, in March 2011, Nathan Deal, Georgia's new Republican Governor, together with state legislative leaders, pushed through House Bill 326, which effectively reduced both the number of scholarship recipients and the amount of aid they received. The bill reduced payouts to students by eliminating coverage of books and mandatory fees. Moreover, to prevent future shortfalls, the legislature tied Hope Scholarship payouts to lottery revenue, which fluctuates year to year. This effectively meant that students usually no longer receive 100 percent of tuition.

The new law also increased scholarship eligibility requirements, thus shrinking the pool of students receiving funds. One way it did this was by introducing a new, more rigorous merit-based program, alongside the reduced Hope Scholarship – the Zell Miller Scholarship – which offered full tuition. The Zell Miller Scholarship effectively raised the eligibility bar to receive full tuition, by raising the high school GPA required from 3.0 (B) to 3.7 (A minus) and raising the required college GPA from 3.0 to 3.3 (B plus) to retain the scholarship. Also, unlike the Hope Scholarship, the Zell Miller Scholarship also required minimum college entrance exam scores of 26 on the ACT (83rd to 85th percentile) or 1200 on the SAT (74th percentile). In addition, the Zell Miller Scholarship also added increased course requirements for college

graduation, to take effect in stages from 2015 through 2017. Finally, the new legislation also raised the GPA requirement from 2.0 (C) to 3.0 (B) for the smaller Hope Grants program for students pursuing technical degrees and certificates.

As a result of these decreases in Hope Scholarship payouts and simultaneous increases in fees and tuition at state institutions, out-of-pocket expenses for students immediately increased. According to one analysis, at the University of Georgia, out-of-pocket expenses for students increased from \$398 to \$1,555 from 2011 to 2012 (Diamond, n.d.). These changes led to rising student debt and increases in the number of college dropouts (Butrymowicz & Kolodner, 2017). Hope Scholarship award payouts fluctuate year to year. In 2021-2022 the scholarship was about \$7,700 per year for full-time enrollment in Bachelor's degree programs at public 4-year colleges and universities (Lee, 2022). For comparison, at the University of Georgia, the total annual cost for in-state students living on campus was \$27,450 in 2019-2020⁶ (Lee, 2022).

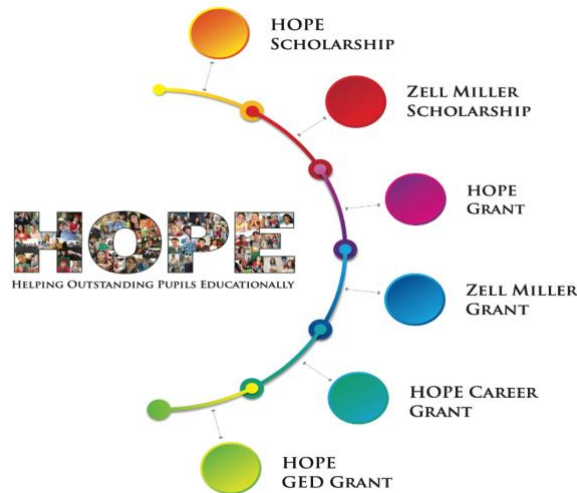
In response to these developments, Democratic State Representative Stacey Evans introduced Georgia House Bill 54 in March 2013 to try and reverse some of the 2011 reductions to the Hope Scholarship. Some of her ideas were incorporated into Georgia House Bill 372 and signed into law by the Governor on April 24, 2013. This Bill lowered the GPA requirement for the smaller Hope Grants program back to the original 2.0. But Hope Scholarship payouts remain tied to lottery revenue, and books and fees remain out-of-pocket expenses.

In 2018, after a series of reports highlighting rising student debt and advocating for need-based financial aid, Georgia passed legislation giving the Georgia Student Finance Commission the authority to create need-based scholarships (House Bill 787). However, these were not

⁶ The total price here is calculated as the amount of tuition, fees, room and board, books, supplies, transportation and other expenses that “institutions report a student can expect to pay to go to college for an academic year,” (Lee, 2022).

provided any funding until 2022.⁷ By the mid-1990s, Georgia no longer had any statewide need-based college grant program and, with a couple minor, very specific exceptions,^{8,9} continues to lack such a program (Butrymowicz & Kolodner 2017; Lee, 2022).

Figure 3-1: The Suite of Georgia Hope Financial Aid Programs



Source: Georgia Student Finance Commission, 2020

Over time the Georgia lottery has expanded its coverage solely from the Hope Scholarship to a suite of six central college financial aid scholarship programs. These include the HOPE Scholarship, the HOPE Grant, the HOPE GED Grant, the Zell Miller Scholarship, the Zell Miller Grant, the HOPE Career Grant (see Figures 3-1 and 3-2). While each of these

⁷ The passage of House Bill 1435 in March 2022 allocated \$10 million in the following year’s budget to support potential need-based scholarship programs.

⁸ The Georgia REACH (Realizing Educational Achievement Can Happen Scholarship) does offer small college grants on a need-based basis, but much of the cost of these is covered by school districts and the private sector, and it is not truly statewide. The REACH currently only covers a small percentage of Georgian school districts and “the number of scholarship recipients is capped at eight per graduating class for school districts with five or more high schools and five per graduating class for districts with four or fewer high schools,” (Suggs, 2016: 18).

⁹ A very small, specific program, the *Georgia College Completion Grant* (GCCG) was created beginning with the state fiscal year 2023. It provides financial assistance to students attending public GA colleges who have completed at least 80% of their requirements toward a degree and demonstrate financial need.

programs has differing requirements for eligibility, notably all are merit-based, and none are need-based. Of the programs in the suite, the Hope Scholarship remains the largest, most well-known, most popular, and is a central focus of this study.

Figure 3-2: Details of Georgia Hope Financial Aid Programs

	Credential	Award Amount (2020-2021)	Initial Eligibility	Continuing Eligibility
HOPE Scholarship	Bachelor's or Associate Degree	75-94% of tuition, depending on the school.	3.0 High School HOPE GPA (core courses only) 4 academically rigorous courses, such as Advanced Placement	3.0 cumulative college GPA
Zell Miller Scholarship	Bachelor's or Associate Degree	100% of tuition.	3.7 High School HOPE GPA (core courses only) 4 academically rigorous courses, such as Advanced Placement 1,200 on SAT or 26 on ACT or be class valedictorian or salutatorian	3.3 cumulative college GPA
HOPE Grant	Technical certificate or diploma	76% of tuition or \$76 per credit hour.	Enroll in eligible technical certificate or diploma	2.0 cumulative college GPA
Zell Miller Grant	Technical certificate or diploma	100% of tuition	3.5 cumulative college GPA	3.5 cumulative college GPA
HOPE Career Grant	Technical certificate or diploma	Combined with HOPE Grant, covers 100% of tuition.	Enroll in one of 17 approved HOPE Career Grant industry areas	2.0 cumulative college GPA

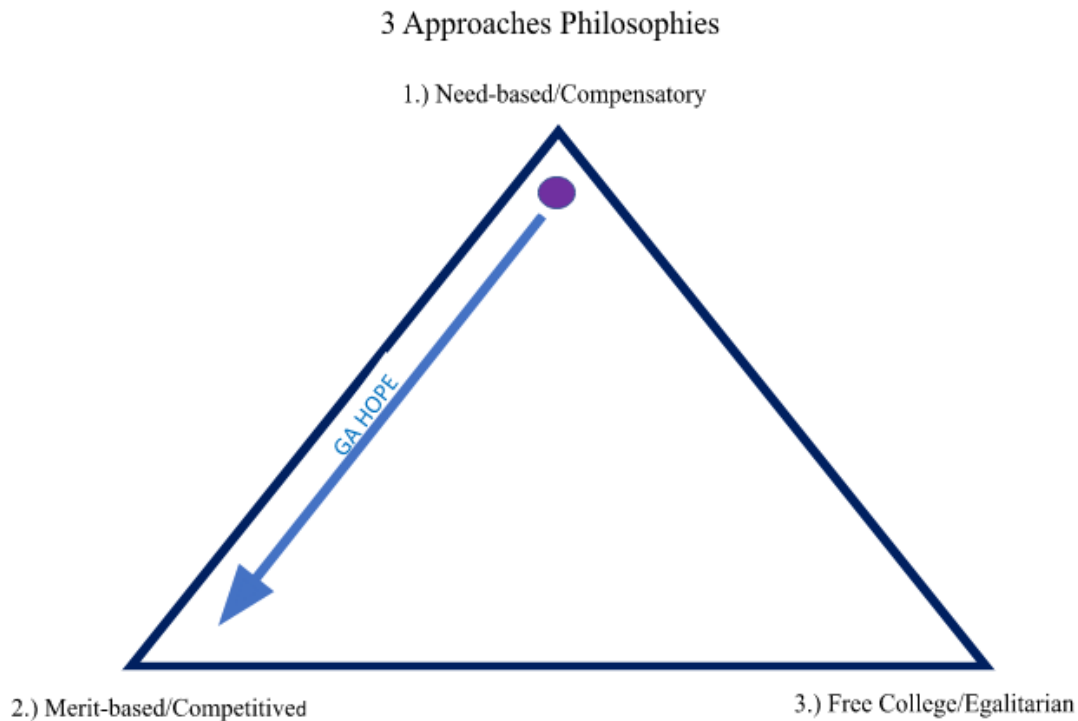
Note: HOPE awards do not include fees. Students who choose to attend private colleges get \$2,152 for one semester full-time and \$2,808 for Zell.

Source: Lee, Jennifer. 2020. "Moving HOPE Forward into the 21st Century." *Georgia Budget and Policy Institute*.

Figure 3-3 portrays the above-described evolution of Georgia's college financial aid model. As introduced in Chapter 1, the triangle represents my typology of American higher education financial aid. Each corner of the triangle represents one of three major approaches to college financial aid: 1.) need-based/compensatory; 2.) merit-based/competitive; 3.) free-college/egalitarian. As depicted in the figure, the Georgia Hope Scholarship program sought to move away from a need-based/compensatory approach, at the apex of the triangle, toward the merit-based/competitive approach. Notably, after the initial Georgia Hope Scholarship, Georgia's other financial aid programs all continued to focus almost exclusively on merit-based aid programs and policies.

The Georgia Hope Scholarship set a precedent for a nationwide transition away from need-based aid and toward merit-based aid beginning in the 1990s in the United States. This new constituted the nation's first statewide merit-based financial-aid scholarship program. It offered up to full tuition and fees scholarships to attend state institutions, available to all Georgia high school graduates, regardless of their economic circumstances. Instead, scholarship eligibility was based solely on high school and college GPA. Notably, throughout the 1990s and early 2000s, the federal government and many states followed Georgia in creating similar scholarship programs (Cohen-Vogel et al., 2007; Doyle, 2006), making this model of merit-based aid one of the nation's most popular approaches to college financial aid at the turn of the century. By 2003, 14 other states had adopted similar programs (Lanford, 2017).

Figure 3-3:
The Evolution of The GA Hope Scholarship College Financial Aid Model



III.) The Debate Behind the Hope Scholarship

While the Georgia Hope Scholarship bill was ultimately passed with an overwhelming and bi-partisan majority, it did experience an extended debate between advocates and critics. The objective of this part of the chapter is to summarize the major viewpoints expressed and arguments made regarding the Hope Scholarship. My method was to undertake a content analysis of *AJC* and *Tennessean* articles regarding the passage and revisions of the Georgia Hope Scholarship program. Through my content analysis coding, I sought to uncover themes that dominated the debate – those arguments and ideas that were the most frequently, and most

prominently, used and provided the most help to secure the passage of the bill. Following the theory of frame analysis, I began with the assumption that successful frames can articulate “commonly held beliefs and values” and resonate with listeners to open-up certain avenues of action while delegitimizing and closing off others (McCammon, 2007; Coburn, 2007).

One objective of my analysis is to explore the puzzle of how Georgia, at the time a state dominated by the Democratic Party, would initiate a support program that is primarily based on students’ academic performance, which has long been strongly correlated with family income, race, and socio-economic status. Throughout its creation and development, the Georgia Hope program faced multiple competing institutionalized demands – to address the college affordability and student debt crises, to expand educational attainment, to address educational inequality and foster social and economic mobility, and to bolster the workforce and the economy. One of the most common frames used in the debate was to argue that a major goal of the Hope scholarship should be to expand the opportunity and socio-economic mobility of those who have been historically disadvantaged – a set of goals consistent with liberal-left/progressive policies championed by the Democratic party. Perhaps surprisingly, given the dominance of the Democratic party, this frame, though raised repeatedly, had little success in ultimately shaping the program. My analysis of the legislative debate reveals that the Georgia scholarship bill was able to pass because the program was successfully framed as a rigorous and competitive program in which students had to earn rewards on the basis of their merit, and framed as a program which would bolster the state’s workforce and economy. As my analysis shows, the increasing adoption of neoliberal economic values across party lines in the 1990s helps explain how the merit-based Hope Scholarship was championed by a Democratic Governor, Zell Miller, and passed in the Democratic controlled Georgia House and Senate and then later enhanced by a

Republican governor and a Republican controlled legislature. The idea of a merit-based scholarship reflecting neoliberal values appealed to many legislators in both parties and made the Hope Scholarship an extremely popular program in Georgia.

Through my content analysis coding of the news articles in the *AJC* and the *Tennessean*, it became clear that prominently involved legislators and speakers repeatedly relied on three main categories of arguments to frame the debate over the goals and methods of the Hope Scholarship. I label these three central framing categories as:

(a.) *Economic and Workforce Development*

(b.) *Earned Rewards*

(c.) *Equity*

By an *Economic and Workforce Development* frame, I am referring to arguments advanced by advocates that the Georgia Hope Scholarship was essential to expanding Georgia's highly-educated labor force, in order to help particular state industries, and in order to improve the state's economy. In this frame, advocates' language and arguments centered on the New South economy that had developed in Georgia, with high-tech industry increasingly requiring employees with higher educational achievement levels. In short, higher education and the financial aid to obtain it were viewed as instruments in service of the economy.

By an *Earned Rewards* frame I am referring to arguments advanced by advocates that the Georgia Hope Scholarship must entail rigorous selection methods and should be conceived as a reward only provided to those who earn it through hard work. This framing was generally used to rebut critics who opposed the Hope Scholarship because they viewed it as a welfare-state "give-away" program or, more specifically, a middle-class entitlement. Proponents argued that

the use of quantitative, ostensibly objective, measures to determine eligibility guaranteed a fair selection process, equally open to all, regardless of background.

By an *Equity* frame, I am referring to arguments advanced by critics that the Georgia Hope Scholarship should address the inequalities in educational opportunity that low-income and minority groups have historically faced. Often language in this frame pointed in the direction of a compensatory approach to college financial aid – as “a helping hand” provided to the disadvantaged (as depicted in Figure 3-3). In this frame, financial aid and education were viewed as instruments in the service of expansion of opportunity for the disadvantaged and addressing socio-economic inequality.

a.) Economic and Workforce Development

The state’s economy was the driving force behind the creation of the Hope Scholarship. The central argument presented by Georgia Hope advocates was that the program was necessary because the increasing need for a highly educated labor force in Georgia was not being met, and would continue to not be met, unless the state acted. The predominant frame presented in favor of the Hope scholarship was that it incentivized students to stay in the state, which would bolster the Georgian workforce and economy. Notably this emphasis on economic and workforce development was bipartisan and popular. “Georgia is a model for the nation. Under Governor Zell Miller’s HOPE scholarship program, all Georgia students who maintain a B average in high school are eligible for a scholarship that pays full tuition to a public college in the state,” (Hansen, 1996, July 23). Advocates framed the Hope Scholarship as benefitting all Georgians, not just those college students who were aid recipients. As reported in the *AJC*, “Miller’s hope is that HOPE graduates will stay in Georgia to pursue careers and contribute to their communities,” (Walker, 1997, June 8). In Miller’s view, there was a direct connection between the Hope

Scholarship and overall economic growth in the state; “Everybody can see that education is the best economic policy” (Loupe, 1997, January 16).

The state’s economy had changed in the previous decades and hi-technology had become a significant growth field. Employers in the high-tech field were having difficulty finding talented applicants with the necessary degrees to fill higher-paying positions. Hence the target of the scholarship was higher-performing and academically top students in the state. As trumpeted by Governor Miller, the key goal of the new scholarship program was to stop a “brain drain” of the “best and brightest” students to out-of-state universities and colleges, and ultimately employment, in those other states.

The underlying assumption is that those students with the highest levels of academic ability are especially important for the state’s economy. The accompanying assumption is that such students are also a scarce resource, for which there is competition. In the arguments made in support of the Hope Scholarship, inter-state competition for this resource was a strong factor. The concern was the zero-sum loss of human capital – reflected in the phrase “brain drain to other states.” During speeches made in September and October of 1992, Governor Miller prophesized that “HOPE will catapult Georgia from the bottom ten states to the top five in the nation in the scholarship assistance we give our kids,” (Lanford, 2017: 8). The Georgia Hope Scholarship would make the state more competitive in attracting talented students for higher-paying jobs, making the state more economically competitive.

According to Miller, this strategy paid off within 4 years: “Many of the best and brightest are staying in Georgia for college because of HOPE, and now I think they will stay for jobs,” (Walker, 1997, June 8). Within a decade this focus on top students was widely viewed as successful, as reported in the *Tennessean*: “The program has clearly succeeded in one of its

principal goals – keeping top students in the state,” economist Christopher Cornwell explained. “It’s not too surprising that a merit scholarship like this one would tend to be given to students who would have gone to college anyway...The whole point was to improve the state’s economy” (Firestone, 2001, February 4). This theme was echoed a year later in the *Tennessean*:

“HOPE wasn’t designed to persuade students to go to college when they wouldn’t have gone otherwise. Its purpose was to keep the best and brightest students in Georgia, which it seems to have accomplished... About 75% of students who score 1500 or higher on the SAT college entrance exam (1600 is a perfect score) now stay in Georgia for college, up from about 25% before the program’s inception” (Cass, 2002, November 24).

A central goal and driver of the effort to create the Hope scholarship was, of course, to address college affordability and the student debt crisis. But ultimately, the underlying objective of addressing college affordability was to expand Georgia’s highly educated labor force, in order to help state industry, in order to improve the state’s economy. Throughout the 1990s, numerous news stories and editorials in the *Atlanta Journal* and the *Atlanta Constitution* brought attention to the growing problem of college affordability and growing student debt: “If Americans are to regain their upward mobility, they must be able to send their children to college. But college has gotten more costly. College should be accessible and affordable to every student who wants it,” a special editorial report in the *AJC* stated (Hansen, 1996, July 23). “More Southerners than ever are going to college, at a time when higher education costs so much that students are growing increasingly dependent on loans to do so,” according to a report released by the Southern Regional Education Board (Cheakalos, 1997, June 28). The common argument was that both

lower- and middle-income students were struggling to pay for college, taking on increasing amounts of debt, and this would ultimately hurt the state's economy. "The failure of Southern states to increase support for public higher education while enrollment swells," the Southern Regional Education Board explained, "is undermining the region's chance to capitalize on the emerging global economy," (Vickers, 1994, February 22).

b.) Earned Rewards

Just prior to the creation of the Hope Scholarship, on October 20th, 1992, the *AJC* published a short piece written by Governor Miller titled "Why Georgia Needs a Lottery." In this early piece, Miller's main argument to the Georgian people in support of the Hope Scholarship was that: "The lottery will directly help families who are struggling with the high cost of tuition" (Miller, 1992, October 20). However, it was made clear by Miller in other statements that hard work was expected from students who received the scholarship. "Mr. Miller said the plan would spur students to work harder in high school for the promise of guaranteed college tuition and would give many students an opportunity they would not otherwise get" (Walston, 1992, September 23).

The first year of the Georgia Hope Scholarship was perceived by many as a kind of experiment, and over time the program was altered to serve a broader swath of the public. The initial Hope scholarship only covered the first two years of college tuition and had an income cap of \$66,000 or eligibility. The success of the lottery in its first couple of years was important in giving Governor Miller the political leverage to expand the Hope scholarship, raising the income cap eligibility level to \$100,000 and expanding the program to cover four years of tuition. Governor Miller promoted it as the most "generous state-run tuition-aid program in the nation" (Smith, 1994, January 12).

Making college more affordable to the middle-class was a central argument behind these changes. “No other state our size has anything like this,” said Mike Vollmer, director of the Hope Scholarship program, in 1994. “In pushing to broaden the program’s eligibility requirements, Miller is rewriting the book on both scholarships and the purpose of government. Long a clumsy provider for the poor and a sometime friend to special interests, state government is now reaching out to the middle class,” (Foskett, 1994, January 12). “Middle-income America are the folks paying the taxes,” said Democratic State Senator Jack Hill (D-Reidsville), chairman of the Senate Education Committee. “It’s a good time to do something for them,” (Foskett, 1994, January 12). Accordingly, in this new version the legislature recast the Hope scholarship as the solution to a different social problem: a lack of scholarship assistance for middle-income families who were disqualified from participation in other financial aid programs” (Lanford, 2017: 2). As elaborated in *AJC* news stories, broadening the eligibility pool to include middle- and even higher income families was politically successful and extremely popular. “Mr. Miller won election in 1990 by pitching the lottery to middle-class, white voters who had abandoned the Democratic Party in recent years” (Sherman, 1993, May 28). “The program has become one of the most popular middle-class entitlements, and politicians who champion it are often rewarded at the ballot box....” (Firestone, 2001, February 4).

The rationale providing legitimacy for this change from a need-based program targeting the disadvantaged, to one serving a far broader swath of the public, was the ostensibly meritocratic basis of the scholarship. Advocates presented the criteria for eligibility as fair and objective, and awards were to be provided solely to those who earned it, regardless of their background or circumstances. In this frame, the use of quantitative metrics effectively legitimized the program as “color-blind” and “class-blind.” This frame had broad appeal. An

Atlanta Journal article described how members of the Georgia General Assembly were “lining up behind the governor’s proposals,” and the Hope Scholarship program was “so appealing” to members of the General Assembly that “hardly anyone is whispering any words of caution,” (Foskett, 1994, January 12).

Basing eligibility for a generous award on academic achievement, of course, had unanticipated, but inevitable, consequences. Offering full tuition and fees attracted more and higher-achieving applicants, but basing eligibility on higher academic standards made it more difficult to receive and retain financial aid. Within a year of its inception, in Summer 1994, the first *AJC* newspaper articles began reporting on what would eventually become two widely discussed consequences for the Georgia Hope Scholarship.

The first consequence was that the higher number of applicants to Georgia’s most desirable universities meant lower acceptance rates: “At some of the state’s more prestigious colleges - Emory University, Clark Atlanta University and the University of Georgia, for example - the number of applicants has hit an all-time high, school officials say. And that, in turn, has made it harder than ever to get accepted” (Whitford, 1994, August 31).

The second consequence was that a large percentage of students began losing their Hope Scholarship because they did not maintain a 3.0 (B) GPA in college: “As many as half the college freshmen who attended a state college for free this year with a HOPE scholarship probably won’t make the grades to keep their free ride, Georgia education officials say” (Vickers, 1994, June 18). By 1995, two years after its implementation, there was a clearer picture on the proportion of students losing the Hope Scholarship: “About half of the Hope Scholarship scholars will jeopardize their state aid by failing to maintain a B average” an *AJC* article proclaimed. “Nearly one-third of freshman who began classes this fall in Georgia

colleges and universities will drop out within a year. Less than half will earn a bachelor's degree within six years," (Walker and Coleman, 1995, September 24).

The response to these consequences illustrates the dominant values underlying the Hope Scholarship. Some education officials immediately proposed alleviating the second problem by lowering the GPA requirement from a 3.0 (B) to a 2.5 (C plus) after the first year of college. "There's absolutely nothing wrong with that," the Chancellor of the University System of Georgia said in a statement. But for leaders at the helm of the Hope Scholarship, it was extremely important to keep the program rigorous and selective. As Mike Vollmer, director of the Hope Scholarship program, argued: "We want to keep the academic integrity of the program and we don't want to give the scholarship to anyone with a 2.5" (Vickers, 1994, June 18).

A major political reason to frame the scholarship as merit-based was because the focus on academic ability provided a counterargument against accusations that the Hope Scholarship was not just another welfare-state "hand-out" or a new "middle-class entitlement program." By definition, entitlements are government programs that guarantee certain benefits to a particular group or segment of the population, (e.g., the elderly, poor, indigent, disabled, minority groups). Aversion to entitlement programs traditionally comes from Republicans, rather than Democrats. Since the New Deal, entitlement programs have been championed by the Democratic party, while the Republican party has historically eschewed such government programs, often labeling them as "free hand-outs from the government" or "wasteful give-aways." (Bickers & Stein, 2000: 1073).

However, in 1992, Democratic Governor Miller, and his political strategist James Carville, "explicitly wanted to avoid the 'helping hand' stigma often associated with welfare and affirmative action programs," (Lanford, 2017: 9). Miller and his team instead emphasized the

merit-based aspect of the Hope scholarship, “demarcating that the primary intent of the Hope scholarship was to provide ‘merit-based’ aid, not to earmark funds for specific student populations,” (Lanford, 2017: 12).

In a letter to *The Wall Street Journal*, Miller insisted that the Hope Scholarship was not an “entitlement program.” Instead, he described it as a justified reward for hard-working students, regardless of their family income. “It’s not something given, it is something earned,” he wrote. “Like the GI Bill, its premise is simple: You give something, you get something,” (Wooten, 1997, June 11). Rob Rickles, a spokesman for Governor Miller, touted the Hope Scholarship as a way to offer higher education to a large number of students unable to afford college, but he also insisted that, “Hope is a scholarship, it’s not an entitlement... The first year of college is tough. If a student does his or her part, then the state will do its part” (Miller, 1994, September 5). In this framing, government assistance is legitimate if rewards are earned through effort.

The ostensibly objective merit-based metrics had given the Hope Scholarship program, since its inception, much of its perceived legitimacy and had shielded it from criticism. “The exclusive focus on merit made [Georgia] Hope politically unassailable,” a 2002 news article proclaimed (Cass, 2002, November 24). “Having a program like this be universally applied causes greater buy-in by students, by families, and by legislators,” said Michael F. Adams, president of the University of Georgia. “Every political caucus is behind it,” (Cass, 2002, November 24). The ostensibly fair nature of a merit-based programs also provided ammunition against some of the consequences of the Hope Scholarship, such as increased selectivity at Georgia’s universities: “Hope is not an entitlement,” Hope Scholarship Director Mike Vollmer said. “The fact of the matter is that there are only so many rooms at the inn. We do have a finite

number of classrooms and classroom seats. In the future if we run out of space, that means the university system becomes that much more selective.” (Vickers, 1994, February 26).

Despite the negative consequences that arose from the program, it remained a competitive, meritocratic approach to providing aid. Indeed, not only was there a general posture of toughness around *retaining* the existing Hope Scholarship merit-based standards, but there were arguments made to *increase* the standards to be eligible for the Hope Scholarship. “The program as it exists condones mediocrity and penalizes risk-takers,” one *AJC* editorial complained, referencing the lack of distinction between hard and easy classes in calculating students’ GPA (Kent, 1995, May 22). This apparent discrepancy was addressed by changing how the 3.0 high school GPA requirement was calculated. After 1996, high school GPAs only counted required courses such as Math, English, Science and Social Studies toward the 3.0 Hope GPA, not electives. Governor Miller argued that tightening the Hope Scholarship standards would also address the problem of students losing their scholarships in college. Raising standards would “make Hope students less likely to lose their B average along with their scholarship” by only giving Hope scholarships to students with stronger academic achievement (Cumming, 1996, January 4). “Many of the Hope scholars who now need remedial work or are having a lot of trouble keeping a B average in college, had gotten their B average in high school by doing very, very well in easy, nonacademic course,” Governor Miller argued. “That is not fair, and it really shortchanges the student in the long run” (Cumming & Foskett, 1996, January 3). Miller asserted that giving students a scholarship for which they were “ill-prepared” was offering “false hope.” “Hope has always been about scholarship,” Miller said. “It’s something you earn, a reward for hard work” (Cumming, 1996, January 24).

c.) *Equity*

While the Georgia Hope Scholarship was extremely popular with the public, not all legislators agreed with Governor Miller's education agenda. One early criticism levied against Miller's proposal was related to the use of a lottery to fund his financial aid programs.

Opponents of the lottery made two main arguments: the lottery was legalizing gambling, which was immoral from a religious perspective, and a lottery would constitute "a regressive tax on the poor" because lower-income citizens were more likely to purchase lottery tickets (Garrett, 1992, November 1).

For instance, in Georgia, State Rep. Roger Byrd (D-Hazlehurst), an "outspoken opponent of the lottery," supported the Hope Scholarship proposal, but argued that the program should not be linked to the lottery. "If the program is a worthy program, we find money for a lot of other things," Byrd said. "Governor Miller may be convinced a lottery is the only way to do it, but historically lotteries, to keep voters from looking at the ugly face of gambling, they cover it up with something noble. The school idea is a noble idea, but I'm afraid the noble idea is being used to mask a very nasty animal" (Walston, 1992, September 23).

A decade later, Tennessee similarly experienced backlash to their proposed education lottery to fund its educational scholarships. Similar arguments were made against legalizing gambling in Tennessee. Opponents held that "gambling is a sin" ("Senator Says," 2001, July 21) and that the lottery-funded college scholarships would be a "subsidy for middle class college students paid for by the poor" (Bowers, 2002, January 26). In both states, legalizing gambling was decided by a public referendum vote. Opponents in both states launched large campaigns to persuade voters to vote against the lottery, but ultimately, majorities voted in favor of each states' education lotteries.

Another set of early criticisms of Governor Miller's proposal focused directly on educational equity issues. One argument was that the governor's primary emphasis on the merit-based Hope scholarship entailed a tradeoff and ignored the needs of disadvantaged and lower-income students and those who had obtained a GED (general education diploma), because they had not graduated from a Georgia high school and were thus ineligible for the Hope Scholarship. As reported in the *AJC*, "Miller has expanded the higher-education assistance plan, known as the Hope Scholarship program, to award full-tuition scholarships to children from wealthy families earning up to \$100,000, while grants remain small for low-income families for whom federal financial aid or the state's \$500 grants to GED recipients aren't enough" (White, 1994, June 29).

Similarly, the media began to report on early research that uncovered the social equity consequences of a merit-based scholarship.

"Only 4 percent of the money spent on HOPE went to students who might not otherwise have gone to college... Those who support leaving HOPE merit-based argue that the scholarship only demands that high school students have a 3.0 grade point average. A 3.0 isn't an extremely high standard for students to achieve, they say. However, it's a high enough threshold to shut out a lot of poor urban and rural kids" (Downey, 2008, December 1).

Moreover, within several years after the program began, the media was reporting on research documenting the consequences of the Hope Scholarship for less-advantaged students. Lower-income citizens more likely to purchase lottery tickets, and middle- and higher-income

citizens more likely to be beneficiaries, resulting, effectively, in an indirect “income transfer” from “have-nots” to “haves.” As reported in the *Tennessean*:

“[HOPE] has not increased the number of minority students at an elite institution like [the University of] Georgia... Most starkly, the scholarships represent an enormous transfer of money – \$1.2 billion since 1993 – from lottery players, who tend to live in the poorest counties, to 504,000 college students, who come from the wealthiest counties (Firestone, February 4, 2001).

Another issue raised by critics was the equity implications of the Hope Scholarship for student debt. From its inception, advocates had held that addressing the student debt crisis was one of the main goals of the state’s new financial aid programs. However, the media began to report on criticisms lodged by researchers that debt remained substantial, especially for students from lower-income families, despite the Georgia Hope Scholarship:

“At Georgia Tech, students from economically disadvantaged families who maintained their HOPE scholarships were often working several jobs or going into debt to make ends meet. According to The Project on Student Debt, although 84 percent of Georgia’s four-year college students are enrolled at public institutions, half of those graduating in 2007 carried debt averaging nearly \$17,000” (Schuster, 2008, December 8).

This debate over the Hope Scholarship was exacerbated after 2008 when Georgia’s lottery revenues were hard hit by the economic downturn, and Georgia had to draw on lottery

reserve funds to cover the lottery-funded education programs. As summarized earlier, in 2011, Republican Governor Nathan Deal and Georgian legislators addressed the lottery budget shortfalls primarily in two ways – raising the eligibility requirements for full-tuition and decreasing the benefits of the base Hope Scholarship. In addition to cutting grant payouts, Governor Deal also proposed a loan program for students who could not meet the more rigorous Hope Scholarship requirements. “We're taking action today to strengthen the HOPE balance sheet,” Deal said as he stood before a podium that read: “Enduring HOPE” on February 22, 2011 (Diamond & Badertscher, 2011, February 23). These legislative changes in 2011 moved Georgia’s financial aid policy landscape even more toward a competitive approach with even tougher eligibility standards.

The response in the media was sharp. “The lottery-funded HOPE scholarship is running out of money,” news stories proclaimed (Diamond & Badertscher, 2011, February 23).

“Gov. Nathan Deal on Tuesday unveiled sweeping cuts to the popular scholarship program... If the cuts are passed, it means a HOPE recipient would have to come up with hundreds of dollars to cover tuition and mandatory fees now covered by the scholarship... Multiple cuts will shave about \$300 million from the program that was once flush with cash but now is costing more than the Georgia Lottery is raising,” (Diamond & Badertscher, 2011, February 23).

The potential ramifications of the cuts for students were expressed by education officials: “About one-third of the technical college students currently receiving HOPE could lose the

scholarship because they do not have a 3.0,” said Mike Light, spokesman for the technical colleges (Diamond & Badertscher, 2011, February 23).

Some legislators recognized the economic realities of the post-2008 recession landscape, and were more accepting of the cutbacks, understanding that “everyone has been asked to sacrifice,” (Sheinin, 2011, February 23). Democratic Rep. Calvin Smyre (Columbus) supported the inclusion of a low-interest loan program for lower-income students if grants had to be cut, describing it as “key” to his support. “The loans,” he said, “will help families and students make up the difference between HOPE’s current grant of full tuition and the 90 percent cap Deal has proposed” (Sheinin, 2011, February 23).

Other legislators tried to prevent legislative changes to the Hope Scholarship that would disproportionately burden less-advantaged families. Democratic Senator Vincent Fort (Atlanta) was more direct in criticizing Governor Deal’s proposal. “The HOPE scholarship is absolutely critical,” Fort said. “I have deep concerns about some of the proposals, some of the specifics I’ve read about.” Fort said some of the proposals “would make the HOPE scholarship a hopeless endeavor for some children” (Sheinin, 2011, February 23).

Representative Stacey Evans (D-Smyrna) strongly questioned the assumption that the Hope was a “color-blind” and “class-blind” program, arguing Hope was not based on a “level playing field.” Citing equity concerns with the Zell Miller Scholarship, in requiring high SAT/ACT scores for eligibility, Representative Evans argued: “The rewrite in 2011 was a horrible mistake overall... ignores the realities of who does well on those tests and the ways you can do well on the test,” resulting from unequal test preparation and tutoring resources for lower-income families (Butrymowicz & Kolodner, 2017, August 4).

By 2015, as the state's economic context and financial conditions improved, some legislators questioned the need to continue with the more stringent Hope Scholarship requirements. "Every legislative session we're hopeful that there will be some measures put in place to kind of stop the bleeding and the student loan debt crisis, but it just does not seem to be a priority for state lawmakers," explained Brandon Hanick, from Better Georgia, a progressive left-leaning advocacy group. "In fact, nothing has been done to restore HOPE to the pre-2011 levels. That's obviously a huge component to the student loan debt crisis" (Butrymowicz & Kolodner, 2017, August 4).

After having to draw from Hope Scholarship reserve funds in the wake of the 2008 economic downturn, Republican legislators worked to build back up the lottery reserves in subsequent years. By 2017, there was half a billion dollars in surplus lottery funds in the state treasury. Such a large amount of funds, ostensibly remaining unused, drew attention and criticism. "Top lawmakers say the reserves guarantee the stability of the state's hallmark aid program. But some question the need for holding such a large amount, arguing it could be better used to boost college completion rates and keep student debt down," a 2017 *AJC* article reported. "As that fund grew, Georgia's university system sustained significant budget cuts and pushed more of the cost of college onto families. That helped raise student debt to record levels, and thousands of students have dropped out because of their inability to pay," (Butrymowicz & Kolodner, 2017, August 4). "It's unclear to me if there's any strategy around that unrestricted reserve," said Jennifer Lee, a higher education policy analyst at the non-partisan Georgia Budget and Policy Institute. "In law, there's no specific direction on what this money is supposed to be used for... It's just sitting there" (Butrymowicz & Kolodner, 2017, August 4).

However, Republican Governor Nathan Deal and leading Republican lawmakers adopted a fiscally conservative approach, continued to protect the large reserve fund, supported the 2011 changes, and stymied efforts to reverse them. Governor Deal asserted, “When I took office in 2011, some projections showed HOPE going bankrupt by 2013. This was not an option, and with the help of the General Assembly, we made bipartisan reforms to save the program and to ensure HOPE would remain strong for years to come. In order to safeguard one of the most generous scholarship programs in the nation, a robust reserve fund is critical” (Butrymowicz & Kolodner, 2017, August 4).

These debates and issues have persisted for the Georgia Hope Scholarship into the present. The eligibility of middle-and higher income students, the increase in applicants to Georgia’s major and more prestigious universities making acceptance more difficult, and the loss of scholarship funding by students failing to maintain a B average in college, have all continued, and in turn critics have continued to try to bring attention to the implications of the scholarship for equity. However, proponents of an equity frame for the Hope have not been successful. The dominant frame of the scholarship continues to be economic and workforce development and the dominant frame holds that the method of awarding aid is, and should continue to be, meritocratic and competitive. As discussed earlier, most of the 2011 changes to the Hope Scholarship have remained in place. The GPA requirement for the smaller Hope Grants program (for technical degrees and certificates) was lowered back to the original 2.0 (C), but Hope Scholarship payouts remain tied to lottery revenue; hence students typically do not receive 100 percent coverage of tuition. Moreover, books and fees remain out-of-pocket expenses. Most importantly, eligibility for the Hope Scholarship has remained merit-based, both up and down the income ladder.

IV.) The Tennessee Hope Scholarship

Ten years after the creation of the Georgia Hope Scholarship, Tennessee followed suit with its own Hope Scholarship. Because the Tennessee Hope Scholarship program had remarkably similar goals, methods, and arguments, I will introduce it here. Later in chapter 4, I will follow up with a detailed discussion of how and why Tennessee diverted from its Hope Scholarship and created the Tennessee Promise Scholarship.

In 1992, when Georgia created its state lottery, few nearby states had lotteries. However, over the next several years, many of Georgia's neighboring states also created state lotteries. These neighboring lotteries not only impacted the lottery revenue generated in Georgia but also had perceived fiscal implications for Tennessee. The four states that border Tennessee – Georgia, Kentucky, Virginia, and Missouri – had all created state lotteries by 2000. Tennesseans would travel to these bordering states to buy lottery tickets, depriving Tennessee of a potential revenue source. In response, in 2003, Tennessee passed legislation to permit the creation of its own education lottery and Tennessee Education Lottery Scholarships (TELS), and in January 2004, Tennessee began selling its first lottery tickets. The largest, first, and most central TELS program was the Tennessee Hope Scholarship.

Similar to the Georgia Hope Scholarship, the Tennessee Hope Scholarship is merit-based and has no family income cap. Eligibility requirements for Tennessee Hope were initially set at a minimum GPA of 3.0 (B), the same as the Georgia Hope, but Tennessee Hope also allowed an ACT score of at least 21 or an SAT score of at least 980/1060 (old SAT 980 or new SAT 1060) to stand in lieu of a 3.0 GPA. The SAT and ACT test scores both represent close to the 50th percentile of overall students scores.

While the Tennessee Hope Scholarship was based on the Georgia Hope Scholarship, there are two important differences between the scholarships. As just mentioned, unlike the Georgia Hope Scholarship, the Tennessee Hope Scholarship allowed either a minimum GPA or a minimum ACT/SAT score, hence its eligibility was slightly less rigorous. In addition, unlike the Georgia Hope Scholarship, the Tennessee Hope Scholarship never covered full tuition and fees. Instead, the initial Hope Scholarship base award was a set amount of \$3,000 per year for enrollment at a 4-year state college or university and has since gone up to \$4,500 per year (with smaller amounts offered for 2-year colleges). For reference, in 2021-22 tuition and fees at the University of Tennessee, Knoxville totaled \$13,244 per year for in-state students.

As in Georgia, in addition to the Hope Scholarship, Tennessee created a suite of supplementary scholarships and smaller lottery supported grants connected to the Hope Scholarship. However, unlike Georgia's strictly merit-based Hope and Zell Miller Scholarships, Tennessee's TELS awards mix need-based and merit-based criteria.

The motivations and rhetoric behind the creation of the Tennessee Hope Scholarship were strikingly similar to those behind the Georgia Hope Scholarship. After the creation of the Georgia Hope Scholarship, some Tennessee residents began to move to Georgia to take advantage of the Hope scholarship, and Tennessee lawmakers became aware of the impact of this new college financial aid program on their state. Tennessee higher education officials complained of the negative effect on their enrollment. "We don't like it," said Patsy Reynolds, undergraduate admissions director at the University of Tennessee at Chattanooga; "Reynolds said the university has lost students and has cut back recruiting at probe fairs in most of Georgia," (Finger, 1997, November 29). "It's not a mass exodus," said Tennessee Senate Majority Leader Ward Crutchfield (D-Chattanooga), discussing the impact of his constituents

and their money migrating south, “but unless we do something, there’s so much money going into Georgia that it’s hurting us. We need to do some things to stop and turn it around” (Finger, 1997, November 29).

In promoting the Tennessee education lottery in 2001, Tennessee Democratic state Senator and sponsor of the lottery bill, Steve Cohen (D-Memphis), pointed to the success of the Georgia Hope Scholarship and used economic and workforce development arguments almost identical to those made in Georgia. “Tennessee has an unbelievable brain drain,” he said. “We need to keep our best and brightest here. Keep them at home and you’ll have a better work force,” (Waddle, 2001, September 13). As in the case of the Georgia Hope Scholarship, arguments for the education lottery and the Tennessee Hope Scholarship centered on Tennessee remaining competitive with other states, especially regarding providing higher-paying jobs for higher-performing college students. “Without a better educated work force Tennessee will watch high paying jobs go elsewhere. Departing with them will be the state’s ability to pay for basic services” (“Higher ed,” 2001, December 22). “Merit-based scholarships like the Hope Scholarship program are becoming increasingly popular around the country, now used in 13 states,” (Firestone, 2001, February 4). “If Tennessee doesn’t invest in higher education and getting students into higher education, it’s not going to get the high-paying jobs that help people and governments pay their bills” (“State Needs an Upgrade,” 2002, October 8). Lottery advocates were ultimately successful, and the Tennessee Education Lottery passed in 2002.

Both Georgia and Tennessee were impacted by the economic recession in 2008. Tennessee experienced budget shortfalls, especially in 2013. But, unlike Georgia, Tennessee’s education lottery remained highly profitable. While Georgia’s lottery funding fell in the early years of the recession, Tennessee experienced lottery revenue growth. In March 2011, the

Tennessee lottery posted the highest record month in their history with revenue of 116.7 million. This record was beaten a year later in February 2012 when the Tennessee lottery posted \$130.03 million.

Because of decreased lottery revenue and budget shortfalls through the Great Recession, in 2011 Georgia made serious cuts to its version of the Hope Scholarship. In contrast, because of the success of the Tennessee lottery during this period, Tennessee's Republican Governor Bill Haslam took a very different direction with his state's lottery scholarships, expanding his educational initiatives in 2011.

These very different revenue outcomes between the Georgia and Tennessee lotteries illustrate the consequences of lottery funding of state programs. While a lottery remains separate from tax revenues, the voluntary nature of the lottery makes projections during an economic downturn difficult. The success of the Georgian lottery in the early 1990s aided Governor Miller in expanding the Hope Scholarship program, while the decline in lottery revenues in the late 2000s lead to cutbacks in the scholarship. The success of the Tennessee lottery in the late 2000s allowed Governor Haslam to launch his "Drive to 55" initiative to expand higher education opportunity in Tennessee. The most well-known component of Drive to 55, Tennessee Promise, was announced by Governor Haslam in February 2014 and signed into law in May 2014, making Tennessee the first state in the nation to establish a state-wide free-tuition program. I will turn to Drive to 55 and Tennessee Promise at length in Chapter 4.

V.) Conclusion

One of the puzzles in this study is how Georgia, at the time a state dominated by the Democratic Party, would initiate a scholarship program that allocates aid on the basis of academic performance, not on the basis of need, when academic performance has long been

strongly correlated with family background. Such a program would seem to be inconsistent with progressive liberal-left principles championed by the Democratic party. A central argument of this study, and my answer to this puzzle, is that the larger ideological shift over the past half century, described by the term neoliberalism, has gained widespread acceptance and legitimacy across political parties and is at the root of the popularity and spread of Georgia's Hope Scholarship.

As introduced in Chapter 1 of this dissertation, Institutional Theory (Meyer and Rowan 1977, 1978) holds that challenges arise for organizations when they face a pluralistic environment comprised of important, but competing, constituencies with differing values and norms. In this kind of environment, organizations may be forced to simultaneously address contradictory demands from multiple constituencies. Such organizations, the theory holds, are prone to develop a decoupled model of organization with a front stage and backstage. The former is a public face presenting a portrait of program or organizational missions, methods, and values that resonate with the most powerful constituencies in the environment in order to garner legitimacy and support. The latter is the reality of what actually transpires in the organization or program.

When the Georgia Hope program was created, it faced multiple competing demands regarding its goals and objectives – to address the college affordability and student debt crises, to expand educational attainment, to address educational inequality and foster social and economic mobility, and to bolster the workforce and the economy. Initially, the program was framed in the language and rhetoric of expanding opportunity and socio-economic mobility. In the beginning, Governor Zell Miller and advocates of the legislation argued that a fundamental goal of the

scholarship would be to make college affordable in order to expand educational opportunity to groups that historically have been denied such opportunities.

However, this goal was quickly altered in ways that made the scholarship available to a wider swath of the public, up and down the income ladder, making it very popular. Advocates of the scholarship primarily used two frames to legitimize and garner support for the new Hope blueprint aimed at middle-class families – an “Earned Rewards” frame and an “Economic and Workforce Development” frame. The Scholarship was framed as a program to reward and incentivize top students to remain in Georgia in order to develop and expand the state’s highly educated labor force, help industry, and improve the state’s economy. The program was not a middle-class entitlement but a reward for hard-working students that would bolster the economic development of the state. The rhetoric dominating the debate over the Hope Scholarship indicated that the dominant goal for the programs was to bolster the state’s workforce and economy – reflecting the influence of neoliberal values.

Economic growth in Georgia in the 1990s was driven by the high-tech sector. This sector requires a highly educated workforce for its higher-paid jobs. Georgia Hope Scholarship’s focus on 4-year degrees and higher academically performing students makes sense from an economic perspective, as keeping the highest performing students in Georgia provided the booming technology sector with an adequate workforce.

In terms of workforce and economic goals, proponents of both Georgia’s and Tennessee’s Hope Scholarship programs argued that making the program merit-based was necessary to stop the “brain drain” of high performing students to colleges and universities in other states. Keeping the state’s “best and brightest” and “outstanding” students in the state meant these students would be more likely to get jobs in the state. Given the fundamental

economic goals of each, the beneficiaries of the aid in both the Georgia and Tennessee Hope Scholarship programs are highly shaped by neoliberal values. For instance, on closer inspection, the definition of equality of opportunity for these programs translates as opportunity *for those who are most qualified, especially the “best and brightest.”* Merit-based programs begin with the assumption that equality of opportunity largely exists, and they end with the assumption that there will inevitably be inequality of outcomes. By definition, there are winners and losers in this approach. Underlying these arguments is an acceptance of a neoliberal assumption that students widely vary in merit and those with the highest levels of ability – the most talented and hard working – are especially important because a successful economy depends on those who possess such ability.

In sum, the primary intent of the Georgia Hope is to target the states’ most academically able students to complete Bachelor’s degrees at the state’s 4-year universities, to try to prepare them for, and guide them into, higher-status, higher-paying white-collar positions in the state, especially in the state’s growing high-tech economy.

A marker of the widespread acceptance of this perspective is the politically bipartisan nature of the creation and evolution of the Georgia Hope Scholarship. The argument that the Hope Scholarship represented a fair, objective, meritocratic program, equally available to all regardless of students’ race-ethnicity or socio-economic background, made it popular with both Democrats and Republicans in Georgia. The program was initiated in 1993 by a Democratic governor and legislature, but after the recession, in 2011 it was further shored up by a Republican governor and legislature.

Critics pushed back, advocating for changes to address concerns over equity. These critics argued that a fundamental goal of the scholarship should be to make college affordable to

expand educational opportunity to groups that historically have been denied such opportunities. The language used by such critics pointed in the direction of a compensatory approach to college financial aid – as “a helping hand” provided to the disadvantaged. Despite the repeated resurfacing of equity concerns, highlighting of rising student debt (especially among lower-income students), and advocating for need-based financial aid, the Georgia Hope Scholarship has remained distinctly merit-based. Indeed, with the shift of the Georgian General Assembly to the Republican Party in the 2000s and the economic recession starting in 2008, the eligibility criteria for the Hope Scholarship became even more rigorously merit-based, and the Georgian state government became more frugal with lottery spending. Finally, in 2018, in response to mounting criticisms, Georgia did pass legislation to create need-based scholarships. However, notably, these were never funded.

Despite arguments to the contrary made by Governor Miller and other Georgian political officials, the Hope Scholarship program, like the GI Bill from which it was inspired, *is*, by definition, an entitlement product (“a government program that guarantees certain benefits to a particular group or segment of the population”). This seems to contradict the neoliberal paradigm, which typically eschews government funded entitlements in favor of contingent liability and voluntary support by non-governmental actors and organizations. However, my analysis suggests that the Hope Scholarship program illustrates an interesting contradiction – a free enterprise version of a welfare-state entitlement policy. This is illustrated in several ways.

The successful arguments in the debate over the Georgia Hope Scholarship program embodied concepts central to the neoliberal paradigm: decentralized government, choice, markets, competition, meritocracy, and monetary rewards. The Hope is a state, not a federal, intervention. Instead of being funded through ordinary state tax increases, it is funded by a

lottery, a type of “voluntary tax,” that is framed as a matter of individuals’ “choice.” It entails a market-like, competitive selection process among free agents. It assumes the objectivity and validity of simple quantitative measures of merit, such as GPAs and standardized exam scores, and then selects on that basis. It utilizes monetary incentives typical to a free enterprise ethos. It results in the stratification of students and ultimately employees. In short, the Hope Scholarship embodies market-like, neoliberal goals and methods.

In the next chapter I will examine the Tennessee Promise model of financial aid and compare it to the Georgia Hope Scholarship. To what extent are their goals, methods, and values similar or different? Chapter 5 then turns to the implications of these two models and compares the outcomes of these programs in Georgia and Tennessee. How has each program fared relative to the other, in terms of their benefits to the state and to their students?

Chapter 4

The Tennessee Promise Scholarship

This chapter focuses on the origins, goals and methods of the Tennessee Promise Scholarship. It addresses the Tennessee portion of my second set of research questions, as elaborated in Chapter 1: how did Tennessee come to create and develop the first state-level free-college/free-tuition program? What are the goals, methods, and underlying values of the Tennessee Promise? The structure and organization of this chapter are similar to that of Chapter 3, except that the focus here is on Tennessee instead of Georgia.

One of the puzzles in this study is how Tennessee, a state dominated by a neo-conservative leaning Republican Party, would initiate a program that allocates aid universally and that appears to be a welfare-state entitlement, such as those typically eschewed by the Republican Party and favored by the Democratic Party. I address this puzzle by turning to the debate in the Tennessee legislature over passage of the Tennessee Promise bill. A striking finding of this study is that, despite the seemingly large differences between the Georgia Hope and the Tennessee Promise financial aid programs, and despite originally being proposed by different political parties, the arguments, rhetoric, and language used to support them were remarkably similar.

In Parts I and II of this chapter, I summarize the origins, development, goals, and methods of the Tennessee Promise program. Drawing from both state documents and media reports, I begin with the economic and political context in which the program arose and then describe the creation of the Tennessee Promise Scholarship and its provisions regarding funding,

benefits, requirements, and eligibility. Throughout, I compare the Tennessee Promise to the Georgia and Tennessee Hope programs.

In Part III of this chapter, I analyze the legislative process by which the Tennessee Promise was created. My objective is to uncover the particular values that dominated in the debate over the Promise Scholarship and have been important to its continued political success. I examine the major viewpoints and arguments for, and against, the bill used by supporters and opponents of the legislation. I focus on the rhetoric, language, and arguments that supporters successfully used to legitimize the program and that ultimately succeeded in securing passage of the legislation. Finally, in my Conclusion I return to the two main theoretical perspectives I introduced in chapter 1 – Institutional Theory and the theory of neoliberalism – and use these to interpret the results of my analysis.

The method I used for the data examination part of this chapter was a detailed content analysis of video recordings from Tennessee General Assembly legislative meetings and sessions. The timeframe for my Tennessee Promise legislative video recording data is February 3, 2014, to May 13, 2014. The former marks the date Tennessee Governor Haslam announced Tennessee Promise, and the latter marks the date Haslam signed Tennessee Promise into law. I identified and viewed over 16 hours of timestamped clips from carefully selected legislative video recordings, transcribing relevant legislative video selections. For this archival data, I utilized content analysis, creating theory-derived qualitative codes in the software program MaxQDA. In my content analysis, I approached my coding from a directed approach, meaning my analysis began with my theoretical perspective serving as a guide for initial codes. As I coded, I also used a more inductive approach, coding categories directly derived from my data as new themes presented themselves.

In my content analyses, I utilized frame analysis methods to illuminate the interpretive frames that groups drew upon as they socially constructed understandings of the issues at hand, and then used to strategically shape others' views, in an effort to gain legitimacy and garner support for their cause. Framing involves actors articulating a particular point of view related to a particular problem and presenting reasons why others should support a particular solution to the problem. Following the theory of frame analysis, I began with the assumption that successful frames articulate "commonly held beliefs and values" that resonate with listeners. How a policy problem is framed is important because it assigns responsibility and creates rationales that legitimize and open-up certain avenues of action, while delegitimizing and closing off others (Coburn, 2006; McCammon, 2007).

I.) The Economic and Political Context

a.) The Economic Context

In the post-WW II years, some northern employers began moving south, drawn by cheap and plentiful labor, proximity to markets and raw materials, and an anti-union climate (Friedman, 2008: 325). This flight accelerated in the 1970s and 1980s with increased competitive pressure from overseas (Friedman, 2008: 325). Foreign competitors were similarly drawn to set up plants in the southern United States (Friedman, 2008; Austen, 2009).

States in the South and lower Midwest with little industry had been dominated by weak agrarian economies that were declining and not a source of sufficient economic growth (Austen, 2009: 26). State leaders increasingly looked to spur economic growth by the development of industry. In the late 1970s and 1980s, Japanese automakers such as Toyota, Nissan, Honda, and Mitsubishi were looking to build non-union auto plants in the US (Austen, 2009). Southern

states, such as Tennessee, began to compete for the privilege of having a major Japanese automaker set up facilities in their state.

The first Nissan assembly plant in the U.S. began operations in Smyrna, Tennessee in 1983 and became a major employer in middle Tennessee. American automakers soon followed suit in moving assembly plants to non-union states such as Tennessee, and GM announced a plant site in Spring Hill, Tennessee in 1985. In July 2008, the Volkswagen assembly plant in Chattanooga, Tennessee, was announced to great fanfare, and the plant was formally inaugurated in May 2011. *Business Facilities* – a national economic development publication – ranked Tennessee the number 1 state in the nation for Automotive Manufacturing Strength in their annual rankings reports for 2010, 2011, 2012, 2013, and 2015 (TNECD, 2015). By 2015, Tennessee had more than 900 automotive manufacturers and suppliers, and the Nissan Smyrna plant was the most productive automotive operations in North America; in 2015 alone, 20 automotive projects committed 4,565 new jobs across the state and nearly \$1.1 billion in capital investment (TNECD, 2015). Automotive development has remained a large priority in Tennessee’s economic development to the present; transportation equipment is Tennessee’s top export, accounting for 12% of Tennessee’s total exports in 2020 according to the Tennessee Department of Economic and Community Development (TNECD). It was in this economic context that Tennessee developed its higher education financial-aid programs. These programs were explicitly designed to address the economic needs of the state and, in particular, tied to maintaining strength in the automotive industry.

b.) The Political Context

Like Georgia, in the first decade of the 21st century Tennessee also underwent a transition to what is commonly called the “New South,” with a government often characterized as neo-

conservative and often dominated by the Republican party (Lloyd, 2012). Tennessee followed a similar trend to Georgia but on a delayed timeline. From 2003-2010, Phil Bredesen was the Democratic Governor of Tennessee, though like Zell Miller in Georgia, Bredesen was a conservative Southern “Dixiecrat” Democrat. When he entered the governor’s office, there was a Democratic majority in both the Tennessee House and Senate. However, by 2005 Republicans attained an elected majority in the Tennessee Senate for the first time since Reconstruction, and starting in 2009, the Republicans obtained a majority in both the Tennessee House and Senate. The Republican majority has skyrocketed since. When Republican Governor Bill Haslam took office in 2011, the composition of the Senate was 20 Republicans, 13 Democrats and the House was 64 Republicans, 34 Democrats, 1 Independent. As in Georgia, neo-conservative and neoliberal ideas came to dominate the Republican party in Tennessee.

It was in this political context that Tennessee developed its higher education financial-aid programs – the most prominent being first the Tennessee Hope Scholarship in 2004 and later the Tennessee Promise Scholarship in 2014.

II.) The Origins, Goals and Methods of Tennessee Promise

a.) The Creation of Tennessee Hope

As introduced in Chapter 3, the Tennessee Hope Scholarship, modeled on the Georgia Hope Scholarship program, was designed as a merit-based, competitive program targeting the “best and brightest” students. Like Georgia, a key goal was to stop a “brain drain” of high performing students to colleges, and ultimately employment, in other states. Like Georgia, Tennessee created an education lottery, rather than new state taxes, to specifically fund the Tennessee Education Lottery Scholarships (TELS), as well as capital outlay projects for K-12

educational facilities and early learning/after school programs. In both states, the majority of lottery proceeds were earmarked for the Hope Scholarships. Moreover, like Georgia, Tennessee created a suite of supplementary TELS college financial aid grants connected to the Hope Scholarship. Unlike the Georgia Hope suite of merit-based programs, in Tennessee there were large differences in approach and method among the programs in the TELS suite. Some of the Tennessee smaller programs were merit-based like the Tennessee Hope Scholarship, some were need-based, some were both,¹⁰ and one, which I will turn to below, was neither merit-based, nor need-based, but an egalitarian approach.

b.) Predecessors of Promise – Knox Achieves and Tennessee Achieves

Several years after the implementation of the Tennessee Hope Scholarship, a local, grassroots group initiated the first example of a free-college/free-tuition program in the state. In October 2008, Bill Haslam, the Republican Mayor of Knoxville, Mike Ragsdale, the Republican Mayor of Knox County, and other influential community members established “Knox Achieves.” Knox Achieves was what is referred to as a “place-based” financial aid program (Bartik, Hershbein, and Lachowska, 2021) – a community program that provided scholarship aid to graduating high school seniors in Knox County, to fully cover tuition and fees at their local community college, Pellissippi State Community College. The program provided privately-funded, full tuition, “last-dollar” scholarships to students. In addition to funding, the program

¹⁰ The TELS suite of programs includes: The *General Assembly Merit Scholarship* (GAMS) provides an extra \$1,000 a year to Tennessee Hope recipients with a 3.75 GPA and a 29 ACT score (1280 SAT). The *Aspire Award* similarly provides extra money to Hope recipients – an extra \$2,250 a year to students with family incomes under \$36,000. The *Hope Access Grant* was designed to help needy students who fell just slightly short of the Tennessee Hope Scholarship 3.0 GPA requirement; for one year, the Hope Access Grant provides \$2,000 (\$1,250 for two-year colleges) to students with family incomes under \$36,000 with a 2.75 GPA and 18 ACT score (860 SAT), slightly lower than the 3.0 GPA and 19 ACT score (890 SAT) of the general Hope Scholarship. The *Wilder-Naifeh Technical Skills Grant*, unlike the other grants, had no merit- or need-based components. The Wilder-Naifeh was a free-college grant with no GPA requirements that awarded grants of up to \$2,000 for students to attend one of the 27 technical colleges in the state (Tennessee Higher Education Commission, 2010).

also provided volunteer mentoring for the FAFSA (Free Application for Federal Student Aid) application process.

The Knox Achieves program was an attempt to respond to economic and labor force problems in the county. In 2008, at the cusp of the national economic recession, the Knox county high school graduation rate was only 79.3 percent, and between one-fourth and one-third of these students did not continue their education past their high school diploma (Boehnke, 2014).¹¹ According to a *Knoxville News Sentinel* article, the county's Deputy chief of staff, Krissy DeAlejandro, brought attention to the implications for industry of low levels of educational attainment in the county (Boehnke, 2014). She approached Mayor Mike Ragsdale, who in turn reached out to a prominent local businessman, Randy Boyd – CEO of Radio Systems Corp, PetSafe, and owner of multiple minor league baseball teams – about creating a county educational program to address the problem. Boyd in turn reached out to prominent friends in the business community, Tim Williams and Rich Ray, co-founders of 21st Mortgage Corporation. Ragsdale reached out to Knoxville Mayor Bill Haslam, and the five of them formed the original Knox Achieves Board. The original board was thus made up of stakeholders from the political-economic elite of the region, and this was reflected in the goals and purpose of Knox Achieves.

The official documents and statements for Knox Achieves list multiple goals for the program. In addition to seeking to address college affordability and expand educational opportunity for those normally without access to college, Knox Achieves was designed as a workforce development initiative. According to Mayor Ragsdale in a press release on the City of

¹¹ According to the TN.gov website, Knox County's 2008 graduation rate was close to the state average graduation rate of 76.9%, and the Knox County unemployment rate in January 2008 was 4.3%, close to the state average in January 2008 of 4.9%.

Knoxville official website, “Knox Achieves has all of the pieces we need to move education and workforce development to the next level. It provides the opportunity for more of our students to get college training, puts them in contact with dedicated community volunteers, and encourages them to give back to the community” (Farley, 2009).

Prominent leaders across the state began to take notice. In 2009, then Democratic Governor Phil Bredesen touted Knox Achieves as “a powerful economic and workforce development tool” (Farley, 2009). In the next few years, Knox Achieves was expanded to other Tennessee counties under the new name “Tennessee Achieves” (tnAchieves) with the help of Knoxville Mayor Bill Haslam. Like Knox Achieves, the official announcement and documents for Tennessee Achieves listed multiple goals. Like Knox Achieves, Tennessee Achieves’ mission was grounded in state economic-development goals, and workforce development remained a central aspect. Discussing Haslam’s efforts to expand Knox Achieves into Tennessee Achieves in 2011, “school and organization officials said this will translate into higher paying jobs for students and a better work force for Tennessee,” (Alapo, 2011, January 22). In addition to workforce development, Tennessee Achieves also included social equity goals – to expend educational opportunity – under the tagline “Changing Lives, Transforming Communities.” “We want to give students a chance to pursue a college dream,” Jackie Hartmann, director of programs for Tennessee Achieves, explained in a 2013 interview. “Our goal is to send a student to college who wouldn’t normally think attending is an option” (Schneider, 2013).

By August 2013, the Tennessee Achieves program had spread to Nashville, the state capitol. “Haslam and Nashville Mayor Karl Dean kicked off a new program called ‘nashvilleAchieves,’ a public-private partnership...The effort is part of a larger umbrella called tnAchieves” (Garrison, 2014, January 8). Over the course of the next five years, the Tennessee

Achieves program expanded to 27 (out of a total of 95) counties in the state, with a diverse array of stakeholders and constituents, including both urban, Democratic-dominated Nashville and Republican-dominated rural counties across Tennessee.

c.) The Creation of Tennessee Promise

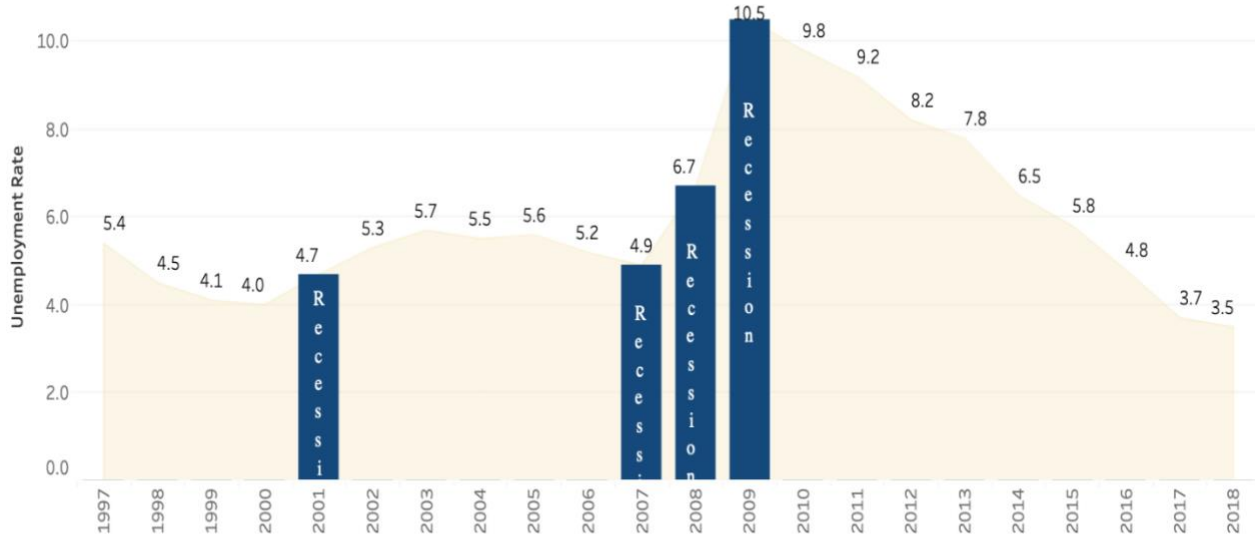
Haslam was elected Governor of Tennessee in 2010, and in 2011 he announced a “Drive to 55” initiative – a policy goal to equip 55 percent of Tennesseans with a college degree or certificate by 2025. The specific 55 percent goal is based on a state study, cited by policymakers, that, by 2025, at least 55 percent of the jobs in Tennessee will require some postsecondary education to meet state workforce demands. The Drive to 55 initiative was officially launched in September 2013, and within a few months, Governor Haslam worked to extend tAchieves to the entire state through a bill for a new college scholarship program called the Tennessee Promise Scholarship. By 2014, Tennessee, like the rest of the nation, was emerging out of the economic recession that had begun in 2007-08. Unemployment was decreasing and demand for skilled labor was increasing (see Figure 4-1) for annual Tennessee unemployment rates from 1997-2018). The Tennessee Promise was created in the midst of the post-recession recovery. Governor Haslam’s state economic and educational agenda was closely tied to maintaining strength in the automotive industry in Tennessee.

With an overwhelming and bi-partisan 87-8 majority, Tennessee Promise was passed in the General Assembly in 2014 and began awarding scholarships in 2015. Tennessee Promise provides last-dollar scholarships to eligible graduates of Tennessee high schools to fully cover tuition and fees at Tennessee’s 13 community colleges and 27 technical colleges. Unlike Knox Achieves and Tennessee Achieves, Tennessee Promise does not rely on private funding of

scholarships. Like the Tennessee Hope Scholarship, Tennessee Promise is funded through the Tennessee Education Lottery.

Figure 4-1

Tennessee Annual Unemployment Rate



Unemployment of Tennessee state for each period year. Color shows details about unemployment rate and recession. Data is filtered on period year

Source : U.S. Department of Labor, Bureau of Labor Statistics, [Local Area Unemployment Statistics Program \(LAUS\)](#)
 Prepared by : Tennessee Department of Labor & Workforce Development (Workforce Insights Research and Reporting Engine Division/WIR²ED)

Eventually the Drive to 55 initiative was expanded beyond the Promise to include a suite of state programs, all designed to help meet the goal to see that 55 percent of Tennesseans have a college degree or certificate by 2025. The Drive to 55 suite is distinct from the TELS programs. The former is a lottery to raise funds, primarily for college financial aid programs, of which the largest is the Tennessee Hope. Drive to 55 is a policy goal umbrella with multiple sources of funding for multiple programs (see Figure 4-2).¹² Of the programs in the suite, Tennessee

¹² Along with Tennessee Promise, Drive to 55 includes: *Seamless Alignment and Integrated Learning Support (SAILS)* focuses on college preparation. *Tennessee Pathways* focuses on K-12 education. *Tennessee Labor Education Alignment Program (LEAP)* focuses on workforce alignment. *Tennessee Reconnect* is an addition to Promise focusing on adult enrollment.

Promise remains the largest, most well-known, most popular, has served as a model for other states and the nation and is a focus of this study.

Figure 4-2: Components of the Tennessee Drive to 55



Source: driveto55.org

d.) Tennessee Promise – Types of Aid, Requirements and Eligibility

The Tennessee Promise was designed to be different from the existing Tennessee Hope Scholarship in regard to type and amount of scholarship aid, requirements, and eligibility. The Tennessee Promise is a last-dollar scholarship that covers full tuition and fees.¹³ In contrast, the

¹³ For reference, in the 2021-22 year, tuition and fees at Tennessee’s public 2-year community colleges averaged about \$4,800 per year.

Tennessee Hope Scholarship is not a last-dollar scholarship and has always offered a set amount of funds, usually less than half of total tuition and fees at state 4-year institutions. Before 2015, the Tennessee Hope scholarship offered up to \$3,000 per year for full-time enrollment at any state four-year institution (and some two-year institutions with on-campus housing). It has since gone up to \$4,500 per year for four-year institutions (for reference, in 2021-22, tuition and fees at the University of Tennessee, Knoxville, totaled about \$13,000 per year for in-state students). For non-residential two-year state institutions, the award payout was lower – up to \$2,000 per year for full-time enrollment. This increased from \$2,000 to \$3,000 per year, after the enactment of the Tennessee Promise.

Unlike the Hope Scholarship, Tennessee Promise provided (and continues to provide) more than just scholarship funding. A central component of the Tennessee Promise, and its predecessor Tennessee Achieves, is a mentoring program to provide support to applicants. To keep the filing requirements from becoming onerous, Tennessee Promise students are paired with a volunteer mentor to help them through the application and enrollment process. From the inception of the Promise, the volunteer mentor has been a central component. Executive Director Krissy DeAlejandro assured legislators that the Tennessee Achieves program had a solid model for providing mentors; “Anyone can be a mentor. We mainly recruit from businesses; we want to bring the community into the high schools and say “we’re all in this together,” that we know in order to have a qualified, skilled workforce, we have to come together as a community and get behind these students who maybe don’t have the support at home that we did” (Krissy DeAlejandro, Senate Education Committee, 3/19/14). DeAlejandro explained that the mentor requirements were not onerous; mentors only spent 10-15 hours annually assisting 5-10 high school seniors, and tnAchieves mentors only spent on average one hour per

month texting with or meeting their students. When the Tennessee Promise bill was drafted, Tennessee Achieves made arrangements with a number of organizations to ensure there would be enough volunteer mentors for Tennessee Promise.

Like the Hope, the Promise is not a need-based/compensatory approach, and students are eligible for the Promise regardless of their economic circumstances. There is neither means testing nor an income cap for students, and their families, to be eligible for the Promise. In contrast to needs-based/compensatory approaches and merit-based/competitive approaches (such as Hope), the Tennessee Promise program represents what I refer to as an egalitarian approach – eligibility is not based on economic circumstances and is also not strongly based on academic achievement (see Figure 4-3 below).

For example, a key difference from the Tennessee Hope is that Tennessee Promise has almost no academic requirements for eligibility. To enroll in Tennessee Promise, students must have graduated from high school after 2015 and must have taken the ACT standardized college admission exam, but there is neither an ACT minimum score requirement, nor a minimum high school GPA requirement. In comparison, the Tennessee Hope scholarship is explicitly merit-based and requires at least a 21 on the ACT (the 50th percentile for the ACT) or a 3.0 (B) high school GPA to be eligible.

There are also some ongoing eligibility requirements for the Tennessee Promise, such as attending mentoring meetings, completing community service, and completing the FAFSA. Tennessee Promise covers costs up to 5 semesters (2 ½ years) of attendance at any of the 13 state community colleges or 27 state applied technology colleges. At the start of each term, the Promise scholarship must be renewed, which requires the student to maintain a 2.0 (C) college GPA or higher, complete 8 additional hours of community service, and complete the necessary

filing requirements. If a student falls below the 2.0 college GPA minimum for Promise, they are given a semester to raise their GPA and must meet with their mentor to craft a plan for raising their GPA. For reference, higher education programs commonly require a student to maintain a 2.0 (C) average to remain in good standing in the program. In comparison, the more rigorous Tennessee Hope scholarship requires that students maintain a 3.0 (B) through college. If a Tennessee Hope recipient falls below a 3.0 college GPA, they immediately lose the Hope scholarship, similarly to the Georgia Hope program. So, while the Promise does have some academic standards, these are relatively low and minimal.

As mentioned earlier, among those grants originally included in 2004 in the TELS suite of college aid programs was the Wilder-Naifeh Technical Skills Grant. This program awarded grants of up to \$2,000 for students to attend one of the 27 technical colleges in the state (Tennessee Higher Education Commission, 2010). Like the Tennessee Promise that came later, eligibility for the Wilder-Naifeh grant was neither merit-based (it had no GPA requirements) nor need-based. The Wilder-Naifeh Grant was not a fully free-college program in that it did not offer full tuition and fees and was only available for a subset of the state's 2-year colleges. But it had no age limits – it was open to all Tennessee high school graduates, regardless of when they graduated. In 2014, the Wilder-Naifeh Grant was included in the Tennessee Promise bill (Senate Bill No. 2471/House Bill No. 2491). In 2018, the Wilder-Naifeh Grant stipulation in Tennessee Promise became its own program, “Tennessee Reconnect,” which was later incorporated into Tennessee Promise. This effectively expanded the Promise's eligibility, to include all adult learners, and effectively pushed the legislation further toward a more egalitarian approach to college financial aid. While now technically separate programs, the Tennessee Promise and

Tennessee Reconnect are often lumped together in research and discussion due to their connected origin.

Table 4-1 summarizes the evolution of Tennessee’s free-college programs. The table illustrates the progression toward a broader and more universal and egalitarian approach to aid – from a single college in one county to all community and technical colleges in the entire state, from open only to recent high school graduates to all students who ever graduated from a Tennessee high school, and from partially privately funded to entirely government funded.

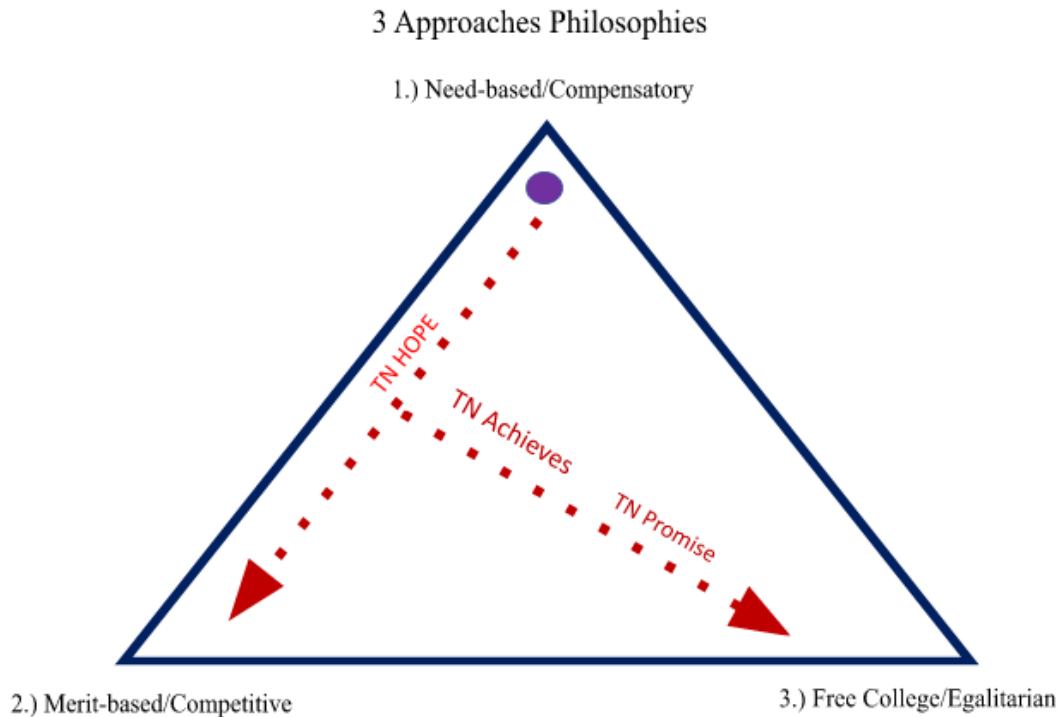
Table 4-1: Evolution of Tennessee Free-College Financial Aid Programs

Program Name	Year	Eligible Institutions	Type
Knox Achieves	2008	1 community college	Local, public-private funded, place-based, free-college program in 1 county
Tennessee Achieves	2011	All public 2-yr. colleges from the 27 of 95 counties	Local, public-private funded, place-based, free-college program in 27 counties
Tennessee Promise	2014	All TN public 2-yr. colleges	State-wide, lottery-funded, free-college program
Tennessee Reconnect	2018	All TN public 2-yr. colleges	Added to TN Promise to expand pool of eligible students

Figure 4-3 further portrays the evolution in the direction of the Tennessee Hope and Promise programs of financial aid. As depicted by the lines with arrows in the figure, the Tennessee Hope program moved away from the need-based/compensatory approach, at the apex of the triangle, toward the merit-based/competitive approach. Later, the Tennessee Achieves and

then its larger successor, the Tennessee Promise, diverted toward an egalitarian/free-college approach.

Figure 4-3: The Evolution of The TN Hope and Promise Scholarship College Financial Aid Models



The Tennessee Promise Scholarship set a precedent in the United States. Before Tennessee Promise, the only actualized free-college programs were few, place-based, and local in scope. The new Tennessee Promise program constituted the nation’s first statewide program offering full tuition scholarships to attend community/technical colleges, universally to all Tennessee high school graduates, regardless of their high school GPA or college entrance test scores. The national free-college movement gained momentum after the Tennessee Promise bill was enacted in 2014. By July 2018, four years after the Tennessee Promise was enacted, a dozen

states had officially implemented similar forms of free-college programs, often modeled after the Tennessee Promise (Davidson, Ashby-King, & Sciulli, 2020). The provision of free-college or free-tuition programs have become staples in the national political atmosphere and are especially popular with the Democratic Party (Perna, Leigh and Carroll, 2017). President Obama’s “America’s College Promise” program, which had the goal of making public community and technical college degrees free for all students, was directly based on the Tennessee Promise model. Senator Sanders further popularized this movement in the 2016 presidential campaign, and most recently, President Biden has proposed making public 2-year community and technical college degrees free for all students.

III.) The Legislative Debate Behind the Tennessee Promise Scholarship

While the Tennessee Promise bill was passed with an overwhelming and bi-partisan majority, it has also been strongly contested and entailed a long debate between advocates and critics. The objective of this part of the chapter is to summarize the major viewpoints expressed and arguments made regarding the bill. As discussed earlier, my method was to undertake a content analysis of Tennessee General Assembly legislative sessions and committee meetings regarding the passage of the Tennessee Promise bill. Through my content analysis coding, I identified themes that dominated the debate – those arguments and ideas that were the most frequently and most prominently used and provided the most help to secure passage of the bill.

One objective of my analysis is to explore the puzzle of how Tennessee, a state dominated by a neo-conservative leaning Republican Party, would initiate a scholarship program open to all students regardless of prior academic performance and that appears to provide a welfare-state entitlement, such as those typically not favored by the Republican Party. Like

Georgia Hope, when the Tennessee Promise program was created, it faced multiple competing institutionalized demands – to address the college affordability and student debt crises, to expand educational attainment, to address educational inequality and foster social and economic mobility, and to bolster the workforce and the economy. To garner legitimacy and satisfy stakeholders and constituencies, advocates of the Tennessee Promise bill sought to simultaneously address these multiple, and sometimes contradictory, demands. Perhaps surprisingly, one of the most common frames used in the debate was to argue that a major goal of the Promise scholarship was to expand opportunity and socio-economic mobility of those who have been historically disadvantaged – a set of goals consistent with liberal-left/progressive policies championed by the Democratic party. This frame, of course, raised tensions with conservative-leaning Republicans because it seemed to confirm that the Promise Scholarship was indeed a new government entitlement program. My scrutiny of the legislative debate reveals that the seemingly very liberal-left/progressive Promise bill was able to pass because it was successfully framed as a rigorous meritocratic program, the dominant goal of which was to bolster the state’s workforce and economy. Financial aid was framed as being in the service of industry and the state’s economy – a neoliberal view favored by conservative-leaning Republican legislators.

Through my content analysis coding of the Tennessee General Assembly legislative sessions and meetings, it became immediately clear there were three primary spokespersons responsible for sponsoring and promoting the Governor’s Tennessee Promise bill in the legislature: (1.) Republican House Leader Gerald McCormick; (2.) Republican Senate Leader Mark Norris; and (3.) Chief of Staff from the Governor’s Office Mark Cate. All three men were white, middle-class, and came from business, management, and professional career backgrounds.

In the House, Rep. Gerald McCormick was the chief sponsor of the bill, and in the Senate, Senator Mark Norris was the chief sponsor. Mark Cate presented at several committee meetings, answering questions regarding the bill and the Tennessee Achieves program, on which Tennessee Promise was modeled. Moreover, at multiple committee meetings, these three men were often supported by three other key allies who strongly advocated for the Tennessee Promise legislation: Executive Director of Tennessee Achieves, Krissy DeAlejandro; Chancellor of the Tennessee Board of Regents, John Morgan; and Senator Mark Green. I collectively refer to these six key spokespersons and sponsors as “advocates.”

My data analysis also made clear that these advocates, and other prominently involved legislators and speakers, repeatedly relied on three main categories of arguments to frame the debate over the goals and methods of the legislation. These frames were remarkably similar to those used in the debates over development of the Georgia Hope Scholarship, as discussed in Chapter 3. As in the Georgia case, I label these three central framing categories as:

(a.) *Economic and Workforce Development*

(b.) *Equity*

(c.) *Earned Rewards*

These three frames represent different, and sometimes competing, views as to what the goals, values, and methods of the new legislation were to be. They were often in tension with one another, and advocates sought to bridge their differences or to combine them.

By the frame of *Economic and Workforce Development*, I am referring to arguments advanced by advocates that Tennessee Promise is essential to making college affordable in order

to improve and develop the state's workforce and to maintain the state's economy. In this frame, advocates' language and arguments centered on the contemporary New South economy where industrial and technical jobs are requiring higher skills and employees with more than a high school education. Increasing the number of degree holders in the Tennessee population was framed as necessary to compete economically with other states. In this frame, the point of financial aid is to make college affordable, in order to expand Tennessee's skilled education labor force, in order to help state industry, in order to improve the state's economy. In short, both higher education, and financial aid to acquire it, are viewed as instruments in the service of the economy.

By an *Equity* frame, I am referring to arguments advanced by advocates that Tennessee Promise is essential to making college affordable in order to expand educational opportunity to groups that historically have been denied such opportunities and in turn to foster their social and economic mobility. In this frame, advocates' language and arguments centered on expanding access to higher education to a larger pool of students by targeting low-income and minority students "who would never have gone to college in the first place," and who would be the first-generation in their family to go to college, or by giving "a second chance" to those who wanted to make a better life for themselves. Often language in this frame pointed in the direction of a compensatory approach to college financial aid – as "a helping hand" provided to the disadvantaged (as depicted in Figure 4-3). In this frame, higher education, and financial aid to help obtain it, are viewed as instruments in the service of expansion of opportunity, and to address socio-economic inequality – a frame often associated with the liberal-left, progressives, and the Democratic party. However, as the data reveal, these Equity frame arguments were also enfolded into an Economic and Workforce Development Frame – financial aid is meant to

expand education opportunity and foster social mobility for those in need, but ultimately, this is done in order to develop and expand Tennessee's skilled labor force, in order to help industry, in order to improve the state's economy – a frame often associated with the neoliberalism and the Republican party.

A subset of the equity frame that was less commonly used in the debate was what might be referred to as a preventing-social-problems frame. In this perspective, a lack of educational opportunities is tied to a host of social problems, such as drug use and crime and that using financial aid to make college more affordable, especially for young, “vulnerable” and “at-risk” populations, is a good investment for society because it ultimately pays for itself by diminishing future governmental expenditures for police, criminal justice, mental health, and social services.

By an *Earned Rewards* frame I am referring to arguments advanced by advocates that Tennessee Promise entails rigorous selection methods and is conceived as a reward only provided to those who earn it. This framing was generally used to rebut the arguments of conservative legislators who opposed the bill because they viewed it as a welfare-state entitlement program, with financial aid becoming an indiscriminate government “give-away.” In this frame, advocates' language and arguments centered on favorably comparing Tennessee Promise to the existing Tennessee Hope. In this framing, advocates generally asserted that Promise was *not* a large departure from the Hope Scholarship and similarly used competitive, meritocratic, and rigorous methods for selecting, funding, and evaluating recipients. Parallel to the use of quantitative, ostensibly objective metrics common to merit-based approaches, advocates of Tennessee Promise sought to gain legitimacy through the selective presentation of quantitative outcome data.

a.) Economic and Workforce Development

A central argument presented by Tennessee Promise advocates was that the program was necessary because the increasing need for a more skilled labor force in Tennessee was not being met and would continue to not be met unless the state acted. Advocates viewed the business community as the most important stakeholders. In regard to the design of the bill, Mark Cate argued: “The Governor over the course of 2012 did a lot of round-table discussions across the state and heard clearly from businesses across the state that the number one issue they were facing was workforce. Many of you all have heard the same thing from your constituents in your own districts” (Mark Cate, House Education Committee, 2/25/14).

Advocates presented workforce development as the driving force behind the Governor’s Drive to 55 initiative. In his Drive to 55 launch speech, Haslam said: “We want Tennesseans working in Tennessee jobs. We want Tennesseans to have an opportunity to get a good job and for those in the workplace to be able to advance and get an even better job. Currently in Tennessee, only 32 percent of us have a certificate or degree beyond high school, and studies show that by the year 2025 that number needs to be at least 55 percent for us to keep up with job demand. We have a lot of work ahead of us” (University of Tennessee, 2013). Similarly, the College System of Tennessee’s website describes Drive to 55 as “not just a mission for higher education, but a mission for Tennessee’s future workforce and economic development” (The College System of Tennessee). State government officials at times directly connected Drive to 55 educational programs, such as Tennessee Promise, to the automotive industry in Tennessee, describing the program as a “workforce development pipeline” for automotive jobs in Tennessee that needed a technical degree or certificate. This was illustrated by Tennessee Economic and Community Development (TNECD) Commissioner Randy Boyd’s comments: “Tennessee’s

focus on aligning education and industry is the driving force behind our state's ability to sufficiently train our workforce, maintain a steady pipeline of talent to support our existing businesses and recruit future employers...Home to Nissan, Volkswagen and General Motors, Tennessee's global reputation as a top automotive manufacturer is further solidified by this recognition. I couldn't be more proud of our state for helping us build this momentum and achieve this level of success," (TNECD, 2015).

Advocates asserted that the state's economy had changed in the previous 50 years; employers were finding they had job positions which they were unable to fill due to the lack of applicants with the necessary degrees/certificates. During a session of the House on March 18th, Rep. McCormick laid out the history of the Tennessean economy, starkly illustrating a neoliberal perspective on the purpose of higher education. McCormick described the practice, over many decades, whereby factories would move to Tennessee because "we got it done cheaper in the South," due to lower wages compared to the North. However, he goes on, "That strategy will no longer work. It's estimated that as little as 10 to 12 years from now, 55% of the jobs that are being created will require the skills of someone who at least has an associate degree..." As a result, the Governor created the Drive to 55 program. McCormick went on, "So, in the past it was all about low wages; in the future it's going to be about workforce development and having people ready to do these jobs and be ready for it" (Rep. Gerald McCormick, House Education Committee, 3/18/14).

The next day, Senator Mark Norris made a similar speech during the Senate session, "So, the emerging economy that we're anticipating, in fact, that we're already in the middle of, will provide few well-paying jobs for workers who merely have a high school education or less. And in addition, researchers estimate that approximately half of all job openings over the next decade

will require more than a high school diploma,” (Senator Mark Norris, Senate Education Committee, 3/19/14).

Notably, use of a workforce development and economic rationale for Tennessee Promise was bipartisan. Such arguments were supported by Democratic legislators, as exemplified by Democratic Representative Raumesh Akbari’s (D-Memphis) assertion: “I just wanted to put on the record that I think this is a bill that’s really going to help a lot of people in my community. We have about 16,000 jobs in Memphis that do not have people educated enough to get them, so I think this will go a huge step forward in educating that workforce” (Rep. Raumesh Akbari, House Education Committee, 3/18/14). Democratic Senator Charlotte Burks (Senate Education Committee, 3/19/14) and Democratic Representative John DeBerry (House Education Committee, 3/18/14) similarly made comments about their counties’ needs and the workforce potential of 2-year degrees for their constituents, with DeBerry notably discussing the importance of technical college programs (specifically a plastic injection molding robotics program) to the automobile industry in Tennessee. The importance of the auto industry to the Tennessean economy was referenced by multiple legislators in supporting arguments. As McCormick explained:

“The biggest employer in my district is Volkswagen. The biggest complaint I get... the one thing I hear from them over and over again is they have trouble finding enough people who are well-educated enough to do the high-tech sort of manufacturing that they are engaged in now. It’s more about working on computers than it is repetitive motion, and we’ve got to get ready for that” (Rep. Gerald McCormick, House Education Committee, 3/18/14).

As with the arguments made in Georgia in support of the Hope Scholarship, inter-state economic competition was a strong factor. While in the case of the Hope Scholarship in both Georgia and Tennessee the concern was the loss of human capital – a “brain drain” – to other states, in Tennessee the concern behind the Tennessee Promise was a lack of human capital within the state. Advocates argued that Tennessee lagged behind other states in terms of educational attainment, and that the state would not be able to remain economically competitive unless it took action to increase both college degree attainment and degree alignment with workforce needs. Rep. McCormick referenced national reports published in 1991 and 2009 that had ranked Tennessee 41st in the nation and 42nd in the nation for percentage of 18-24-year-olds enrolled in a post-secondary institution. From 1991 to 2009, Tennessee had raised their percentage of 18-24-year-old college enrollees from 26%-32%, however, their ranking still dropped from 41st to 42nd in the nation. This meant, McCormick argued, “we didn’t keep up with the other states. With as much hard work that’s been put into trying to increase that number, there’s an argument to be made that unless we try something different to address the issue of access that we can’t expect to see that number increase as much as we want and need it to the next time that that report is released” (Rep. Gerald McCormick, House Session, 4/15/14).

Advocates framed Tennessee Promise as benefitting all Tennesseans, not just college students. “We’ll all be beneficiaries of a better educated state – closing the skills gap, providing better employment opportunities for all of our citizens, and a bright future to come” (Senator Mark Norris, Senate Session, 4/14/14). Moreover, advocates argued in favor of those college degrees that provided practical job skills, not just any college degrees. As Rep. Gerald McCormick argued: “It’s not just about more people getting certificates and degrees, though; it’s

about creating the workforce that our state needs to thrive economically and to create more and better paying, not just jobs, but careers so that the people and their families can prosper” (House Education Committee, 2/25/14).

In terms of the purpose of higher education, the Chancellor of the Tennessee Board of Regents, advocate John Morgan, set the tone by framing the debate as not a matter of what the state could do for higher education, but the reverse: “What is it that public higher education in Tennessee needs to do for the benefit of the state of Tennessee?” (House Education Committee, 2/11/14). In these arguments, “vested interest” in higher education centered on its necessary economic function for the state economy; “there’s a real interest, vested interest in the business and industry community to make sure that the pipeline of talent is there, so I think, you can call that self-serving, but I think it’s a realistic ‘hey, we got to make sure we got the workforce we need’ as well” (Mark Cate, Senate Education Committee, 3/19/14).

One particular quote from advocate Mark Green clearly illustrated a neoliberal perspective of college serving predominantly as a source of human capital, as opposed to a humanistic view that higher education is about broadening one’s mind:

“Over the course of a person’s lifetime, those people with a bachelor’s degree will earn a million dollars more over the course of their lifetime... Think about what that does to our economy; you know, you think about these colleges out there, they are little millionaire-making engines. If that statistic is true... that’s what our colleges are doing: they’re creating little millionaires... So, think of the economic impact to our state if we get more people with bachelor’s degrees who then go

and earn more money over the course of their lifetime” (Senator Mark Green, Senate Education Committee, 3/12/14).

This economic framing of the Promise was echoed in the national business media. In reference to the Governor’s Drive to 55 and Tennessee Promise, the state was honored by *Business Facilities* magazine as a major “Tech Skills Leader “in Education – as a state that made tech skills-oriented educational programs a top priority. “The leadership Tennessee has shown in education is a standard that should be emulated across the country,” *Business Facilities* Editor in Chief Jack Rogers said. “It’s also the smartest formula for sustainable economic growth,” (TNECD, 2015). Gov. Bill Haslam recognized *Business Facilities*’ praise and took credit for the economic growth.

b.) Equity

While economic and workforce development was the dominant framing mechanism that arose in my content analysis, a second frame was also frequently used in the debate – one focused on social equity goals. In this frame financial aid and education are viewed as instruments in the service of expansion of opportunity and instruments to address socio-economic inequality. Interestingly, in this frame, financial aid was not portrayed as an egalitarian approach (as depicted in Figure 4-3) in the sense that aid is universally available to all, regardless of academic achievement or economic circumstances. Rather, advocates argued that aid ought to be targeted to particular “vulnerable” and “at-risk” groups. In that sense, this frame pointed in the direction of a needs-based, compensatory approach to college financial aid,

as depicted in Figure 4-3 – that is, as “a helping hand” strictly provided to those groups that historically have not had such opportunities.

While a distinctly different goal than workforce development, advocates skillfully blended expanding opportunity ends with economic ends. For instance, Tennessee Promise advocates argued that in order to meet the goal of 55 percent of adults with degrees, the state had to look at making college affordable for populations of potential students, other than just those 18-year-olds already on track to attend college. “Our state is struggling right now... If we take all the high school kids that are going to go to college and send them to college, we’re still not going to get to the need which in the state are the Governor’s actual Drive to 55, and his point is that in 2025, 55% of jobs will require some type of a degree program, and if we go just by our population growth we can’t get there” (Senator Mark Green, Senate Education Committee, 3/12/14). The necessity to expand college attendance “to a larger pool of students” (Mark Cate, multiple) was a driving force behind expanding on the Wilder-Naifeh/ TN Reconnect grant in the Tennessee Promise bill. According to Mark Cate “we have almost a million adult students that have some college but no certificate or degree” (Mark Cate, House Education Committee, 2/25/14).

Throughout the debate, advocates continuously combined the equity frame with the dominant workforce development framing – the point of providing opportunity for the disadvantaged was ultimately done in order to develop and expand Tennessee’s skilled labor force, in order to help industry, in order to improve the state’s economy. In other words, social equity was a means to economic ends. For instance, advocates argued that more attention needed to be paid to students “who would never have gone to college in the first place” in order to meet the 55% goal (Rep. Gerald McCormick, House Session, 4/15/14). These students not

planning to go to college were often identified by advocates as “the most vulnerable” (Mark Cate, Senate Education Committee, 3/19/14), comprised of students from low-income families, students who would be the first generation in their family to obtain a college degree, and students with lower grades in high school and who were hence not eligible for merit-based aid.

According to Mark Cate, “those are the students we’ve been talking about from day one on this scholarship that we think are the ones that really need the training and the skills to make sure they’re viable in the workforce” (Mark Cate, Senate Education Committee, 3/19/14).

Notably, along with explicitly targeting the vulnerable population, advocates also explicitly argued that the aid program was not meant to serve students from more highly educated and more affluent families. “We’re not dealing with the kid that’s applied to Harvard and Yale and Princeton and Vanderbilt and Duke and all those; we’re dealing with some kid who is probably poor, probably working poor, may not have both parents in the house, almost definitely does not have one who went to college before” (Rep. Gerald McCormick, House Session, 4/15/14).

For instance, in describing the privately-funded, locally-based Tennessee Achieves, after which Tennessee Promise was closely modeled, Krissy DeAlejandro, Executive Director of Tennessee Achieves, used language focused on expansion of opportunity to particular disadvantaged groups and not simply aid to make college more affordable for the middle class and more affluent:

“We are a last-dollar scholarship and mentoring program designed to send the student to college who never thought college was an option, so we’re really targeting that first generation, low-income student, the student that, quite frankly,

has been told all their lives that college was not for them, and we're really looking at *not* being a supplemental program — taking the student to college who always had plans and making sure that they have the funds to go. We're really trying to be a shepherding organization... of that at-risk student" (Senate Education Committee, 3/19/14).

In this frame, the goal was to use financial aid to make college more affordable for students in greater need, even if they had lower academic achievement and were normally not deemed "college material." Moreover, as advocates reiterated, "trying to navigate the system" is especially hard for a first-generation student (Krissy DeAlejandro, Senate Education Committee, 3/19/14). "All of a sudden they're going into this situation with all these people wearing coats and ties, and they've got to fill out all these forms and navigate their way through this really strange situation where everybody is probably a lot more educated than them; it's very intimidating" (Rep. Gerald McCormick, House Session, 4/15/14). Following the Tennessee Achieves program model, Tennessee Promise would pair them with a mentor to help them through the application and aid process. "What we're doing is grabbing a mentor who's a volunteer and walking along with this young person who pretty much is going to live in poverty for the rest of their lives even if they do work. And that's what we're doing; the mentoring is incredibly important, and it's proved to be successful" (Rep. Gerald McCormick, House Session, 4/15/14).

Referencing the "vulnerable population," advocates used framing around a language of second chances and citizens making a better life for themselves. "If we pass this legislation, I believe we'll be doing our part to ensure that the students who want to make a better life for

themselves by pursuing a degree or diploma will have that option” (Rep. Gerald McCormick, House Session, 4/15/14). This second chances/better life language was geared toward the vulnerable population. “That’s exactly who we’re aiming for,” McCormick explained, “people who are at a crossroads in their life, that they’re really not qualified for that job that pays a pretty decent wage, and they’re stuck. And maybe they made bad decisions getting to that point, but I would think 18-year-olds deserve a second chance if they made a few bad decisions.” To this, Republican Representative Harry Brooks laughed and replied, “A lot of us were there” (House Education Committee, 3/18/14). As Krissy DeAlejandro described, “I think that the students who do lose the Hope scholarship oftentimes lose it because of a family situation or a personal situation that they simply cannot control and how wonderful to have something to give them a second chance” (Senate Education Committee, 3/19/14).

Despite advocates’ frequent arguments that the Promise ought to be aimed at those groups that historically have not had such opportunities, it is important to recognize that the Tennessee Promise bill did not and does not include means testing, nor an income cap for students, and their families, to be eligible for the scholarship. There were very few instances in the legislative debate in which legislators raised the issue of limiting scholarship eligibility to those families with fewer financial resources and when raised, this issue was not pursued. In other words, the Promise represents an egalitarian approach – eligibility is near universal and not based on economic circumstances. Students from affluent and poor families alike would be eligible for the scholarship.

Preventing Social Problems

Besides using financial aid to make college affordable in order to promote social-economic mobility, especially for the disadvantaged, a common and related rationale for

expanding educational opportunity is the view that education is a mechanism to prevent social problems. In this perspective, a lack of educational opportunities is tied to a host of social problems, such as drug use and crime.¹⁴ This preventing-social-problems framing holds that using financial aid to make college more affordable, especially for young, “vulnerable,” and “at-risk” populations, is a good investment for society because it ultimately pays for itself by decreasing future governmental expenditures for police, criminal justice, mental health, and social services in the future. For example, Democratic Representative Barbara Cooper used this framing in a comment, “I am really on board for these youngsters having this education because I think education is the key to a lot of the problems we have in crime, teenage pregnancy, dropout, just name whatever the ills are, it’s because of the lack of education” (House Finance, Ways and Means Committee, 4/8/14).

However, a preventing-social-problems frame was not nearly as dominant in the debate as the other frames discussed and appeared to be used as a subset of the Equity frame in the sense that it also focused on the “vulnerable population.” In my content analysis, a “preventing social problems: framing was only used twice by advocates of Tennessee Promise, both times vaguely by Mark Cate, and I found the vagueness of its usage interesting. It seemed as if Mark Cate was hinting at an idea understood by the audience of lawmakers, but he did not further develop his argument. Both instances of this framing were used in response to a criticism against the Tennessee Promise bill by a Republican lawmaker. As Mark Cate described: “If you’re way far down the academic profile... is that a risky population? No question, but is this a population we should take a risk on? Because if we don’t make sure that population gets an

¹⁴ The erosion of economic stability for many Americans over the last 50 years has led to a host of social problems for those without a college degree, such as the rise of unwed births, crime, and drugs (Putnam, 2015).

opportunity for post-secondary education and skills and training, we'll deal with them another way" (Senate Education Committee, 3/5/14). In another usage, Mark Cate was more clear that how "we'll deal with them another way" would be with having to later address social problems: "We are looking at a population here we want to make sure goes and gets some specific degree, training, skill set, because if we don't we're going to have other problems associated with that group of students" (House Education Committee, 2/25/14).

The Equity framing seemed to entail a more positive view of, and constructive approach to, the vulnerable population to be receiving aid – to provide job skills and economic mobility for motivated young adults. In contrast, in the debate the preventing-social-problems, framing, seemed to carry a more negative connotation of, and less constructive approach to, the population to be receiving aid – to deter future criminal behavior of problematic young adults. Notably, in the debate, advocates were far more likely to use the former than the latter frame. Either way, the twin social goals of expanding opportunity and preventing social problems were typically enfolded into, and subservient to, the dominant Workforce and Economic Development Frame. In the first of the two social frames, financial aid is meant to make college affordable in order to expand education opportunity and foster social-economic mobility for those in need. In the second social frame, the object of aid is to make college affordable in order to forestall social problems in the future. But in either case, the dominant argument was that, ultimately, these are done in order to develop and expand Tennessee's skilled labor force, in order to help industry, in order to improve the state's economy.

c.) Earned Rewards

Arguments that a key goal of the Promise is to expand opportunity by providing a helping hand to the disadvantaged engendered legitimacy and support for the bill, including among

Democratic and more liberal-left and progressive legislators. But this frame also raised tensions with a key constituency in the legislature – conservative Republicans – because its framing suggested the Promise would be a new government welfare-state entitlement program. As discussed earlier, a key challenge for advocates of the Tennessee Promise was how to convince the Republican dominated legislature that this new government program was not an indiscriminate “give-away” of tax-payers’ money.

During the House Session of the Tennessee General Assembly on April 15th regarding the passage of the Tennessee Promise bill, Republican House Leader Gerald McCormick fended off such criticism of the bill from fellow Republican representatives. The Tennessee Promise Scholarship, McCormick explicitly argued, was *not* an entitlement program. Republican Representative Andy Holt, a West Tennessee conservative with a business background, responded to McCormick. “I looked up the definition,” Holt claimed; “A government program that guarantees certain benefits to a particular group or segment of the population:”

“Based on that definition, this is an entitlement program. This is one of the things that we talk about all the time, we blame Washington all the time for creating new entitlements, new entitlements, new entitlements, and that’s what we’re doing with this particular piece of legislation... what we’ve done is we’ve subsidized, as a state, students to go who in many cases may not really have ever had the intention of going to school... somehow or other I came from an extremely poor family in South Knoxville Tennessee, and neither one of my parents were college graduates, but somehow or other I made it, and I think others can do the same” (Rep. Andy Holt, House Session, 4/15/14).

To this, McCormick replied, “It’s an entitlement if you just get it given to you, but if you’re required to do a number of things, then I don’t consider it an entitlement, and they do have to go through a stringent set of hoops to jump through. It takes a real effort” (House Session, 4/15/14).

To address criticisms that the Promise was yet another unnecessary entitlement, Republican advocates turned to what I refer to as an Earned Rewards frame. Advocates of the Promise explicitly sought to rebut the common criticism of both compensatory and egalitarian approaches to college aid that because such funding is not based on merit, qualifications, or the academic worthiness of candidates, such approaches are an indiscriminate and wasteful misuse of tax-payers’ money. In particular, advocates sought to rebut unfavorable comparisons to the Tennessee Hope Scholarship – that the latter was meritocratic and a reward for talent and effort, while the Tennessee Promise was not. The Earned Reward frame entailed what I refer to as “tough-posturing” language and terminology. In direct response to Republican legislators’ criticisms that Tennessee Promise would be “just a give-away,” advocates asserted that students would be “required to do a number of things to keep the scholarship” (Rep. Gerald McCormick, House Session, 4/15/14). Terminology in this frame included “weeding-out,” “jump through hoops,” “gates that have to be met,” and (the two most popular) “skin in the game” and taking the “we can’t afford it’ excuse off the table.” As Representative Sheila Butt argued, “it was important to me for these students to have some skin in the game. So many times we know if we give something for free, so to speak, and someone doesn’t have skin in the game, they’re not accountable” (Rep. Sheila Butt, House Session, 4/15/14). Advocates for the bill stressed the importance of individual responsibility and accountability. The objective was to convince

skeptics that the program was not a new right universally available to all students, even though a major objective of the free-college program was, in fact, to provide aid universally.

Tough-posturing sometimes appeared in responses to arguments, perhaps heard in private, illustrating advocate's efforts to differentiate between those deemed more or less deserving among the vulnerable population:

"I know there's been some question about 'okay so you're going to go for free; what kind of skin do you have in the game?'... For those we probably worry about who might be, for lack of a better word, 'slackers,' number one, a lot of times they don't even make it in the program because they don't do all the things at the front end that they have to do... so there is a bit of weeding-out on the front end... [lower GPA students who are Pell eligible] those are the students, quite frankly, we think are the ones that kind of get left-out in the mix and we think are really going to be where we're going to see the greatest gains" (Mark Cate, Senate Education Committee, 3/5/14).

Advocates assiduously argued that Tennessee Promise, though a government-funded grant program, was *not* a "hand-out from the government." In this frame, government assistance is legitimate if it is earned through effort and hard work. Tennessee Promise was designed for the student who, as McCormick explained, "...has probably reached the age of 18 and decided 'Well I need to do something with my life; I didn't really go to class all the time and make straight As, but I don't want to just depend on a hand-out from the government for the rest of my life. I want to work'" (Rep. Gerald McCormick, House Education Committee, 3/18/14).

Advocates of the bill were faced with addressing a tension between competing goals and methods for the new program. The tension involved whether, and to what extent, the Tennessee Promise should be competitive and selective in its approach (like the Hope Scholarship) and to what extent the Promise should be egalitarian and less selective in its approach. On the one hand, advocates used tough-posturing language to blur the differences between the Promise and competitive meritocratic approaches to aid, such as the Hope, and hence to try to legitimize the Promise in the eyes of the more conservative legislators. However, at the same time the use of tough posturing language seemed to reveal large differences between the Tennessee Promise and both compensatory and egalitarian approaches to aid, and hence tough posturing could delegitimize the Promise in the eyes of more liberal-left and progressive legislators.

In trying to address, resolve, or blur the differences between these competing goals and methods, advocates of the Promise sometimes reversed their language and arguments. Tough posturing/competitive language used by advocates, such as the need for “weeding-out,” and “skin in the game,” was at times inconsistent and incongruous with Equity arguments those same advocates had earlier made, regarding the need to help vulnerable youths through the college application process to give them a better life. For instance, Representative McCormick’s above-mentioned rebuttal of Representative Holt’s criticism of the Promise as an undue entitlement was in direct contrast to earlier arguments McCormick and others had made. They had earlier argued that the application process for The Tennessee Promise Scholarship was designed to be as unburdensome as possible for applicants in order to encourage more vulnerable and first-generation students to take part. In their quest to win over legislators from both the Republican and Democratic parties, advocates strove to manage this tension regarding how selective or how universal the Promise should be.

The Use of Quantitative Data

The selective use of quantitative data was one strategy advocates used to try to bridge and blur these tensions between competing goals and methods for Promise. Like the Hope Scholarship, with its emphasis on quantitative measures for both the selection and evaluation of recipients, advocates of the Promise also sought to gain legitimacy through the presentation of available quantitative data. Such data were available from the earlier Tennessee Achieves program. These data showed positive retention and employment outcomes for recipients of Tennessee Achieves. Referencing “five years of data” from the Achieves program (House Leader Gerald McCormick, Mark Cate, multiple), showing the success of the program was one of the most frequently used framing techniques for advocates. In my content data analysis, “five years of data” and “modeled after Tennessee Achieves” were two of my most common theme codes to arise, along with “workforce development.”

This allowed advocates to make data-driven arguments as they responded to Republican legislator’s criticisms against parts of the program, especially parts these critics found to be “counter-intuitive” to their Republican sensibilities regarding wasteful government handouts. Rep. Sheila Butt, concluded her earlier quoted argument that it was important to her “for these students to have some skin in the game” with the statement: “that having been said, I’ve looked at the Tennessee Achieves program in 27 counties, and the retention rate in the Achieves program in those counties is much higher even than the retention rate for the Hope scholarship” (Rep. Sheila Butt, House Session, 4/15/14).

Republican Senator Joey Hensley was a harsh skeptic of the Tennessee Promise bill and presented dissenting arguments during committee meetings and the Senate session in which the Tennessee Promise bill was voted upon. He particularly criticized Tennessee Promise for

diverging from the mission of the Tennessee Hope Scholarship, by no longer focusing on the “best and brightest” students and instead diverting money to populations of students with a high drop-out rate and hence, he argued, less worthy of state investment (Senate Education Committee, 3/19/14). In multiple committee meetings, Mark Cate responded to Hensley’s skepticism with positive data on Tennessee Achieves, “Tennessee Achieves’ fall to fall retention rate is almost 40% better than the state average, where it’s 75% versus 56%.... Where the retention rate of Hope at a community college is 47%, with Tennessee Achieves it’s 72%” (Mark Cate, Senate Education Committee, 3/19/14).

But even more than using quantitative data, by far the most used and successful strategy by advocates to bridge or blur the tensions between the differing goals and methods embodied in Equity Framing and Earned Rewards Framing was to bring the argument back around to the dominant bipartisan framing – the focus on the workforce and economic needs of the state. For example, in a House Education Subcommittee meeting, Republican Representative Roger Kane described giving money to Reconnect students who “drop out or fail out” the first time and then “jump over and get the TCAT” technical college degree as “rewarding bad behavior;” Kane asserted that “we shouldn’t be doing that from the state level” (Roger Kane, House Education Subcommittee, 3/4/14). Mark Cate replied to Kane by turning the discussion back to Workforce and Economic Development Framing. To Republican arguments for more competitiveness and stringency in the proposed bill, Mark Cate argued:

“I think we all in the end want to make sure that we’ve got the workforce we need, and that’s really been at the heart of this, and so I don’t think that’s rewarding bad behavior; that’s making sure though that we give that person who’s hopefully woken up and said

“I’ve got to do something” a second chance here to go back and get a skill and training to be productive” (Mark Cate, House Education Subcommittee, 3/4/14).

These arguments succeeded. By framing the program in widely accepted neoliberal economic terms from its very introduction, advocates for Tennessee Promise were able to bridge the gaps and present the Promise as a source of educational opportunity, avoid being labeled an entitlement program, and achieve bipartisan support. Tennessee Promise does indeed represent a financial aid model that is closer to a universal, egalitarian, less academically rigorous approach than the distinctly different Tennessee Hope Scholarship. However, the Tennessee Promise bill’s pro-business, workforce development rhetoric, combined with a tough-posturing rhetoric stressing a competitive approach, managed to satisfy stakeholders and legislators.

IV.) Conclusion

As discussed in Chapter 1 and later in Chapter 3, this study addresses two puzzles. On the one hand, how did Georgia, despite at the time having a Democratic-majority legislature and a Democratic governor, move away from the established need-based model and be the first state to create a scholarship program that allocates aid, not on the basis of need, but on the basis of students’ prior academic performance? On the other hand, for Tennessee there is an opposite puzzle: how did Tennessee, a state dominated by a neo-conservative leaning Republican Party, initiate a program that allocates aid universally and appears to be a welfare-state entitlement, such as those typically eschewed by the Republican Party and favored by the Democratic Party?

A central argument of this study, and my answer to both of these puzzles, is that the larger ideological shift over the past half century, described by the term neoliberalism, has

gained widespread acceptance and legitimacy across political parties and shaped both of the two approaches in higher education financial aid I focus upon – the Georgia Hope merit-based aid program and the Tennessee Promise free-college program. A striking finding of this study is that, despite the seemingly large differences between the Georgia Hope and the Tennessee Promise financial aid programs, and despite originally being proposed by different political parties, the arguments, rhetoric and language used to support them were remarkably similar. Each of these seemingly different financial aid programs is an example of governmental welfare-state policy that, I argue, similarly embodies neoliberal values.

For the case of Georgia, as described in Chapter 3, the Hope program is a clear expression of neoliberal values and a free enterprise version of government aid. On the other hand, my content analysis of the legislative debate shows that Tennessee Promise does indeed represent a higher education financial aid model far more in the direction of an egalitarian approach than the merit-based Hope Scholarship. The analysis also shows that the Promise, a seemingly very liberal-left approach to aid, was able to pass because it was successfully framed as not a “free government handout,” but a competitive and rigorous program, ultimately in the service of industry and the economy.

Like the Georgia Hope program, looking to Institutional Theory, when the Tennessee Promise program was created it faced multiple competing institutionalized demands regarding its goals and objectives – to address the college affordability and student debt crises, to expand educational attainment, to address educational inequality and foster social and economic mobility, and to bolster the workforce and the economy. To garner legitimacy with and satisfy different stakeholders and constituencies, advocates of the Tennessee Promise sought to simultaneously address these multiple, and sometimes contradictory, demands.

For purposes of legitimacy, the program was often framed in an equity language and rhetoric of expanding opportunity and socio-economic mobility. Advocates of the Promise bill argued that a fundamental goal of the scholarship was to make college affordable in order to expand educational opportunity to groups that historically have been denied such opportunities. Advocates' language in favor of the bill pointed in the direction of a compensatory approach to college financial aid – as “a helping hand” provided to the disadvantaged. In this frame, financial aid and education are viewed as instruments in the service of expansion of opportunity and to address socio-economic inequality.

However, the goal of expanding opportunity was enfolded and subsumed into the goal of workforce and economic development. The ultimate objective in the framing language of advocates was not solely to focus on reducing inequality. Rather, the point of expanding education opportunity was to develop and expand Tennessee's skilled labor force, in order to help industry, in order to improve the state's economy. Behind the rhetoric, the dominant goal for both the Hope and Promise programs has been to bolster the state's workforce and economy – reflecting the influence of neoliberal values.

Workforce and economic needs look different to leaders in these two states, and thus these two states ended up with differing financial aid models. In terms of official workforce and economic goals, Georgia's Hope program was designed to stop the “brain drain” of high performing students to colleges in other states. Keeping the state's “best and brightest” students in the state means these students would be more likely to seek employment in the state. Thus, the focus for the Georgia Hope program, in terms of workforce needs, has been centered on high-performing students and higher-status jobs, requiring 4-year degrees. This focus on stopping the

“brain drain” of the state’s “best and brightest” students was also a central focus of Tennessee Hope.

In contrast, in terms of official workforce and economic goals, the Tennessee Promise program is designed to meet labor force needs in manufacturing sectors such as the automobile industry. Thus, the focus for Tennessee Promise, in terms of workforce needs, is centered on skilled trades and blue-collar and working-class jobs that require only 2-year technical degrees. In sum, workforce and economic needs look different in these two states, and hence these two states pushed forward different financial-aid models in their attempt to address these differing needs.

Moreover, despite the use of the language of expanding opportunity and helping the disadvantaged used by advocates of both programs, given the fundamental economic goals of each, the beneficiaries of the aid in both the Georgia and Tennessee programs are highly delimited by neoliberal values. For instance, on closer inspection, each approach uses a different definition of the concept of *equality of opportunity* in regard to higher education financial aid. With the Georgia Hope, this concept ultimately translates as opportunity provided via funding *for those who are most qualified, especially the “best and brightest.”* Merit-based programs begin with the assumption that equality of opportunity largely exists, and they end with the assumption that there will inevitably be inequality of outcomes. By definition, there are winners and losers in this approach.

In contrast, with the Tennessee Promise, at first glance, the concept of equality of opportunity seems to translate into a far broader and more universalistic approach. However, the analysis of the legislative debate reveals that in the Tennessee Promise model, this concept ultimately translates into opportunity via funding *for those who wish to acquire a technical,*

vocational, or practical degree to enter into a trade. The advocates of the bill did not intend the program to provide aid for students to obtain liberal arts degrees. Degree programs were favored that serve as a training and development instrument for industry. In short, the Tennessee Promise seeks to incentivize students to complete Associate degrees and certificates at the state's 2-year community and technical colleges to try to prepare them for, and guide them into, blue-collar skilled trades in the state, especially the state's growing automobile industry. To address the college affordability crisis, it places its hopes on helping students acquire 2-year Associate degrees in technical fields.

Along with the fundamental economic goals, the methods of the Promise program also run counter to the professed goal of expanding opportunity and socio-economic mobility. Despite the use of the language of expanding opportunity and helping the disadvantaged used by advocates of both programs, proponents of the Tennessee Promise insisted it must not be an entitlement, must be earned, and must hold recipients accountable. In other words, the Promise program, like the Hope program, used legitimizing language around competition, selectivity, and meritocracy. Hence, while the Georgia Hope and the Tennessee Promise each use seemingly very different methods (competitive vs. egalitarian) to address their goals, each results in a highly delimited set of beneficiaries. My conclusion is that both of these differing programs illustrate an interesting contradiction – welfare-state policies, but embodying market-driven, neoliberal goals and methods.

Like the Georgia Hope, this is illustrated in several ways by the debate over the Tennessee Promise. The dominating arguments in that debate embodied concepts central to the neoliberal paradigm: decentralized government, choice, markets, competition, meritocracy, and monetary rewards. Like the Georgia Hope, the Promise is a state level intervention that, instead

of being funded through ordinary state tax increases, is funded by a lottery, a type of “voluntary tax” that is framed as a matter of individuals’ “choice.” Unlike the Hope, the Promise does not entail a market-like, competitive selection process among free agents, but advocates sought to argue that the Promise does entail rigor in its selection procedures and ongoing annual evaluation process. Consistent with the neoliberal paradigm, advocates of Promise sought to use quantitative, ostensibly objective, metrics, drawn from the predecessor program, Tennessee Achieves, to legitimize the Promise program. Finally, like the Hope, the Promise utilizes monetary incentives typical to a free enterprise ethos.

In the next chapter I will examine the implications of these two models and compare the outcomes of these programs in Georgia and Tennessee. How has each program fared relative to the other, in terms of both their benefits to the state and their benefits for students? Have these programs led to improvements in college degree attainment? Have student debt levels changed since the advent of each program? How do these trends vary by students’ socio-economic status and race-ethnicity? Who are the winners and losers?

Following Institutional Theory, I analyze the front stage and backstage of these models of aid. The front stage comprises the public face of official missions, values, and methods used to garner legitimacy. The reality of what actually transpires in the organization – the backstage – may, or may not, be consistent with the stated mission and values of the organization and may, or may not, be consistent with the values of important constituencies in the social environment. In Chapter 5, my objective is to try to uncover which constituencies’ values in the legislative debate have, and have not, been addressed, and which of the multiple and competing goals of the program have, and have not, been met.

Chapter 5

Outcomes of the Georgia and Tennessee College Aid Programs

Introduction

This chapter focuses on the consequences and outcomes of the two college financial aid programs – the Georgia Hope and the Tennessee Promise. It builds on prior chapters which focused on how Georgia and Tennessee came to create and develop the first state-level merit-based and free-college/free-tuition programs in the U.S. In those chapters, I described the goals, methods, and espoused values of the Georgia Hope and the Tennessee Promise programs. From the theoretical perspective of Institutional Theory, those chapters examined the “front-stage” rhetoric of policymakers in the development of the Georgia and Tennessee scholarship programs. In this chapter I now examine the “backstage” realities of these programs.

How has each program fared relative to the other in terms of their benefits for students? How many students have received state grants? Have student debt levels changed since the advent of each program? Have these programs led to increases in the number of degrees awarded and improvements in the overall level of educational attainment of the adult population in each state? How do these trends vary by students’ economic status and race-ethnicity? Who are the winners and losers? And, finally, have these scholarship programs had a positive impact on each states’ workforce and economy, as predicted by proponents?

A striking finding of this study is that, despite the seemingly large differences between the Georgia Hope and the Tennessee Promise financial aid programs, and despite originally being proposed by different political parties, the goals and the arguments used to support them

were, and are, remarkably similar. The Georgia Hope program and the Tennessee Promise program both espouse a very similar set of goals for the state: 1.) to address the college affordability and student debt crises, 2.) to expand educational attainment, 3.) to address educational inequality and foster social and economic mobility, and 4.) to bolster the workforce and the economy. In this chapter my objective is to try to uncover which of these multiple goals of the programs have, and have not, been met. This chapter is organized around these goals, presenting data on an array of measures, to show how each state has fared in regard to each of their goals.

Data and Methods

As I discuss in more detail in Chapter 1, to address these questions, I assembled and analyzed quantitative data drawn from a number of publicly available national databases. The main federal databases on higher education institutions and their students are the Integrated Post-Secondary Education System (IPEDS) and the National Postsecondary Student Aid Study (NPSAS). Both are based on surveys undertaken by the National Center for Education Statistics (NCES), the statistical arm of the U.S. Department of Education.

For this chapter I utilized NCES' online data analysis tools, to undertake secondary analysis of these large-scale databases, using basic statistical analytic techniques to generate descriptive data estimates. For sample surveys, such as NPSAS, the database provides data weighted to compensate for the over- and under-sampling of the complex stratified survey design. I also draw data from several other national sources. These include the Current Employment Statistics program (CES) and the Current Population Survey (CPS), conducted by the U.S. Bureau of Labor Statistics (BLS), with the U.S. Census Bureau. These are the primary sources of labor force statistics for the nation and each state. In addition, I draw published data

from the College Board, a non-profit focused on higher education that oversees college entrance examinations. Finally, in several cases, I supplement the national data with relevant state-level data and results drawn from studies focused on the Hope and Promise programs.

Comparing Georgia and Tennessee

Prior to discussing the outcome data, in this section of this chapter, I summarize some limitations and challenges facing my data and methods. The objective of my study is to describe and compare the Georgia Hope and the Tennessee Promise programs. In this chapter I present outcome measures that reflect how well each state has met the goals of their financial aid programs. The Georgia Hope primarily serves students in Bachelor's degree programs at the state's 4-year public institutions and the Tennessee Promise primarily serves students in Associate degree programs in the state's 2-year public institutions. Hence, throughout my discussion in this chapter, for Georgia, I focus on students in Bachelor's degree programs at 4-year public institutions in Georgia, and for Tennessee I focus on Associate degree students in 2-year public institutions, and I compare each state with students in those same types of degree programs and institutions across the country.

But, it is important to recognize that my analysis does not entail direct evaluations and comparisons of the Georgia Hope and the Tennessee Promise themselves. My analysis is not a strict comparative evaluation of the outcomes of students in each state who did, or did not, receive those particular grants. While each state has issued reports on their programs with various measures, from various sources, from various years, the differences in each states' reports disallow exact comparisons across each program and across each state. My method is to make comparisons by examining a set of consistent measures from the same large nationally representative databases, across states, for the same years. The advantage of utilizing nationally

representative data is that it allows me to make accurate “apples to apples” comparisons using the same outcome measures and to compare Georgia and Tennessee with other states.

However, in the national data it is often not possible to isolate those students who received the Georgia Hope or Tennessee Promise. Hence, for most of my outcome measures the comparison groups are not solely students who received Hope scholarships or Promise scholarships and those who did not, but instead they are comparisons between larger groups of undergraduate students in Georgia and Tennessee and those same types of students across the nation.

For instance in the case of a key outcome measure – trends in the annual number of Associate degrees awarded (from IPEDS) – my data analysis cannot tell us if recipients of the Promise were more likely to complete their Associate degrees than non-recipients of the Promise. Rather the data tell us if the number of Associate degrees awarded for all undergraduates in Tennessee has increased since the Promise program began and in comparison to other states. Hence, while my analysis is not a strict comparative evaluation of the two particular programs, it does tell us if the state goal – in this case, to expand educational attainment of the state population – has, or had not, been met. As I examine the various outcome measures, in each section below, I describe and define these comparison groups.

Another limitation of my analysis of national data concerns the time frame. Ideally, for each measure the national data would cover the period from before each scholarship program began, in order to capture any changes in the measure (such as degrees awarded, debt, earnings, etc.) before and after the inception of the scholarships. The data do cover the period from before 2015 when the Tennessee Promise began. However, often the available data do not cover the entire period back to the early 1990s before the Georgia Hope began.

It is also important to recognize that, besides financial aid scholarships, there are, of course, multiple sources and factors that could impact the outcomes I examine. Among those factors are changes in the size, poverty-level, and race-ethnicity of state populations and changes in the overall state economy. Georgia and Tennessee are both similar and different to each other and to other states. As discussed in chapters 3 and 4, both states are part of the “New South” with governments often characterized as neo-conservative and often dominated by the Republican party (Lloyd, 2012). In recent decades both have sought to move beyond their traditional agricultural economies but have adopted different strategies. Georgia has focused heavily on the high-tech sector since the 1990s, centered in Atlanta. Tennessee has focused heavily on the automobile industry since the 1970s. This difference is reflected in a widely used metric called the New Economy Index which ranks states according to how prepared they are for a “knowledge-based, technology-driven, global economy” (Finney et al., 2017: 4). According to the 2020 New Economy Index, Georgia ranked 16th and Tennessee ranked 30th out of the 50 states and D.C.

Both states are demographically similar. Each is a growth state in terms of population. Since 1990, the population of each state has grown at an above average rate: the US by 30 percent, Tennessee by 37 percent, and Georgia by 55 percent. Tennessee and Georgia both have populations with comparatively high poverty rates. According to reports by the Center for American Progress, Tennessee ranked 43rd and Georgia ranked 37th in the nation in 2019 for percentage of people who had incomes below the poverty line. While Tennessee and Georgia differ in the racial/ethnic population demographic characteristics of their populations, both have

relatively large Black/African-American populations, especially Georgia, and relatively small Hispanic/Latino and Asian-American populations, according to Census data.¹⁵

Addressing the College Affordability Crisis

Both the Georgia Hope and the Tennessee Promise scholarships hold that a major goal of their programs is to make college more affordable for students and families in their states. In this section I seek to assess to what extent each state has met this goal. As discussed in chapter 1, compared to the other states, Georgia and Tennessee have been relatively generous in their overall financial support of higher education. Annual reports from the College Board have documented that in recent decades, Tennessee and Georgia both have provided an above-average level of overall state funding per full-time higher education student compared to other states (Ma and Matea, 2021). This raises the question of how each state has also done in terms of the price and affordability of education for students. To answer this, I examine data on the financial side of higher education in each state: trends in tuition levels, trends in financial aid for students – including both grants and loans – and finally, the debt students accumulate by graduation.

State Tuition

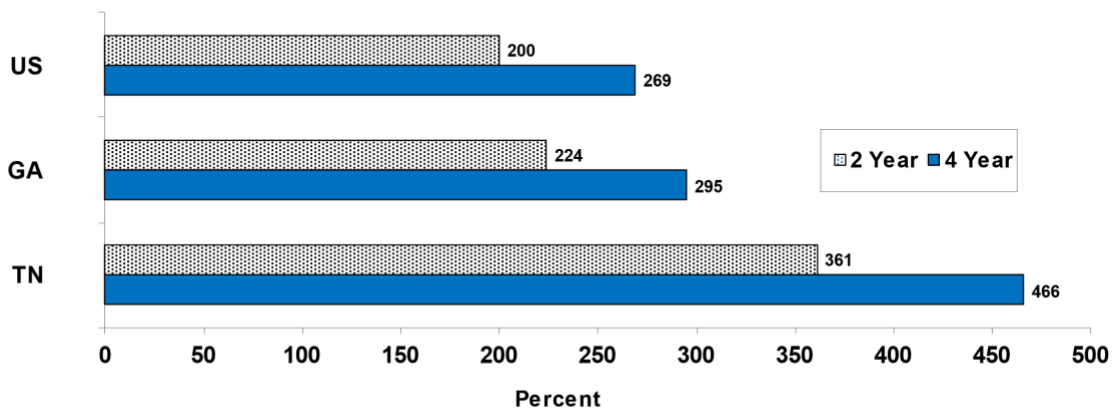
How much is the cost of college tuition in Georgia and Tennessee, how does this compare to other states, and has this changed over time? To answer this, I examine IPEDS data on annual tuition rates at public colleges and universities for the past couple of decades. In figures 5-1 and 5-2, I present data on tuition for in-state students, for both 2-year and 4-year public institutions, and for the nation and separately for Georgia and Tennessee. I traced these

¹⁵ According to the 2010 US Population Census, the Black population in Georgia was 33% and in Tennessee was 17%, compared to 13% in the US. The Hispanic/Latino population in Georgia was 10% and in Tennessee was 6%, compared to 16% in the US. The Asian population in Georgia was 4%, and in Tennessee was 2%, compared to 4.8% in the US.

(unadjusted) data from 1993, when the Georgia Hope was first implemented, to 2020, the most recent data available.

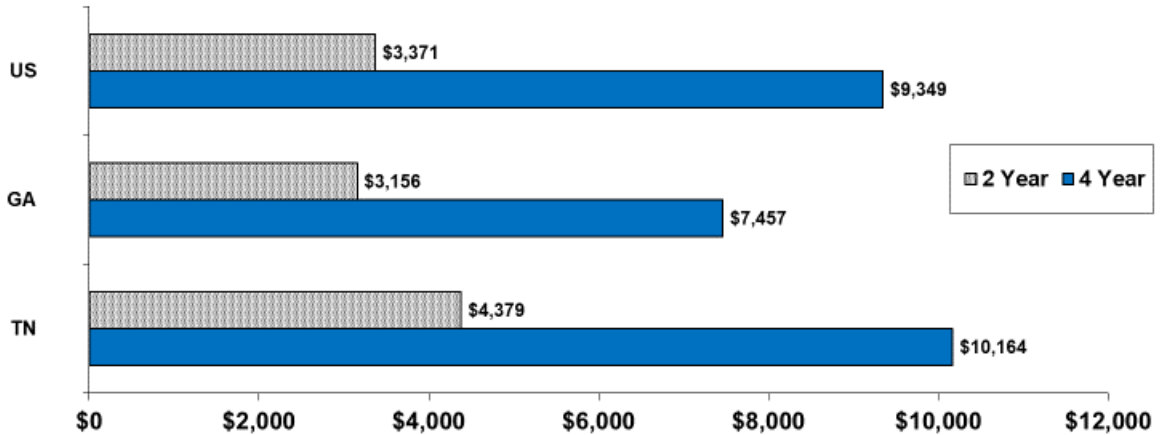
While Georgia and Tennessee have been relatively generous in their overall support for higher education in general, the data show that both have also increased their tuition at above average rates. Figure 5-1 shows that tuition in Georgia for both 2-year state colleges and 4-year institutions has increased faster than the national average, since 1993 when the Georgia Hope was implemented. For example, during this almost 3-decade period, at 4-year public institutions across the nation, tuition went up 269 percent, while in Georgia it went up by 295 percent. Nevertheless, figure 5-2 also shows that, as of 2020, college tuition in Georgia was below the average for the nation; Georgia 4-year public institutions had 20 percent lower tuition than the national average.

Figure 5-1: Percent Increase in In-State Tuition & Fees for 2-Yr and 4-Yr Public Institutions, for the US, GA and TN: 1993 to 2020



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

Figure 5-2: In-State Tuition & Fees for 2-Yr and 4-Yr Public Institutions, for the US, GA and TN: 2019-2020



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

In Tennessee for both 2-year state colleges and 4-year institutions, the IPEDS data show tuition has increased even faster than Georgia, both before and after the advent of the Tennessee Hope and Promise. For example, during this 27-year period, from 1993 to 2020, tuition at 2-year public institutions across the nation on average went up 200 percent, while in Tennessee it steadily went up by 361 percent. As illustrated in Figure 5-2, as of 2020, while Georgia charged less than the average for tuition, Tennessee’s tuition at its 4-year public institutions was 9 percent higher and at its 2-year institutions was 30 percent higher than the national average.

Several analysts of the Georgia and Tennessee scholarship programs have argued that Georgia and Tennessee’s above-average increase in tuition and fees has been an unanticipated consequence of the introduction of their grant programs. The argument is that, while each states’ grants helped defray the costs of college for students, the grant programs also simultaneously and perversely contributed to raising those costs. For instance, according to a study of the Georgia Hope a decade after its inception: “after the introduction of the Georgia Scholarship, four-year

colleges within the state responded by increasing student charges at a faster rate than similar schools in nearby states” (Long, 2004: 1062). According to Long, this increase in tuition and fees resulted in costly consequences, especially for Georgian students who did not receive the Hope, because these nonrecipients experienced the same increases in tuition. In addition, the author concluded that the increase in prices hurt student enrollment in the state. “The student enrollment impact of HOPE would have been 11 percent larger than it was if colleges had not raised their prices,” (Long, 2004: 1062).

Similar to Georgia’s public higher education institutions after Hope, a recent study of Tennessee’s Promise-eligible institutions, consisting of mainly public two-year and technical colleges, concluded that tuition increased after the Tennessee Promise was implemented. The author concluded that, because the tuition and fees for in-state students were completely covered by the Tennessee Promise, Promise-eligible institutions were left “without much incentive” to control tuition levels, (Bell, 2021: 15). The IPEDS data in Figures 5-1 and 5-2 do show that Tennessee’s rates have gone up faster than average and college prices in the state are higher than average. However, the IPEDS trend background data also show that the state’s tuition rates were increasing long before the advent of the Promise, and that since the inception of the Promise the rate of increase has actually slightly slowed down. Hence, the data suggest that the state’s grants did not contribute to raising tuition. But it is also important to recognize that the grants did not lead to decreases in the list price.

State Grants

Given these above-average increases in tuition in Georgia and Tennessee, the question arises whether state grants have helped make college more affordable for students in Georgia and

Tennessee. How many students receive grants in Georgia and Tennessee, what are the grant amounts, how do these compare to other states, and has this changed over time?

As discussed in Chapters 1 and 2, the Federal government provides the bulk of financial aid to students in higher education. Increasingly this aid has come in the form of loans, instead of grants, and in the form of unsubsidized loans, instead of subsidized, and as a result, the bulk of student loans are federal. On the other hand, the bulk of student grants are non-federal, either from states or colleges and universities themselves (Ma and Matea, 2021). Moreover, annual reports from the College Board have documented that in recent decades, compared to the other states, Georgia and Tennessee have devoted a relatively high proportion of total higher education funding to financial aid and have been relatively generous in the amount of their financial aid grants to students. Both states have ranked in the top ten states for grant financial aid expenditures as a percentage of total state support for higher education. Moreover, for annual average grant aid dollars per full-time undergraduate, in 2019-2020, Tennessee was the fourth highest, at about \$1,800, and Georgia led the nation, at \$2,400, compared to the national average of \$980 (Ma and Matea, 2021). Finally, as discussed in earlier chapters, not only do these two states devote above-average funding to grant aid, both are unusual in how they allocate their grant aid – their grants are largely not needs-based.

Along with these College Board data on the amounts of state grants, I examined IPEDS data on the percentages of students who received grants from their state. Table 5-1 presents data on in-state, full-time, first-time students, for both 2-year public institutions and 4-year public institutions. I present data for the spans, respectively, from 2008-2021 and 2001-2021 – the periods for which data were available.

As shown in Table 5-1, not only do Georgia and Tennessee give relatively large grants to students, (as above documented by the College Board data) the IPEDS data also show that they do so to relatively more students. For the past two decades, both Georgia and Tennessee have provided state grants to more students than average. For instance, in 2020-21, 60 percent of students in Georgia 4-year state institutions received state grants – almost double the national average of 33 percent, a national level which has remained relatively constant over this 2-decade period.

Similarly, since 2004, when the Tennessee Hope began, the percent of students in 4-year Tennessee institutions getting state grants went up sharply. By 2020-21, 61 percent of students in Tennessee 4-year state colleges were receiving state grants – up from 16 percent in 2003 and almost double the national average of 33 percent. Likewise, since fall 2015, when the Tennessee Promise began, the percent of students in 2-year Tennessee institutions getting state grants has gone up sharply. By 2019-20 (4 years after the inception of the Tennessee Promise program) 78 percent of students in Tennessee 2-year state colleges were receiving state grants – up from 28 percent in 2008 and almost double the national average of 39 percent.

It is important to recognize that while my study’s focus is on the Georgia Hope and the Tennessee Promise, the most prominent scholarship grant programs in each state, each state also has a suite of other grant programs. The national data on grants in Georgia and Tennessee do not distinguish which particular state scholarship programs are the source of the grants students receive. In Georgia, since the Hope (and its supplement the Zell Miller Hope Scholarship) are the only state grants available at 4-year institutions, the national data in table 5-1 on grantees at 4-year institutions represent Hope recipients. However, in Tennessee, since there are several

grant programs targeted to students in 2-year institutions, the data tell us if recipients got any state grants (among them the Promise) at such institutions.

Of course, it is also important to recognize that state grants often only cover a portion of the total annual cost of college for students. As discussed in chapters 3 and 4, while the Tennessee Promise covers the full price of tuition at 2-year institutions, neither the Georgia nor Tennessee Hope currently do so at 4-year institutions, and beyond tuition, there are moreover the additional costs of fees, books, room, and board. For instance, in 2021-22, College Board data show that first-time, full-time students at public two-year colleges in the nation needed to cover almost \$9,000 in food and housing after grant aid, in addition to another \$5,700 in allowances for books and supplies, transportation, and other personal expenses (Ma and Matea, 2021). The gap between financial need and financial aid is often referred to as “unmet need” and is at the crux of the college affordability crisis. Available state grants and scholarships can help address this unmet need, but many students must turn to student loans.

Federal Loans

Given both relatively high tuition amounts, and relatively high amounts of grants given to relatively high numbers of students, the next question concerns the magnitude of loans and debt in Georgia and Tennessee. How much funding in loans do students in Georgia and Tennessee receive, how does this compare to students in other states, and has this changed over time? To try to answer these questions, I also examined IPEDS data on federal loan amounts students receive. Table 5-2 presents data on the average annual amounts of federal student loans received by undergraduate students at public institutions, for both 2-year institutions (that only offer Associate degrees) and 4-year public institutions. I present data (in 2020 dollars) for the 12 year span from 2008 to 2020 – the period for which data were available. While the federal

government is the main source of loans to students, it is important to recognize that there are also other sources and types of loans not captured in these data.

The data show that overall, during this period, borrowing did not go up (in adjusted dollars) for students in public 4-year institutions in the U.S. The average annual amount of federal loans students in public 4-year institutions borrowed has changed little in the nation, in Georgia and in Tennessee. Moreover, since 2008, of students in public Georgia 4-year institutions, average annual federal loan amounts have consistently remained slightly lower than the nation.

Similarly for Tennessee, since the Promise inception in fall 2015, of students in 2-year public institutions, average annual federal loan amounts slightly increased across the nation but have declined in Tennessee. In 2019-2020, the average annual loan for students in 2-year public institutions was lower in Tennessee than in the nation.

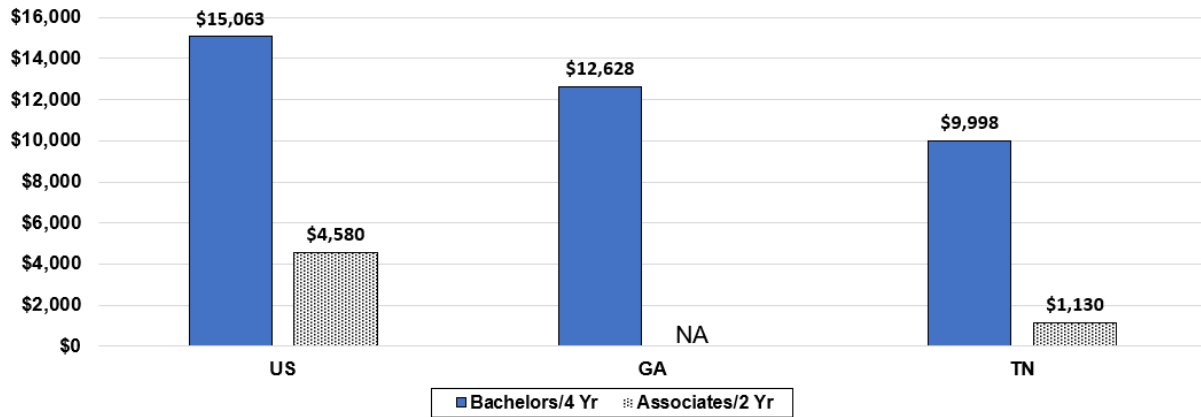
The IPEDS data do not allow the analysis to isolate grant recipients; these data represent the loans received by all undergraduate students in public institutions, not simply those who were awarded grants, so it is not possible to attribute these loan decreases to grant programs. However, several studies focusing on the Tennessee Promise in particular concluded that the program itself led to a decrease in borrowing by Tennessee community college students. For instance, research by House (2016) and Finney et al. (2017) found that during the first year of Tennessee Promise, fall 2015, student borrowing decreased. About 17 percent fewer Tennessee students filled out forms to apply for federal loans across Tennessee higher education sectors from fall 2014 to fall 2015, and the percentage of students taking out loans decreased by almost 25 percent at some two-year colleges (Finney et al., 2017: 12). A more recent study that examined the impact of Tennessee Promise on students' borrowing behaviors in a community

college system corroborated these findings. This newer study found that Tennessee Promise “reduced the percent of first-time, full-time students borrowing by 8-10 percentage points on average after implementation—an over 40 percent decline—and reduced the average community college cohort loan...by nearly 32 percent.” “Promise....effectively reduced students’ reliance on loans... Our findings suggest the introduction of new grant aid via Promise was an effective replacement for student loans. (Odle, Lee, & Gentile, 2021).

Student Debt from Federal Loans

Along with students’ loan amounts each year, there is the subsequent issue of the total debt acquired through one’s college years. How much debt from loans have students in Georgia and Tennessee accumulated by the time they graduate, and how does this compare to students in other states? To try to answer these questions, I examined National Postsecondary Student Aid Study (NPSAS) data on student debt from federal loans. NPSAS has the advantage of allowing the analysis to separate students who did, and did not, receive state grants. Figure 5-3 presents data on the average cumulative federal loan debt of in-state, public institution undergraduate students, who received state grants, and who graduated in 2018, for both Associate degree students at 2-year institutions and Bachelor’s degree students at 4-year public institutions. Note, these data only include debt from federal student loans – the major source of loans.

Figure 5-3: Average Cumulative Federal Loan Debt of In-State Undergraduate Students, at Public Institutions, Who Were Recipients of State Grants, and Who Graduated in 2018, By Degree and Institutional Type, For The US, GA And TN: 2018



Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study-Administrative Collection: 2018, Undergraduates (NPSAS-AC).

In 2018, cumulative debt from federal loans for senior grant recipients across the nation was about \$15,000 for Bachelor’s degree students and \$4,600 for Associate degree students. Cumulative debt for Georgia Bachelor’s degree seniors was \$12,600 –16 percent lower than the national average (but not achieving statistical significance at 95% confidence). Likewise, cumulative debt of Tennessee Associate degree students was \$1,130 – 75 percent lower than the national average, and at a statistically significant level.

However, when I examine all 2018 graduates, including both those who received grants and those who did not, a different picture emerges for Georgia. Graduates of Bachelor’s degree programs in Georgia had 16 percent higher cumulative debt than the national average for similar students. In other words, Georgia Bachelor’s degree graduates who received Hope grants were better off debt-wise than grant recipients in other states. But, Georgia Bachelor’s degree graduates who did not receive Hope grants were worse off debt-wise than those in other states.

Summary

The data indicate that in both Georgia and Tennessee, the first goal of both the Georgia Hope program and the Tennessee Promise program – making college more affordable — appears to have been met. In recent years, Georgia charged less than average for tuition at its 4-year public institutions, while Tennessee charged more than average at its 2-year institutions. But, compared to the other states, both Georgia and Tennessee have been relatively generous in the amount of their financial aid grants to students. Both have devoted a relatively high proportion of total higher education funding to financial aid, have allocated relatively large grant amounts to students, and have done so to relatively more students. In turn, in recent years, students in Georgia public 4-year institutions and in Tennessee 2-year public institutions borrowed less in federal loans than the average student across other states. Finally, the cumulative debt from federal loans for college seniors, who were grant recipients, was lower for Georgia Bachelor’s degree students and for Tennessee Associate degree students than the nation. Of course none of this means that such student grant recipients in Georgia and Tennessee were debt free; the data simply show that such students had less debt on average.

Expanding Educational Attainment

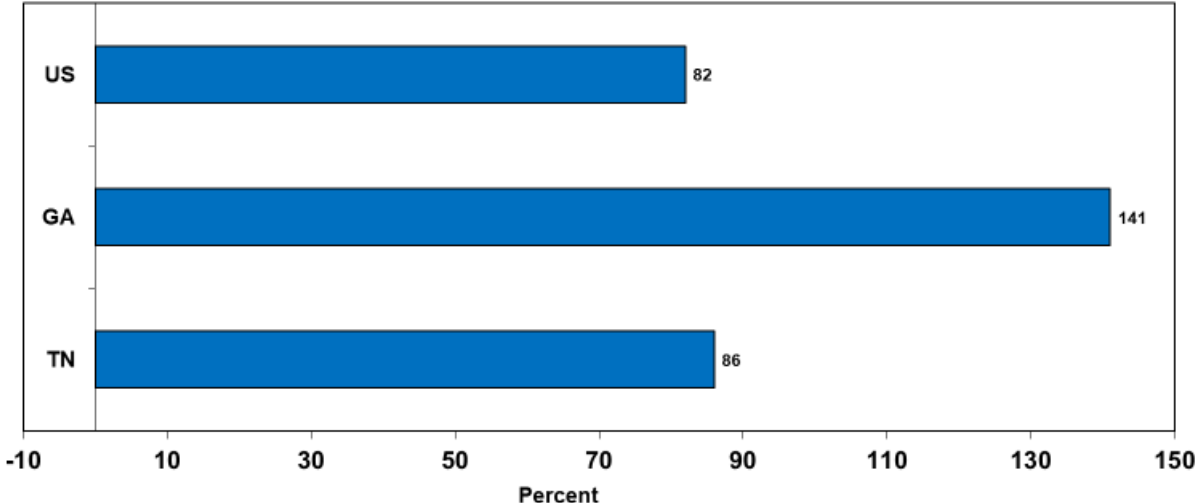
Both the Georgia Hope and the Tennessee Promise scholarships hold that a major goal of their programs is to increase the post-secondary educational level of their citizens. Prior to the enactment of their financial aid programs, policy makers in both Georgia and Tennessee had drawn attention to data showing that their state lagged behind others in terms of educational attainment. In response, Tennessee set an explicit numeric goal in its “Drive to 55” initiative – a policy goal to equip 55 percent of Tennesseans with a college degree or certificate by 2025. The

specific 55 percent goal was based on a state study concluding that, by 2025, at least 55 percent of the jobs in Tennessee would require some postsecondary education. In this section I seek to assess to what extent each state has met the goal of expanding college attainment in the state. To do this I examine data on two measures of post-secondary education trends: number of college degrees awarded annually and the overall level of degree attainment of the adult population.

College Degrees Awarded

Has the number of students awarded Bachelor's and Associate degrees in Georgia and Tennessee changed over time, and how do these compare to other states? To answer this, I examined IPEDS data on trends in the numbers of undergraduate students awarded Bachelor's degrees and Associate degrees for the nation, Georgia, and Tennessee. Figure 5-4 presents the data available on the percent change in the number of Bachelor's degrees awarded from 1991-1992, the earliest data available (two years before the Georgia Hope began), to 2021, the most recent data available. Figure 5-5 presents data for Associate degrees awarded for the span from 2015, when the Promise began, to 2021. The IPEDS data are inclusive; they include degrees from both public and private institutions, for both in-state and out-of-state students, and for both recipients and non-recipients of state grants.

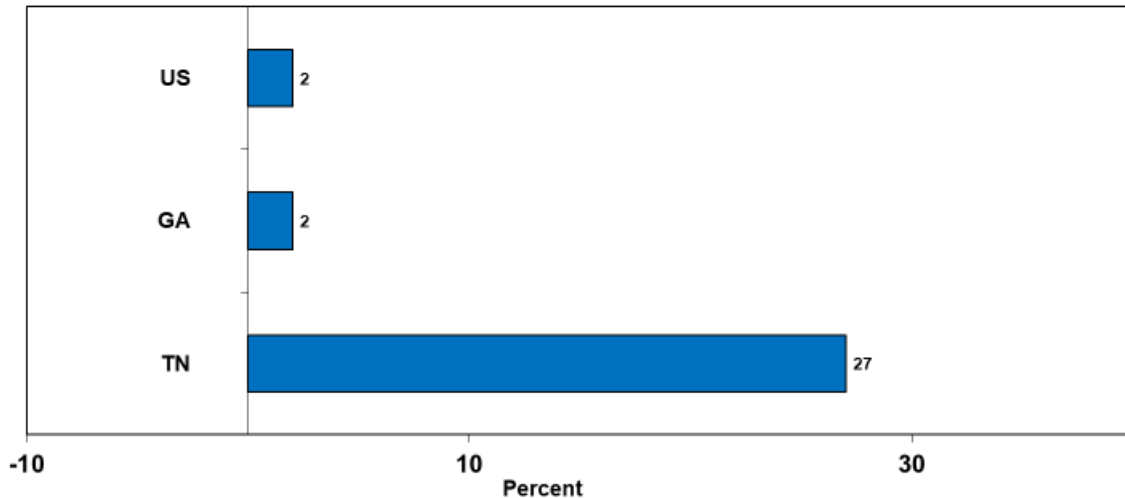
Figure 5-4: Percent Change in Number of Bachelor's Degrees Awarded, for the US, GA and TN: 1991-2021



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

As shown in figure 5-4, since 1991, the number of Bachelor's degrees annually awarded in Georgia has increased by 141 percent -- compared to a 86 percent increase in Tennessee and a 82 percent increase on average for the US. This is an impressive increase, but it is also important to recognize other factors besides the Hope grant may have played a role. As noted earlier, Georgia has had a sharp upward trend in both population and college attendance since before the Hope scholarship was implemented. As one study noted, "From 1990 to 2001, the total population in Georgia jumped from 6.5 million to 8.4 million residents, and college-going rates increased accordingly," (Lanford, 2017: 13). So, while it is not possible to definitely conclude that this is tied to the Georgia Hope, the data show that the number of Bachelor's degrees awarded in Georgia has outpaced that of other states since the program began.

Figure 5-5: Percent Change in Number of Associate Degrees Awarded for the US, GA and TN: 2014-2021



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

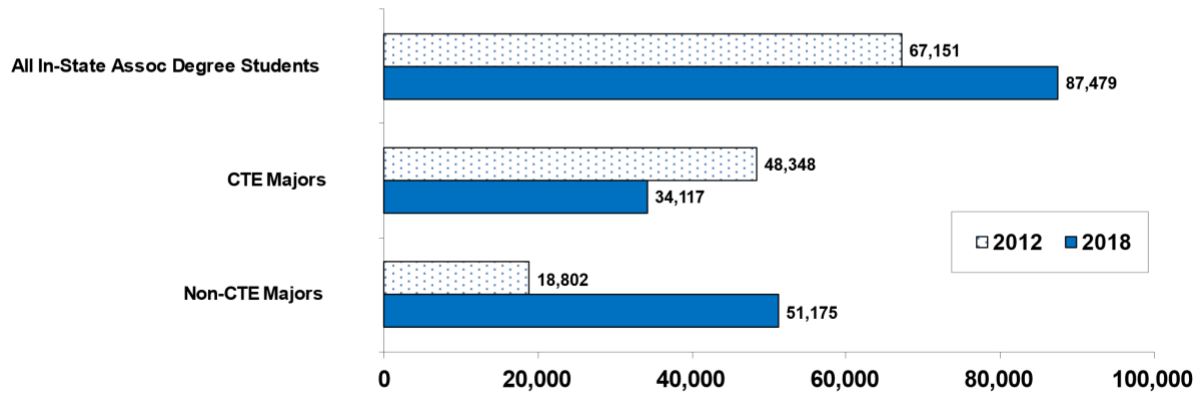
Likewise in Tennessee there has been an increase in both the state population and the number of Associate degrees awarded since the early 1990s, long before the inception of the Promise. However, between 2011-2012 and 2014-2015 – the years just prior to the inception of the Tennessee Promise – the number of Associate degrees awarded in the state decreased. Then, as shown in figure 5-5, in the first 5 years of the program, fall 2015 to fall 2021, the number of Associate degrees annually awarded in Tennessee jumped by 27 percent -- compared to a 2 percent increase on average for the US. So, like Georgia, while it is not possible to conclude that this is a direct impact of the Tennessee Promise, the data show that the number of Associate degrees awarded in Tennessee has outpaced that of other states since the program began.

Along with a general desire to increase the overall percentage of college degree holders in the state, both the Georgia Hope and the Tennessee Promise also emphasize specific student populations and specific types of degrees. The Tennessee legislators who advocated for the

Promise sought, in particular, to increase the number of students acquiring 2-year technical, vocational, or practical degrees. To assess whether this specific subgoal has been met in Tennessee, I examined NPSAS data on trends in the majors of students in Associate degree programs at 2-year institutions in Tennessee. Figure 5-6 shows the numbers of students majoring in career and technical education (CTE) fields, in 2012, 3 years before the advent of Promise and in 2018, 3 years after the Promise had begun. CTE comprises many fields including the skilled trades, such as welding, information technology, construction, and electrical engineering. As shown in Figure 5-6, in that time span, there was a 30 percent increase in student enrollment in Associate programs at Tennessee's 2-year institutions. But, strikingly, this increase was entirely in non-CTE fields. Indeed, the number of students majoring in CTE fields declined by 30 percent within 3 years after the Promise began.

Of course, there were a significant number, about 10%, of undergraduate students in public 2-year institutions in Tennessee in 2018 who were not in Associate degree programs but were instead in Certificate programs. To account for this, I reexamined the trends in Figure 5-6 while including Certificate students. The data show that the same patterns held up after Promise – there was an increase in student enrollment at Tennessee's 2-year institutions from 2012 to 2018, and this increase was entirely in non-CTE fields, and CTE majors declined.

Figure 5-6: Number of In-State Associate Degree Students at Public 2-Year Institutions in TN, Majoring in Career and Technical Education: for 2012 and 2018



Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study: 2012 Undergraduates and 2018 Undergraduates

In the case of Georgia, besides expanding the overall educational level in the state, a specific subgoal of the Georgia Hope is to staunch the “brain-drain” of top students to other states by increasing the number of those students getting degrees within the state. Some research has found that this has happened. In a study undertaken a decade after the Georgia Hope began, Cornwell, Mustard, and Sridhar (2006) found that two-thirds of Georgia’s increase in college attendance could be attributed to students who would have otherwise attended an out-of-state institution. Dynarski (2000) similarly found that Hope scholarships seemed to reduce college-bound student out-migration from the state.

However, it is important to recognize that increases in the number of degrees annually awarded does not necessarily result in an overall increase in the education level of the population as a whole. One factor shaping the latter is post-college retention – the number of those graduating who stay in the state for employment. This phenomenon was examined a decade ago

for the case of the Georgia Hope Scholarship. Comparing retention rates between pre- and post-Hope cohorts, the study concluded that HOPE kept many students in-state for college, but the students who attended college in Georgia because of HOPE were less attached to the state and more likely to leave after college. As a result, Georgia's HOPE Scholarship Program did not increase the percentage of the state's college-bound high school students who remain in the state after college. Moreover, the study found that the post-HOPE reduction in retention rates was largest for the highest ability students (Sjoquist and Winters, 2013).

Degree Attainment of Population

Given the increases in both population and degrees awarded, this raises the question of whether there have been increases in the overall level of post-secondary educational attainment in Georgia and Tennessee – an explicit goal of each state program. To answer this, I examined data from the BLS' and Census Bureau's Current Population Survey (CPS) on trends in post-secondary educational attainment of persons age 25 years old or over, for the US, Georgia, and Tennessee. These data are displayed in Table 5-3.

The data show that the portion of the overall US adult population with 4-year Bachelor's degrees or more has more than doubled over the past 4 decades. Georgia and Tennessee are no different than the nation. The portion of the US adult population having some college or Associate degrees has also increased but at a slower rate. The percentage with Associate degrees was lower in Tennessee than the nation before 2010, but the state has now caught up and is about the same as the nation. In 2021, 59 percent of the adult population in Tennessee had completed some college or a degree.

Summary

We cannot conclude that scholarship programs were the main factor, but the goal of the Georgia Hope program and the Tennessee Promise program – increasing educational levels in the state – appears to have been met. In both Georgia and Tennessee, the number of degrees awarded has gone up faster than in other states, on average. Specifically, in Tennessee the “Drive to 55” goal (of 55 percent of the population having a college degree or certificate) appears to have been met.

However, beyond a general desire to increase the overall percentage of college degree holders in the state, each state also sought to target specific groups. In Georgia a key subgoal of the HOPE scholarship program is to stop a “brain drain” of the “best and brightest” students to out-of-state universities and colleges, and ultimately employment, in those other states. Some research has concluded that while Georgia’s HOPE has kept many top students in-state for college, it did not increase the percentage of them to remain in the state after graduating from college. Hence some data suggest this subgoal has only been half met.

In Tennessee a key subgoal of the Promise program is to increase the number of students acquiring technical/vocational degrees or certificates. The NPSAS data indicate this goal has not been met and indeed, the number of students majoring in CTE fields actually decreased after the Promise was implemented. This raises a key question –why did the Promise fail to provide the state with more graduates with degrees or certificates in technical fields, despite this being an explicit goal of the legislation? I will return to this question in the Chapter’s Conclusion.

Addressing Inequality and Fostering Social and Economic Mobility

The data summarized thus far show that since the inception of both the Georgia Hope program and the Tennessee Promise program, college has become more affordable for grant

recipients, and there has been an increase in degrees awarded and the educational level of each state's population. Hence it appears that the first two goals of the programs have largely been met, with the exceptions of the brain drain and technical degrees noted above. However, it remains unclear whether these larger gains in both Georgia and Tennessee have been equally shared. Do these improvements in college affordability and attainment vary across different demographic groups? In particular, do these trends differ by students' economic class and race-ethnicity? Who are the winners and losers? To try to answer these questions, I examined National Postsecondary Student Aid Study (NPSAS) data on student demographic differences for three measures: 1.) the percent of students who obtained state grants, 2.) how much debt students accumulated during their undergraduate schooling, and 3.) the percent students who completed their degrees close to the normal time span.

State Grants

Earlier in Table 5-1, I presented data from IPEDS on the percent of students who obtained state grants. Here I present data for a similar measure using cross-sectional data from NPSAS that allow me to focus on in-state students and to disaggregate by students' family income levels (my measure of students' economic class/status), and students' race-ethnicity. Table 5-4 shows NPSAS data on the percentages of in-state, undergraduate students who received grants from their state in 2018, for both those in Associate degree programs at 2-year public institutions and those in Bachelor's degree programs at 4-year public institutions.¹⁶

¹⁶ There are large differences in the estimates in Table 5-1 versus Table 5-4 for percent students receiving state grants, especially in 2-year institutions. This is because the IPEDS data in Table 5-1 represent full-time, first-time undergraduates, while the NPSAS data in Table 5-4 also include part-time and returning students. My background analyses of the NPSAS data show that the demographic disparities shown in Table 5-4 hold true regardless of whether part-time and returning students are included or excluded. I kept them in the analytic sample in Table 5-4 to provide a sufficient sample size to conduct tests of cross-group statistical significance.

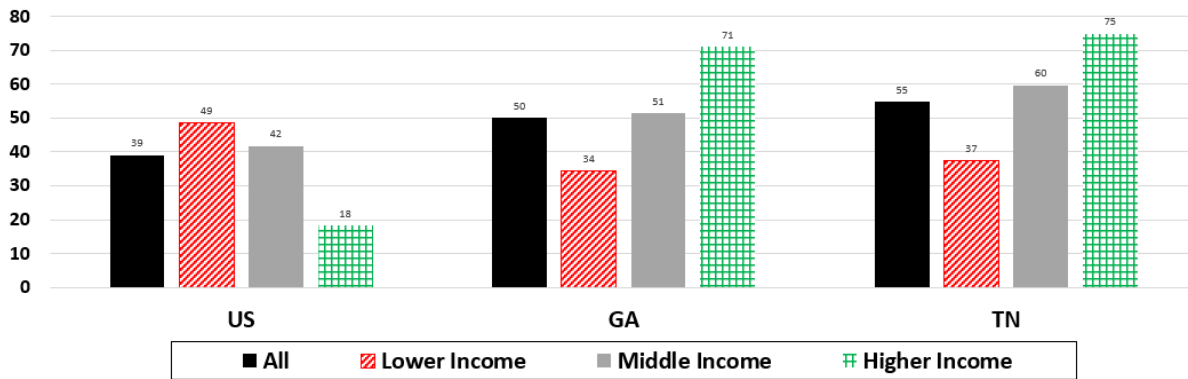
First it is important to recognize that, across the nation, the student bodies in these types of degree programs and institutions differ by family income and race-ethnicity. The NPSAS data clearly show that lower-income students, Black students and Hispanic students are more likely to attend Associate degree programs at 2-year public institutions and are less likely to attend Bachelor's degree programs at 4-year public institutions, than are middle- and higher income students, White, non-Hispanic students and Asian students.

Moreover, the data clearly show that the percentage of students in these programs receiving state grants varied by the income of the student's families. But the direction of the relationship varied by state. For the US, on average, the higher their family's income, the less likely a student was to receive a state grant to attend a state institution. For example, in the US on average, 49 percent of undergraduates in 4-year schools who were from lower-income families received grants, while 18 percent of students from higher-income families did so. This is no doubt because many state grants are need-based.

The opposite holds for both Georgia and Tennessee. Consistent with IPEDS data in Table 5-1, both Georgia and Tennessee give grants to more students. But, in both Georgia and Tennessee, the lower their family's income, the *less likely* a student was to receive a state grant. This pattern held for both students in Bachelor's degree programs at public 4-year schools and Associate degree students at 2-year schools. In Georgia, for example, 34 percent of Bachelor's degree undergraduates from lower-income families received grants, while 71 percent of students from higher-income families did so. Similarly, in Tennessee, 26 percent of Associate degree undergraduates from lower-income families received grants, while 51 percent of students from middle-income families and 41 percent from higher-income families did so. These differences are large and statistically significant at a 95 percent, or higher, level of confidence. In short, less

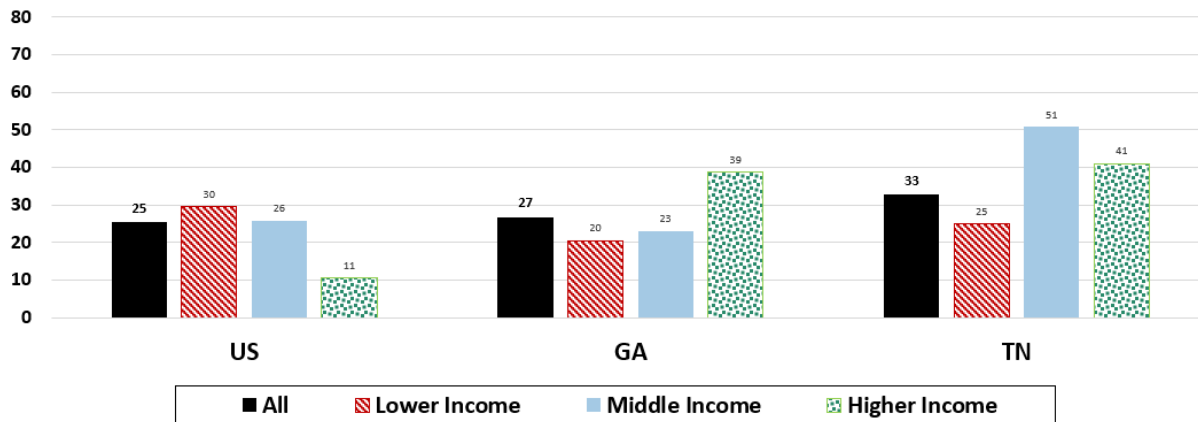
affluent students were less likely to benefit from Georgia and Tennessee state grant programs. Recall most grants in these states are not need-based and are open to all, up and down the income ladder. These findings on family-income differences are illustrated in Figures 5-7 and 5-8.

Figure 5-7: Percentage of Bachelor's Degree Students Receiving State Grants, for US, GA and TN, by Students' Family Income: 2018 (In-state students at public 4-year institutions)



Note: Total Annual Family Income: Lower = less than \$30,000; Middle = \$55,000 to \$90,000; Higher = \$120,000 or more
 Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study-Administrative Collection: 2018, Undergraduates (NPSAS-AC).

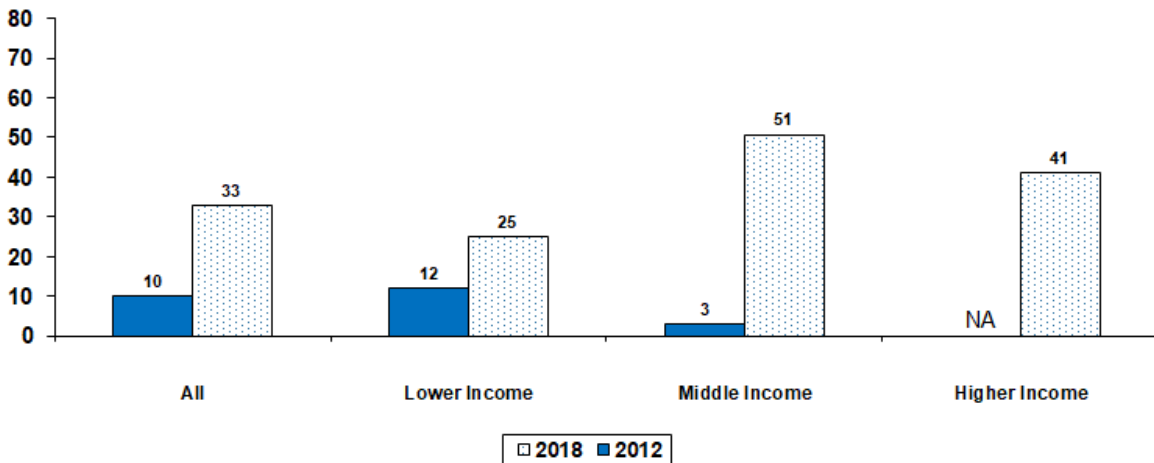
Figure 5-8: Percentage of Associate Degree Students Receiving State Grants, for US, GA and TN, by Students' Family Income: 2018 (In-state students at public 2-year colleges)



Note: Total Annual Family Income: Lower = less than \$30,000; Middle = \$55,000 to \$90,000; Higher = \$120,000 or more
 Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study-Administrative Collection: 2018, Undergraduates (NPSAS-AC).

The NPSAS data also allowed me to examine the recent history of the economic class differences in grant-getting in Tennessee 2-year colleges by comparing 2012 levels, 3 years before the advent of Promise, with 2018 levels (in Figure 5-8), 3 years after the Promise had begun. These comparisons over time are displayed in Figure 5-9. Prior to the Promise program, in 2012, only 10 percent of Tennessee students in Associate degree programs received state grants. Moreover, in 2012, like the nation, the higher their family’s income, the less likely a student was to receive a state grant. In contrast, after the Promise was implemented, by 2018, both the number of Tennessee students in Associate degree programs (see Figure 5-5), and the percent of those students receiving grants went up dramatically. Moreover, it was after the Promise was implemented that the economic class differences in grant-getting in Tennessee 2-year colleges appeared.

Figure 5-9: Percentage of Associate Degree Students Receiving State Grants, for TN, by Students’ Family Income: 2012 and 2018
(In-state students at public 2-year colleges)



Note: Total Annual Family Income: Lower = less than \$30,000; Middle = \$55,000 to \$90,000; Higher = \$120,000 or more
Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study: 2012 Undergraduates and 2018 Undergraduates

A similar, but more nuanced, relationship held for students' race-ethnicity. As also shown in Table 5-4, for the US, on average, White, non-Hispanic students were less likely to receive state grants than Black, Hispanic and Asian students. This largely held true for students in both Associate degree programs at 2-year public institutions and those in Bachelor's degree programs at 4-year public institutions.

The opposite held for Tennessee and Georgia. In Tennessee, White, non-Hispanic students were *more likely* to receive state grants than Black students, in both Associate degree programs at 2-year public institutions and those in Bachelor's degree programs at 4-year public institutions. In Georgia, White, non-Hispanic Bachelor's degree students were also *more likely* to receive state grants than Black students. Data for Hispanic and Asian students in Georgia and Tennessee are either unavailable or represented by small sample sizes, and apparent differences are not statistically significant. The one exception is Asian Bachelor's degree students in Georgia; they were significantly more likely to receive state grants than others.

Student Debt

Given these demographic differences in receiving state grants, the next question concerns the magnitude of cumulative loans and debt in Georgia and Tennessee. How much debt from loans have students in Georgia and Tennessee accumulated by the time they graduate, and how does this compare across different types of students and with other states? Here I present NPSAS data similar to Figure 5-3, but now disaggregated by students' race-ethnicity and by students' family income levels (my measure of students' economic class and status).¹⁷ Table 5-5

¹⁷ Parallel to my discussion in footnote 2, above, Table 5-5 differs from the earlier Figure 5-3. While Figure 5-3 solely focuses on those who graduated in 2018 and only state grantees, Table 5-5 includes all undergrads in 2018. My background analyses of the NPSAS data show that the demographic disparities shown in Table 5-5 hold true regardless. I kept non-grads in the analytic sample in Table 5-5 to provide a sufficient sample size to conduct tests of cross-group statistical significance.

presents data on the average cumulative federal loan debt of in-state, public institution students, for both students in Associate Degree programs in 2-year institutions and students in Bachelor's degree programs in 4-year public institutions. These data only include debt from federal student loans – the major source of loans.

The data clearly show that the cumulative debt of in-state undergraduate students, at public institutions, varied by the income of the student's families. For the US, Georgia, and Tennessee, on average, the higher their family's income, the less debt students accumulated. In short, less affluent students acquire more debt. This pattern held for both Associate Degree students at public 2-year schools and Bachelor's degree students at public 4-year schools.

Again, a more nuanced relationship held for students' race-ethnicity. For the US, Georgia, and Tennessee, the amount of accumulated student debt varied across different racial-ethnic groups. For the US, Georgia, and Tennessee, Black students held the highest levels of debt for both Associate degree students at public 2-year schools and Bachelor's degree students at public 4-year schools. On the other hand, with only a couple of exceptions,¹⁸ for the US, Georgia, and Tennessee, both Hispanic and Asian students appeared to have acquired less debt than both White and Black students, for both students in Associate Degree programs in 2-year institutions and students in Bachelor's Degree programs in 4-year public institutions. But in both Georgia and Tennessee, data on Hispanic and Asian students were sometimes either not available or had small sample sizes and hence many differences do not achieve statistical significance at a high level of confidence.

I also separately examined debt for only those students who received state grants to discern if the above patterns also hold true for those who were aided by each state. In each state,

¹⁸ Exceptions include: in Associate programs in GA, Asian students had the highest debt; in Bachelor's programs in TN, Hispanic students had higher debt than White, non-Hispanic students.

while as expected the levels of debt were lower for grant recipients, the same disparities by family income and race-ethnicity held, although given the smaller sample sizes for only those with grants, fewer of the differences were statistically significant. That is, among both those receiving state grants and those not, there were large demographic disparities in student debt.

Degree Completion

Given these differences in both grant getting and accumulated debt, an additional important measure is whether there are demographic differences in the proportions of students who complete their degrees close to a normal length of time. For those in Bachelor's degree programs this means completing within 4 or 5 years. For those in Associate degree programs this is within 2 or 3 years. Table 5-6 presents data on the percentage of in-state 2018 graduates, who completed their degrees on time or within an extra year, for both students in Associate degree programs in 2-year public institutions and students in Bachelor's degree programs in 4-year public institutions. These data include both those who received state grants and those who did not.

First it is important to recognize that large numbers of students do not complete their degrees. Other data from IPEDS show that in both 2-year and 4-year institutions, completion and graduation rates across the nation, including Georgia and Tennessee, have steadily gone up over the past 3 decades, but nevertheless significant percentages of students continue to not complete degree programs. Moreover, college completion rates across the nation, including both Georgia and Tennessee, are lower in Associate degree programs and in 2-year institutions than in Bachelor's degree programs and in 4-year institutions. The NPSAS data in Table 5-6 show that about a fifth of students in Associate degree programs in 2-year institutions completed the degree close to on-time, with both Georgia and Tennessee higher than the average. About 50 percent

did so in Bachelor's degree programs in 4-year institutions, with Georgia higher than the average.

The data also clearly show that the likelihood of undergraduates at public institutions completing their degrees close to on time varied by the income of the student's families. For the US, Georgia, and Tennessee, students from higher-income families were more likely to complete their degrees than those from lower-income families. These patterns held for both Associate degree students at public 2-year schools and Bachelor's degree students at public 4-year schools. These differences are statistically significant, though in some cases in Georgia there were insufficient samples to determine this.

The data also clearly show that the likelihood of undergraduates at public institutions completing their degrees varied across different racial-ethnic groups for Associate degrees. Black students were less likely to graduate than White, non-Hispanic students in Associate degree programs at public 2-year schools in the US, Georgia, and Tennessee. This finding suggests that, despite the prominent racial differences between the two states, with Georgia having a much larger Black population than Tennessee, and the US, the degree completion in Georgia and Tennessee are quite similar.

However, Black students were as equally likely to graduate as White, non-Hispanic students in Bachelor's degree programs at public 4-year schools in the US and Tennessee (unavailable data or small sample sizes disallowed the Black/White comparison in Georgia for Bachelor's degrees). In both Georgia and Tennessee, for Asian and Hispanic students, unavailable data or small sample sizes disallowed most comparisons.

Summary

My analysis shows that gains in both Georgia and Tennessee were not equally shared. The data show large disparities across types of students, by economic class and race-ethnicity, in regard to who obtained the state grants, and in turn, how much debt they accumulated during their undergraduate schooling, and who completed their degrees in a close to normal time span. Hence, the third goal of these college programs – addressing educational inequalities – appears to have not been met. These data do not address a key question – what are the reasons for, and sources of, these disparities – a topic I will return to in the Chapter’s Conclusion.

Bolstering the Workforce and the Economy

As I documented in chapters 3 and 4, ultimately the major goal of both the Georgia Hope and the Tennessee Promise scholarships is to improve the workforce and the economy of the state. In this view, the main rationale for state investment in college financial aid is to make college more affordable, in order to expand the state’s skilled and educated labor force, in order to help the state’s industry, in order to improve the state’s economy. In short, both higher education, and financial aid to acquire it, are viewed as instruments in the service of the economy.

As I discussed in chapters 3 and 4, behind this goal is a neoliberal perspective. From this perspective, education enhances individual knowledge and skills, hence their productivity, and hence their earning power – benefitting both employers and employees. From a neoliberal perspective, education is conceived as a consumer good and valuable asset to acquire – captured in the concept of human capital. For individuals, increased human capital enhances one’s skills, market value, and earnings. For society, rising workforce educational attainment leads to stronger productivity and in turn to economic growth and ultimately higher living standards for

all. While there is debate regarding the reasons for this relationship, as illustrated earlier in Figure 2-1, data have long documented the “wage premium” correlated with educational levels.

On average those with graduate-level degrees earn more than those with Bachelor’s degrees, who earn more than those with Associate degrees, who earn more than those with only a high school diploma. And as shown in Table 5-3 and Figures 5-4 and 5-5, in earlier decades both Georgia and Tennessee had below average levels of post-secondary educational attainment, but in recent decades the number of Bachelor’s and Associate degree holders in each state has gone up faster than in the nation, and for the most part each state no longer lags behind in the percentage of its adult citizens with college degrees.

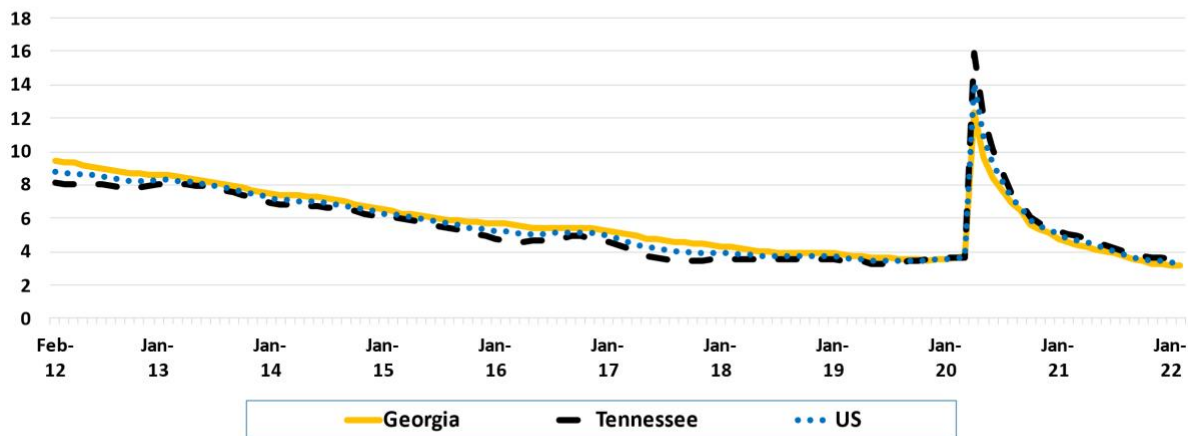
This raises the important question: has each state’s substantial investment in financial aid, and gains in college attainment, bolstered each state’s workforce and economy? While this is the key question, it is not easily answered. Neither state has done evaluative research addressing this question. Moreover, the available national data do not specifically evaluate the extent to which these particular state financial aid programs have directly impacted that state’s economy. But, standard economic indicators can give some sense of how well a state economy has performed compared to others, how this changed over time, and whether there have been overall improvements in the economy of a state – which is the dominant goal of the two state financial-aid programs.

To address the question of how each state’s economy has fared I examine available data from the US Bureau of Labor Statistics (BLS) on trends in three indicators: 1.) unemployment rates, 2.) average hourly earnings of employees, and 3.) labor productivity. In each case I compare Georgia and Tennessee to the region or the nation. Ideally, for each indicator the data would cover the period since before each scholarship began in order to capture any changes in

employment and earnings before and after the inception of the scholarships. The data available do fortunately cover the period since before the Tennessee Promise scholarship began, but unfortunately these data are not available back to the early 1990s before the Georgia Hope began.

Figure 5-10 Shows BLS data on trends in overall unemployment rates for the past decade. As shown in the figure, unemployment rates have gone down over the past decade in Georgia and Tennessee and the nation, with the exception of a steep uptick at the beginning of the Covid pandemic in spring 2020. But the decline in unemployment in each state is little different than the nation.

Figure 5-10: Trends in Percent Unemployment, for the US, GA and TN: 2012 to 2022



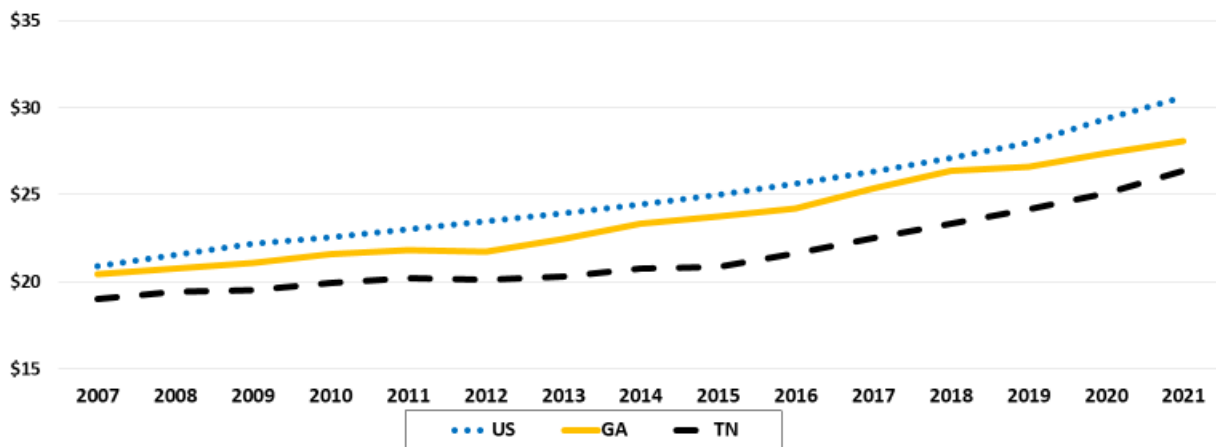
Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

Similarly, as shown in figure 5-11 average (unadjusted) hourly earnings of employees have gone up in Georgia and Tennessee and the nation over the past decade and a half. Interestingly, since 2015, when the Promise scholarship began, earnings in Tennessee began to increase at a faster rate. Notably, average earnings are lower in both Georgia and Tennessee than

the national average, but it is important to also recognize that the BLS earnings data do not adjust for cost-of-living differences across states.

Another standard measure of economic performance estimated by BLS is labor productivity. The latter is defined as real output per labor hour, and growth in labor productivity is measured as the change in this ratio over time. Labor productivity growth is what enables employees to produce more goods and services than they otherwise could for a given number of work hours. There are multiple sources and factors that can lead to changes in labor productivity. A leading factor, from the perspective of human capital theory, is the educational levels of employees. For example, the assumption in the Tennessee legislative debate regarding the Promise grant was that increasing the supply of employees with technical degrees would enhance performance in the auto industry.

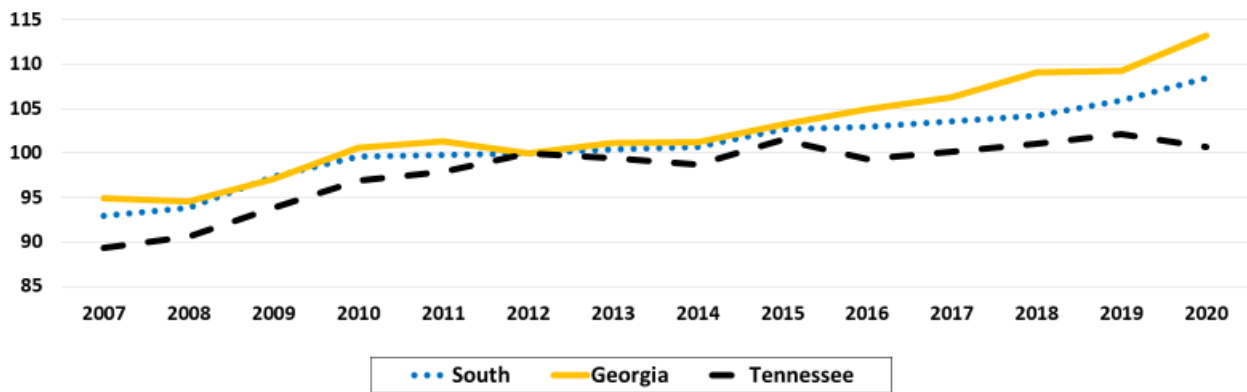
Figure 5-11: Trends in Average Hourly Earnings of All Private Sector Employees, In Dollars, for US, GA and TN: 2007-2021



Source: U.S. Bureau of Labor Statistics. The Current Employment Statistics

Data from BLS show that since 2007 labor productivity has gone up in both Georgia and Tennessee. But, similar to the data on unemployment and earnings, levels and growth in productivity has been about the same in each state as the average for the US. And, as shown in Figure 5-12 comparing Georgia and Tennessee to the average across the 17 states in the southern region, Georgia has been above average since 2015, while productivity in Tennessee since 2015 when the Promise began, has fluctuated and remains below average.

Figure 5-12: Trends in Labor Productivity for the South, GA and TN: 2007-2020



Source: U.S. Bureau of Labor Statistics

Conclusion

A striking finding of this study is that, despite the seemingly large differences between the Georgia Hope and the Tennessee Promise financial aid programs, and despite originally being proposed by different political parties, the goals, the arguments used to support them, and the outcomes, were, and are, remarkably similar. The Georgia Hope program and the Tennessee Promise program both espouse a very similar set of goals for the state: 1.) to address the college affordability crisis, 2.) to expand educational attainment, 3.) to address inequality and foster

social and economic mobility, and 4.) to bolster the workforce and the economy. In this chapter my objective has been to try to uncover which of the multiple goals of the programs have, or have not, been met.

The data indicate that in both Georgia and Tennessee, the first goal of both the Georgia Hope program and the Tennessee Promise program – making college more affordable — appears to have significantly addressed. In recent years, Georgia charged less than average for tuition at its 4-year public institutions, while Tennessee charged more than average at its 2-year institutions. But, compared to the other states, both Georgia and Tennessee have been relatively generous in the amount of their financial aid grants to students. Both have devoted a relatively high proportion of total higher education funding to financial aid, have allocated relatively large grant amounts to students, and have done so to relatively more students. In turn, in recent years, students in Georgia and Tennessee public institutions borrowed less in federal loans than the average student across other states. Finally, the cumulative debt from federal loans for college seniors, who were grant recipients, was lower for Georgia and Tennessee students than the nation. Of course, none of this means that such student grant recipients in Georgia and Tennessee were debt free; the data simply show that such students had less debt on average. And, it is important to recognize that these debt benefits do not accrue to those who did not receive grants.

The data also indicate that in both Georgia and Tennessee, the second goal of the Georgia Hope program and the Tennessee Promise program – increasing educational attainment levels in the state – appears to have been met. We cannot definitely conclude that scholarship programs were the main factor, but the data show that in both Georgia and Tennessee, since the inception of the scholarship programs, the number of degrees awarded has gone up faster than in other

states, on average. Specifically, in Tennessee the “Drive to 55” goal appears to have been met. In 2021, 59 percent of the adult population in Tennessee had completed some college or a degree.

However, there is some evidence from other studies that the Georgia Hope had mixed results for one of its specific educational attainment subgoals – a decrease in the brain-drain of high achieving high school students to colleges, and then employment, in other states. Moreover, in Tennessee a specific subgoal of the Promise program, to increase the number of students acquiring technical/ vocational degrees or certificates in 2-year state colleges, was not met. While there was a sharp increase in student enrollment in Associate programs at Tennessee’s 2-year institutions after the Promise was implemented, the number of students majoring in CTE fields sharply declined after the Promise began. This raises a key question – why did the Promise fail to provide the state with more graduates with degrees in technical fields, despite this being an explicit goal of the legislation? The Status Attainment perspective, I introduced in Chapter 2, suggests one answer. From this perspective, in the U.S., certificates and Associate degrees from 2-year colleges are of lesser prestige and social status than Bachelor’s degrees from 4-year institutions, and consequently, the former are less valuable as mechanisms of socio-economic mobility, than the latter. This perspective might hypothesize that the financial benefits of the Promise attracted students seeking to use the Promise to enter Tennessee’s 2-year colleges and to then transfer to 4-year institutions in the hopes of ultimately entering white-collar professions, rather than seeking degrees to enter working class trades. This warrants further investigation, which I will return to in Chapter 6.

The data show that the third goal of the two programs – addressing educational inequalities – has not been met. While the data show that since the inception of both the

Georgia Hope program and the Tennessee Promise program, college has become more affordable for grant recipients and there has been an increase in degrees awarded and the educational level of each state's population, that data also show that these gains in both Georgia and Tennessee were not equally shared. The data show large disparities across types of students in regard to who obtained state grants, how much debt they accumulated during their undergraduate schooling, and who completed their degrees in a normal time span.

There are disparities by the economic class of students. Unlike the US overall, in Georgia and Tennessee the higher their family's income, the more likely a student was to receive a state grant to attend a state institution. Like the US, in Georgia and Tennessee the higher their family's income, the less debt a student accumulated by graduation, and the more likely they were to complete their degrees, than those from lower-income families. To be sure, lower-income students in Georgia and Tennessee do benefit from these programs, but they do so at lower rates than do more affluent students. Moreover, I found, in particular, that the economic class differences in grant-getting in Tennessee 2-year colleges appeared after the Promise was implemented.

There were also disparities by the race-ethnicity of students, especially for Black/African-Americans. Unlike the US overall, in Georgia and Tennessee, White, non-Hispanic students were more likely to receive a state grant to attend a state institution than Black/African-American students. Like the US, in Georgia and Tennessee, White, non-Hispanic students accumulated less debt by graduation, and were more likely to complete their Associate degrees (but not Bachelor's degrees), than Black/African-American students. These indicators varied for Hispanic/Latino and Asian students; differences between these groups and others were often in

opposite directions, and due to smaller sample sizes in Georgia and Tennessee, often not statistically discernible.

These data do not explain the sources of disparities. This is especially pertinent for grant getting because it most likely impacts the amount of debt accumulated and subsequently, whether students are able to complete their degrees, on time or at all. The Hope and Promise are open to all, up and down the income ladder, so, why are lower-income and Black students less likely to receive state grants? Given the competitive meritocratic allocation of the Georgia Hope scholarships based on student GPAs, and the long-documented correlation between students' academic performance and their race-ethnicity and economic class, there is perhaps no surprise that disparities by race-ethnicity and family income exist for the GPA-based Hope. But, the Tennessee Promise is a more universal free-college approach and it is unclear why it has such disparities. For both the Hope or the Promise programs there could be multiple reasons for these class and race disparities. These warrant greater discussion, and I will return to this discussion in Chapter 6.

The fourth and major goal of both the Georgia Hope and the Tennessee Promise scholarships is to improve the workforce and the economy of the state. As revealed in the legislative debates in both Georgia and Tennessee, this is a key question. But, it is not easily answered. I've been unable to find any evaluative research done by either state to address this question and the available national data do not allow me to specifically evaluate the extent to which these particular state financial aid programs have directly impacted that state's economy. But, standard economic indicators do indicate that while no more than average, each state's overall economy has improved over the past two decades – in terms of unemployment rates,

average hourly earnings of employees, and labor productivity. In sum, it is unclear whether the dominant economic goal of the two state financial-aid programs has been met.

In sum, for the four goals, (1.) college has become more affordable for grant recipients and (2.) there has been an increase in degrees awarded and the educational level of each state's population. But (3.) the reality is that these gains have not been equally shared. Lower-income and Black students have been less likely to benefit; middle-income, higher-income and White, non-Hispanic students more likely to benefit. Moreover, (4.) there is no evidence to indicate that the programs have achieved their economic goals.

The theoretical perspective of Institutional Theory (Meyer and Rowan 1977, 1978) is useful to interpret and illuminate this mixed record of meeting goals. As I summarized in Chapters 3 and 4, both the Georgia Hope and the Tennessee Promise programs publicly advertised themselves as designed to simultaneously address the four goals. This multiple-goal strategy worked and each aid program was overwhelmingly passed by bipartisan majorities in the legislatures, continues to be generously supported in each state and has been replicated across the nation. In this chapter I've focused on discovering the backstage realities of these programs. And, the data show that some goals were met and some not and that there have been winners and losers when it comes to college financial aid grants.

This raises a question – if multiple goals are espoused to gain legitimacy, what happens when some of the latter are not met? How is legitimacy maintained? This question arises for goal 3, regarding inequality, but also especially regarding goal 4 – bolstering the workforce and economy, because as I showed in Chapter 3 and 4, this has been the dominant motive and goal of each program. Given its overwhelming importance, and the large continuing expenditures on financial aid, one might assume each state would be expected to evaluate to what extent such an

important goal has, or has not, been met. But, I have been unable to find any state sponsored attempts to evaluate the economic impact of either program.

Institutional Theory provides an answer to this puzzle in the concept of the “logic of confidence” – which refers to the maintenance of an illusion of success. From this perspective, proponents of such organizations and models do not want to know the backstage realities and indeed actively seek to conceal any possible failures, inconsistencies and inefficiencies, in order to maintain legitimacy, attract resources, and hence be successful. My hypothesis is that the rapid spread of these state bureaucratic models of college financial aid across the nation, whether or not there is any evidence of addressing inequality or of the economic value of such copious expenditures, represents an institutional normative “mimetic” conformity, for purposes of legitimacy, and an example of what organizational sociologists refer to as “structural isomorphism.”

The main finding of this study is that, despite the seemingly large and multiple differences in method between the Georgia Hope and the Tennessee Promise financial aid programs, and despite originally being proposed by different political parties, the goals, the arguments used to advance them, and their outcomes were, and are, remarkably similar. In conclusion, despite differences in the political origins of the two state programs, the substance of the programs were actually quite similar, and over time the two programs seem to converge in their impact: although each was sold as mechanisms to address inequality and to help the state economy, in reality the data suggest their main effect has been to make college more affordable, especially for White students and those from middle and higher-income families.

Chapter 6

Summary and Implications for Research and Policy

Summary

Demand, supply and price in higher education in the U.S. have changed dramatically over the past half century. Changes in the economy have made acquiring a college degree, especially a Bachelor's degree, more essential than ever for secure employment and entrance into white-collar, middle-and higher income occupations and professions. The percentage of the nation's population with college degrees has dramatically increased. At the same time, the price of college degrees has also risen dramatically. These changes have made a college degree both more necessary and less affordable. In turn, this has led to increased demand for financial assistance for students. Since WWII, the federal and state governments have implemented numerous financial aid initiatives to help students pay for college. Beginning in 1965 with the Higher Education Act, federal college financial aid became predominantly "need-based" – designed primarily for students from lower income families – and states often followed similar need-based models. By the 1990s, this began to change. Over the past several decades there has been a dramatic increase in financial aid, leading to changes in the form of financial aid from grants to loans, and from subsidized to unsubsidized loans. This has led to the current student debt "crisis" in the U.S.

This study examined two very different contemporary approaches to the college affordability and student debt crises. One approach entails the provision of "merit-based" financial grants to students – that is, aid based on students' academic achievement which aims to

give grants to “the best and brightest” students. The other entails the provision of “free-college” or “free-tuition” for students – that is, aid which aims to give grants to almost all students.

Need-based programs represent a *compensatory approach* – college aid is conceived as “a helping hand” provided solely or primarily to those in economic need, in an attempt to ensure equal opportunity and address socio-economic inequality. In contrast, merit-based programs represent a *competitive approach* – college aid is conceived as a reward provided solely or primarily to those who earned it through higher academic achievement, regardless of economic circumstances. Lastly, free-college programs represent an *egalitarian approach* – college aid is conceived as a near-universal entitlement, based neither on academic achievement nor on economic circumstances.

Both the merit-based and free-college student grant programs have each become increasingly popular, are the subject of a growing body of research, commentary, and policy, and have been widely implemented across the nation. But their differences and similarities are also not well understood. The objective of this study has been to utilize a sociological theoretical perspective to examine and compare them. I do so by focusing on two states, Georgia and Tennessee, that were the first in the U.S to implement statewide examples, respectively, of the merit-based and free-tuition models of college financial aid. In my study, these state programs serve as side-by-side case studies of the two approaches to college financial aid.

Georgia’s “HOPE” (Helping Outstanding Pupils Educationally) Scholarship program, created in 1993, is the first and most prominent example of a state-wide, merit-based grant program. It is funded through a state education lottery, and it is designed for Georgia residents who attend 2-year and 4-year colleges and universities in the state. The Hope program offers near-full tuition college scholarships based on students’ academic achievement, defined by their

grade point average (GPA). Students who do not meet these academic standards do not receive financial aid. Hence, by definition, the Hope program entails the stratification of students.

Tennessee's "Promise Scholarship" program, created in 2014, is the first and most prominent example of a state-wide free-college/free-full tuition program, and it is also funded through a state education lottery. Unlike Georgia, the Promise only funds students to attend public 2-year colleges in the state. Unlike the Georgia Hope program, the Promise places little emphasis on students' academic achievement to receive scholarships; it is designed to maximize college access to all.

There are a number of reasons why it has proved advantageous to use these two state cases to examine college financial aid.

First, Georgia and Tennessee have been vanguards in these two major college financial aid policy movements of the last three decades: respectively, the rise of merit-based aid and the rise of free-college programs. In the same way that Georgia set a precedent for a nationwide transition away from need-based aid and toward merit-based aid beginning in the 1990s, Tennessee set a precedent for a nationwide transition away from merit-based aid and toward universal free college in the past decade.

Second, both states are generous in their grant aid to students compared to other states. Much of the commentary and research on the college financial aid and affordability crisis has adopted a national level of analysis and focused on federal aid. However, American education has, to a large extent, long been a local and state system, beholden to local and state policy. This is also true for higher education and in particular financial aid grants. While the Federal government provides the bulk of student loans, the bulk of grants to students are non-federal, provided either by higher education institutions or state governments. Both Georgia and

Tennessee have devoted a relatively high proportion of total state higher education funding to financial aid, have allocated relatively large grant amounts to students, and have done so to relatively more students. While both states are generous in their provision of college grants, both states are also unusual in the degree to which they eschew needs-based financial aid. Georgia has no needs-based state financial aid – the lowest level in the nation – no other state matches Georgia in commitment to the merit-based aid model. In Tennessee, 30 percent of grant aid is needs-based – the 8th lowest level in the US – and no other state has matched Tennessee in commitment to the free-college model.

Third, despite being initially implemented side-by-side in adjoining southern states, the Hope merit-based aid program and the Tennessee Promise free-tuition program appear to be opposites – almost like “apples and oranges” – in their goals, values, and methods. The Hope and Promise differ in the types of higher education institutions they intend to target, in the types of students they seek to serve, and ultimately in the types of solutions they offer for the college affordability and student debt crises.

Finally, these programs also appear to be on opposite ends of the political spectrum. A competitive merit-based approach to aid appears to be more aligned with conservative and Republican political party values, while an egalitarian free-college approach appears to be more aligned with progressive and Democratic political party values.

This raises the question of how these programs compare to one another. While these two approaches appear to be clear opposites, it is unclear how they actually differ in what they seek to achieve, how they go about it, their underlying values, who they serve or do not serve, and with what degree of success. Despite their popularity and prominence, there are numerous

important, but unanswered, questions surrounding these two state programs, largely centered around differences in their genesis, goals, methods, and consequences.

One set of unanswered questions I address in this study is how these two states went about creating these two seemingly different programs. On the one hand, how did Georgia, despite at the time having a Democratic-majority legislature and a Democratic governor, move away from the established need-based model and be the first state to create a scholarship program that allocates aid, not on the basis of need, but on the basis of students' prior academic performance, when academic performance has long been strongly correlated with family income, race-ethnicity, and socio-economic status. Such a program would seem to be inconsistent with progressive and liberal-left principles championed by the Democratic party.

On the other hand, for Tennessee there is an opposite puzzle: how did Tennessee, a state dominated by a neo-conservative leaning Republican Party, initiate a program that allocates aid universally and appears to be a welfare-state entitlement, such as those typically eschewed by the Republican Party and favored by the Democratic Party?

A central argument of this study, and my answer to both of these puzzles, is that the larger ideological shift over the past half century, described by the term neoliberalism, gained widespread acceptance and legitimacy across political parties and shaped both of the two approaches in higher education financial aid. A striking finding of this study is that, despite the seemingly large differences between the Georgia Hope and the Tennessee Promise programs, and despite originally being proposed by different political parties, their goals and the rhetoric used to support them were and are remarkably similar. Each of these different financial aid programs illustrates an apparent contradiction – they are governmental welfare-state policies that similarly embody market-like, neoliberal values.

For the case of Georgia, the Hope program is a clear expression of neoliberal values and a free enterprise version of government aid. It is not federal but a state-level intervention. It embodies the concepts of choice, markets, competition, meritocracy, and monetary rewards. Instead of being funded through ordinary state tax increases, it is funded by a lottery, a type of “voluntary tax,” that is framed as a matter of individuals’ “choice.” It entails a market-like, competitive selection process among free agents. It selects on the basis of quantitative, ostensibly objective, metrics. It utilizes monetary incentives to foster a free enterprise ethos. It results in the stratification of students, and ultimately, employees.

On the other hand, the Tennessee Promise does indeed represent a higher education financial aid model in the direction of an egalitarian approach – and seemingly a progressive, liberal-left approach to aid in contrast to the merit-based Hope Scholarship. But, my analysis also shows that the Promise was able to pass through the Republican legislature because it was successfully framed as not a “free government handout” but a competitive and rigorous program, ultimately in the service of industry and the economy.

Organizational sociology’s Institutional Theory (Meyer and Rowan, 1977, 1978) is useful to understand how this convergence of framing happened. This theory holds that problems arise for organizations when they face a pluralistic environment comprised of important, but competing, constituencies with differing values and norms. In this kind of environment, organizations may be forced to simultaneously address contradictory demands from multiple constituencies as to their ends and means. Such organizations, the theory holds, are prone to develop a decoupled model of organization, with a front stage and backstage. The frontstage is an outward public facing presentation of organizational missions, values, and methods to important constituencies in the environment, to garner legitimacy and support. The backstage is

the reality of what actually transpires in the organization – a reality which may be inconsistent with the stated mission and values of the organization and be inconsistent with the values of important constituencies in the social environment. To the extent to which the organization can conceal any inconsistencies and inefficiencies, it can maintain legitimacy, attract resources, and hence be successful.

When created, both the Georgia Hope program and the Tennessee Promise program faced four competing institutionalized demands regarding its goals and objectives for the state: 1.) to address the college affordability and debt crises; 2.) to expand educational attainment; 3.) to address educational inequality and foster social and economic mobility; 4.) and to bolster the workforce and the economy. To garner legitimacy with, and satisfy, different stakeholders and constituencies, advocates of each program sought to simultaneously speak to these multiple, and sometimes contradictory, demands.

For purposes of legitimacy, each program was initially framed in a language and rhetoric of equity and of addressing inequality. Advocates of each bill argued that a fundamental goal of the scholarship was to make college affordable in order to expand educational opportunity to groups that historically have been denied such opportunities. Advocates' language in favor of the bill pointed in the direction of a compensatory approach to college financial aid – as “a helping hand” provided to the disadvantaged. In this frame, financial aid and education are viewed as instruments in the service of expansion of opportunity and to address socio-economic inequality.

However, the goal of addressing inequality was quickly enfolded and subsumed into the goal of workforce and economic development. The ultimate objective in the framing language of advocates was not simply to focus on reducing inequality. Rather, the point of expanding

educational opportunity was to develop and expand each state's skilled labor force, in order to help industry, in order to improve the state's economy. Behind the rhetoric, the dominant goal for both the Hope and Promise programs has been to bolster the state's workforce and economy – reflecting the influence of neoliberal values.

Workforce and economic needs look different to leaders in these two states, and thus these two states ended up with differing financial aid models. In terms of official workforce and economic goals, Georgia's Hope program was designed to stop the "brain drain" of high performing students to colleges in other states. Keeping the states' "best and brightest" students in the state meant these students would be more likely to seek employment in the state. Economic growth in Georgia since the 1990s has been partly driven by the high-tech sector, requiring a highly educated workforce. Thus, the primary intended target for the Georgia Hope program centers on incentivizing the most academically able students to complete Bachelor's degrees at the state's 4-year universities in order to try to prepare them for, and guide them into, higher-status, higher-paying white-collar positions in the state, especially in the state's high-tech sector.

In contrast, in terms of official workforce and economic goals, the Tennessee Promise program is designed to meet labor force needs in manufacturing sectors such as the automobile industry. Thus, the focus for Tennessee Promise, in terms of workforce needs, is centered on skilled trades and blue-collar and working-class jobs that require only 2-year technical degrees. The primary intended target of the Tennessee Promise is to incentivize students to complete Associate degrees and certificates in vocational and technical fields at the state's 2-year community and technical colleges to try to prepare them for, and guide them into, blue-collar skilled trades in the state, especially the state's automobile industry. In sum, workforce and

economic needs look different in these two states, and hence these two states chose different financial-aid models in their attempt to address these differing needs.

Moreover, despite the use of the language of equity, addressing inequality, and helping the disadvantaged used by advocates of both programs, given the fundamental economic goals of each, the beneficiaries of the aid in both the Georgia and Tennessee programs are highly delimited by neoliberal values. For instance, on closer inspection, each approach uses a different definition of the concept of *equality of opportunity* in regard to higher education financial aid. With the Georgia Hope, this concept ultimately translates as opportunity provided via funding *for those who are most qualified, especially the “best and brightest.”* Merit-based programs begin with the assumption that equality of opportunity largely exists, and they end with the assumption that there will inevitably be inequality of outcomes. By definition, there are winners and losers in this approach.

In contrast, with the Tennessee Promise, at first glance, the concept of equality of opportunity seems to translate into a far broader and more universalistic approach. However, the analysis of the legislative debate reveals that in the Tennessee Promise model this concept ultimately translates into opportunity via funding *for those who wish to acquire a technical, vocational, or practical degree to enter into a trade.* The advocates of the bill did not intend the program to provide aid for students to obtain liberal arts degrees. Degree programs are favored that serve as a training and development instrument for industry.

In sum, both the Georgia Hope and the Tennessee Promise programs publicly advertised themselves – their frontstage – as designed to simultaneously address multiple goals. However, in both the Democrat-controlled Georgia and Republican-controlled Tennessee, labor force/economic framing especially resonated with members across both political parties. In both

states the primary intended objective has been to bolster the labor force and economy – a neoliberal agenda. This strategy worked, and each aid program was overwhelmingly passed by bipartisan majorities in the legislatures. Each continues to be generously supported in each state and has been replicated across the nation.

Moving from frontstage rhetoric and agendas to backstage realities, how has each program fared relative to the other, in terms of both their benefits to the state and their benefits for students? Which of the multiple goals of the programs have, or have not, been met? Have they led to improvements in college attainment, and does this vary across different demographic groups? For Georgia's Hope Scholarship program, and the merit-based aid approach in general, there are important questions regarding their implications for educational opportunity and equality. By definition, merit-based programs entail the stratification of students by academic performance. But, because the latter has long been strongly correlated with family income, race-ethnicity, and socio-economic status, this raises the question of who is served, and not served, by such programs.

A striking finding of this study is that, despite the seemingly large differences between the Georgia Hope and the Tennessee Promise, and despite originally being proposed by different political parties, they not only have similar goals and rhetoric, but their outcomes have been remarkably similar.

The data indicate that in both Georgia and Tennessee, the first goal of both the Georgia Hope program and the Tennessee Promise program – making college more affordable — appears to have been significantly addressed. In recent years, Georgia charged less than average for tuition at its 4-year public institutions, while Tennessee charged more than average at its 2-year institutions. But, compared to the other states, both Georgia and Tennessee have been relatively

generous in the amount of their financial aid grants to students. Both have devoted a relatively high proportion of total higher education funding to financial aid, have allocated relatively large grant amounts to students, and have done so to relatively more students. In turn, in recent years, students in Georgia and Tennessee public institutions borrowed less in federal loans than the average student across other states. Finally, the cumulative debt from federal loans for college seniors, who were grant recipients, was lower for Georgia and Tennessee students than the nation. Of course, none of this means that student grant recipients in Georgia and Tennessee were debt free; the data simply show that such students had less debt on average. And, it is important to recognize that these debt benefits do not accrue to those who did not receive grants.

The data also indicate that in both Georgia and Tennessee, the second goal of the Georgia Hope program and the Tennessee Promise program – increasing educational attainment levels in the state – appears to have been met. We cannot definitely conclude that scholarship programs were the only or main factor, but the data show that in both Georgia and Tennessee, since the inception of the scholarship programs, the number of degrees awarded has gone up faster than in other states, on average. Specifically, in Tennessee the “Drive to 55” goal appears to have been met. In 2021, 59 percent of the adult population in Tennessee had completed some college or a degree.

However, there is some evidence from other studies that the Georgia Hope had mixed results for one of its specific educational attainment subgoals – to decrease the brain-drain of high achieving high school students to colleges, and then employment, in other states. Moreover, in Tennessee a specific subgoal of the Promise program, to increase the number of students acquiring technical/vocational degrees or certificates in 2-year state colleges, was not met. While there was a sharp increase in student enrollment in Associate programs at

Tennessee's 2-year institutions after the Promise was implemented, the number of students majoring in CTE fields sharply declined after the Promise began. This raises a key question – why did the Promise fail to provide the state with more graduates with degrees in technical fields, despite this being an explicit goal of the legislation? The Credentialism perspective I introduced in Chapter 2 suggests one answer. From this perspective, certificates and Associate degrees from 2-year colleges are of lesser prestige and social status than Bachelor's degrees from 4-year institutions, and consequently, the former are less valuable than the latter as mechanisms of socio-economic mobility. This perspective suggests that the financial benefits of the Promise attracted students seeking to use the Promise to enter Tennessee's 2-year colleges and to then transfer to 4-year institutions in the hopes of ultimately entering white-collar professions, rather than seeking degrees to enter working class trades.

The data show that the third goal of the two programs – addressing educational inequalities – has not been met. While the data show that since the inception of both the Georgia Hope program and the Tennessee Promise program, college has become more affordable for grant recipients and there has been an increase in degrees awarded and the educational level of each state's population, that data also show that these gains in both Georgia and Tennessee were not equally shared. The data show large disparities across types of students in regard to who obtained state grants, how much debt they accumulated during their undergraduate schooling, and who completed their degrees in a normal time span.

There are disparities by the economic class of students. Like the US, in Georgia and Tennessee the higher their family's income, the less debt a student accumulated by graduation, and the more likely they were to complete their degree, than those from lower-income families. However, unlike the US overall, in Georgia and Tennessee the higher their family's income, the

more likely a student was to receive a state grant to attend a state institution. To be sure, lower-income students in Georgia and Tennessee do benefit from these programs, but they do so at lower rates than do more affluent students. Moreover, I found, in particular, that the economic class differences in grant-getting in Tennessee 2-year colleges appeared *after* the Promise was implemented.

There were also disparities by the race-ethnicity of students, especially for Black/African-Americans. Like the US, in Georgia and Tennessee, White, non-Hispanic students accumulated less debt by graduation, and were more likely to complete their Associate degrees (but not Bachelor's degrees), than Black/African-American students. However, unlike the US overall, in Georgia and Tennessee, White, non-Hispanic students were *more likely* to receive a state grant to attend a state institution than Black/African-American students. These indicators varied for Hispanic/Latino and Asian students; differences between these groups and others were often in opposite directions, and due to smaller sample sizes in Georgia and Tennessee, often not statistically discernible.

These data do not explain the sources of disparities. This is especially pertinent for grant getting because it most likely impacts the amount of debt accumulated and subsequently whether students are able to complete their degrees on time, or at all. The Hope and Promise are open to all, up and down the income ladder, so why are lower-income and Black students less likely to receive state grants? Given the competitive meritocratic allocation of the Georgia Hope scholarships based on student GPAs, and the long-documented correlation between students' academic performance and their race-ethnicity and economic class, there is perhaps no surprise that disparities by race-ethnicity and family income exist for the GPA-based Hope. But, the

Tennessee Promise is a more universal free-college approach, and it is unclear why it has such disparities.

For both the Hope or the Promise programs there could be multiple possible reasons for these class and race disparities. One possible explanation for the disparities in getting Hope and Promise grants could be that lower-income and disadvantaged students were more likely to find the various application steps onerous or intimidating. For the Hope, lower-income students, in particular, are required to fill out the federal FAFSA form, a burden not required of more affluent students. For the Promise, applicants must file a federal FAFSA form and take the ACT standardized college admission exam (although there is no minimal score required). As described in Chapter 4, concern with this potential burden was raised by legislators in Tennessee, and to try to avoid these potential barriers, especially for first generation college students, the Promise includes a mentoring program to provide support to applicants. However, despite such support, perhaps the application requirements may have disproportionately discouraged those from lower-income and disadvantaged backgrounds, resulting in the above disparities in getting grants and in turn accumulating debt and graduating.

Another possible explanation for class and race disparities in getting the Hope or the Promise grants could be that lower-income and disadvantaged students were less likely to meet the initial and continuing eligibility standards. For the Hope, this includes maintaining a 3.0 (B) average while in college. For the Promise scholarship, this requires the student to maintain a 2.0 (C) college GPA or higher and complete community service. The legislators' rationale was that these grants must not be free government handouts and must be earned through hard work. However, perhaps such standards, while relatively low, may have disproportionately "weeded out" those from lower-income and disadvantaged backgrounds, resulting in the above disparities.

A third possible explanation for disparities in grant getting is that each program incentivized a demographic shift in students. More specifically, with the advent of these generous scholarships, higher numbers of more advantaged students began attending the eligible state institutions in order to acquire the financial benefits the scholarships offer.

An early study of the Georgia Hope seemed to corroborate this shift explanation by showing that, following the advent of the Georgia Hope scholarship, there was a reduction in the out-migration of top college-bound students from the state, and also that there was an increase in the gap in college attendance between Blacks and Whites and between those from lower- and higher-income families (Dynarski, 2000).

For Tennessee, my data seem to corroborate this demographic-shift explanation, by showing that economic class differences in grant-getting in the state 2-year colleges appeared after the Promise was implemented – almost as if the Promise fostered, instead of reduced, inequality. This explanation is also corroborated by research on changes in the demographics of students in Tennessee 2-year community colleges, conducted by the Tennessee Higher Education Commission and the Tennessee Student Assistance Corporation (THEC*TSAC, 2020; House and Dell, 2020). These studies compared community college students before, and after, the implementation of the Tennessee Promise. Consistent with my data analyses, these studies showed that Tennessee Promise had a significant positive effect on enrollment, but they also found that the student populations pre- and post-Promise had significantly changed. The average Tennessee Promise student differed from the groups targeted by proponents of the Tennessee Promise legislation. The data showed that the average post-Promise community college student came from a family with higher parental education and higher family income, and was less likely to be non-White or a first-generation student, compared to the average pre-Promise community

college students. House and Dell (2020) concluded that this population change resulted from a “downshifting” of students who in previous years would have attended public and private universities but were now taking advantage of Tennessee Promise and attending state community colleges. Some research has suggested that this has happened in other states as well.¹⁹

A final possible explanation for class and race disparities in getting grants could be that, since both the Hope and the Promise are last-dollar scholarships, many lower-income students may not be eligible for them because their funding needs have already been covered.²⁰ For instance, one study of the Tennessee Promise speculated that, while an explicit goal of the Tennessee Promise is to serve lower-income students who may not otherwise have a chance to attend college, such students may not apply, or be eligible, for the Promise because they are already eligible for, and funded by, the need-based federal Pell grant program (Nguyen, 2020).

Federal and state grants are not mutually exclusive. Lower-income students in Georgia and Tennessee who receive other grants, such as the federal Pell, are often still eligible for funds from the Hope and the Promise. Indeed, my background analyses of NPSAS data for Tennessee show that, of Tennessee lower-income students who received a state grant in 2018, almost all (99%) also received a Pell grant that year. However, many Pell recipients in Tennessee *do not* receive a state grant on top of their Pell. Two thirds of low-income students in Tennessee who received a Pell grant in 2018 did not also receive a state grant – suggesting that students who received the Pell perhaps either did not apply for Promise or did not receive any additional funds from Promise. And, when I include those students who received any grant, federal and/or state, class and race differences in getting grant funding substantially diminish. Hence, the data

¹⁹ In Missouri in 2017, over one-third of free college recipients were from families that earned over \$100,000, and over half of free-college recipients’ families earned more than \$80,000 annually (Jones & Jackson, 2020).

²⁰ “Last dollar” scholarships refer to aid that covers the full cost of tuition and fees, after all other possible federal and state gift aid has been applied, such as the federal Pell Grant.

indicate that, when we count both federal and state grants, there is seemingly equality of funding across class and race in Tennessee.

However, it is important to recognize that, in contrast to need-based approaches to financial aid, competitive and egalitarian approaches, such as the Hope and the Promise, provide the same level of funding regardless of students' personal and financial situation. By definition, neither the Hope nor the Promise take students' differing needs into account. As a result, the data appear to indicate that the financial needs of lower-income and Black students in both Georgia and Tennessee are met less than others by their state.

Hence for goal 3, even if receiving *similar levels of total grant funding* (federal and state), lower-income and Black students accrue greater debt and complete their degrees at lower rates than others. In Tennessee, only a quarter of lower-income students in Associate degree programs complete their degrees in the normal time – less than half the graduation rate of higher-income students in the same programs. Likewise, in Georgia, only a third of lower-income students in Bachelor's degree programs complete their degrees – far less than half the graduation rate of higher-income students in the same programs. In short, neither the Hope nor the Promise fully meets their third goal – to address educational inequality.

The fourth and major goal of both the Georgia Hope and the Tennessee Promise scholarships is to improve the workforce and the economy of the state. As revealed in the legislative debates in both Georgia and Tennessee, this is a key question. But, it is not easily answered. I've been unable to find any evaluative research done by either state to address this question and the available national data do not allow me to specifically evaluate the extent to which these particular state financial aid programs have directly impacted that state's economy. But, standard economic indicators do indicate that while no more than average, each state's

overall economy has improved over the past two decades – in terms of unemployment rates, average hourly earnings of employees, and labor productivity. In sum, it is unclear whether the dominant economic goal of the two state financial-aid programs has been met.

In sum, for the four goals, for each state program – (1.), college has become more affordable for grant recipients, and (2.), there has been an increase in degrees awarded and the educational level of each state’s population, but (3.), the reality is that these gains have not been equally shared. Lower-income and Black students have been less likely to benefit; middle-income, higher-income, and White, non-Hispanic students are more likely to benefit. Moreover, (4.), there is no evidence to indicate that the programs have achieved their economic goals.

Both the Georgia Hope and the Tennessee Promise programs publicly advertised themselves as designed to simultaneously address the four goals. This multiple-goal strategy has worked politically, and each aid program was overwhelmingly passed by bipartisan majorities in the legislatures, continues to be generously supported in each state, and has been replicated across the nation. But, the data show that some goals were met and some not and that there have been winners and losers when it comes to college financial aid grants.

This raises a question – if multiple goals are espoused to gain legitimacy, what happens when some of them are not met? How is legitimacy maintained? This question arises for goal 3, regarding inequality, but also especially regarding goal 4 – bolstering the workforce and economy, because this has been the dominant motive and goal of each program. Given its overwhelming importance, and the large continuing expenditures on financial aid, one might assume each state would be expected to evaluate to what extent such an important goal has, or has not, been met. But, I have been unable to find any state sponsored attempts to evaluate the economic impact of either program.

Again, Institutional Theory can be used to interpret and illuminate this similarly mixed record of meeting goals and how the programs responded to a backstage reality that is partly inconsistent with the stated mission and values of the organization and partly inconsistent with the values of important constituencies in the social environment. From this perspective, to the extent to which the organization can conceal any inconsistencies and inefficiencies, it can maintain legitimacy, attract resources, and hence be successful. Institutional Theory provides an answer to this puzzle in the concept of the “logic of confidence” – which refers to the maintenance of an illusion of success. From this perspective, proponents of such organizations and models do not want to know the backstage realities and indeed actively seek to conceal any possible failures, inconsistencies, and inefficiencies in order to maintain legitimacy, attract resources, and hence be successful. My hypothesis is that the rapid spread of these state bureaucratic models of college financial aid across the nation, whether or not there is any evidence of decreasing inequality or an improving economy, despite such copious expenditures, represents an institutional normative “mimetic” conformity, for purposes of legitimacy, and an example of what organizational sociologists refer to as “structural isomorphism.”

In conclusion, the main finding of this study is that, despite the seemingly large and multiple differences in method between the Georgia Hope and the Tennessee Promise programs, and despite originally being proposed by different political parties, the goals, the arguments used to advance them, and their outcomes were, and are, remarkably similar. Over time the two programs seem to converge in their impact: although each was sold as mechanisms to address inequality and to help the state economy, in reality the data suggest their main effect has been to make college more affordable and to increase educational levels, especially for White students and those from middle and higher-income families.

Implications for Research

My findings raise a number of questions and issues that warrant further investigation. Among these are questions surrounding the economic class and race disparities in the types of students that receive the state grants. Both the Hope and the Promise espouse benefits for the disadvantaged, but these disparities are especially puzzling for the Tennessee Promise, which is ostensibly universal and seeks to be open to all and to maximize access to college. But for both the Promise and the Georgia Hope research could be done to investigate different explanations, such as those I earlier offered, for why these programs have ended up serving middle and higher-income students more than lower-income students and also why Black, and sometimes Hispanic, students were less likely to receive the grant than White students. By better understanding the sources of disparities, such research could also possibly illuminate strategies to address such inequalities, for both the Hope and the Promise.

Such analyses could also follow up on the limited research thus far done on economic class and race demographic changes in the student populations in Georgia and Tennessee state institutions, before and after the implementation of the programs. Moreover, it could be illuminating to investigate the relative impact of, and the interaction between, students' economic class and race on such outcomes. My study provides descriptive analyses comparing different student groups, but, of course, multivariate analyses might be able to further understand which factors are most correlated with the likelihood of students obtaining grants.

Related to the issue of equity is the question of who pays for these state grants. Instead of being funded through ordinary state tax increases, both the Hope and the Promise are funded by lottery, a type of "voluntary tax" where citizens choose to purchase lottery tickets. Critics

have argued that lotteries are regressive, class-biased revenue streams and that those from lower-income communities are more likely to purchase lottery tickets (Garret, 1992; Bowers, 2002; Firestone, 2001). If true, those from lower-income communities are both more likely to pay into, and as my data show, also less likely to draw from, these state scholarship funds, effectively resulting in a state-sanctioned income transfer from the poor to the not-poor. This warrants careful research to examine if, and to what extent, this is the case, and in which state.

Another area that warrants further research is the impact of these state scholarship programs on the workforce and economy in each state. Bolstering the workforce and the economy has been the dominant motive and goal of each state program. Given its overwhelming importance and the large continuing expenditures on financial aid, one might assume each state would evaluate to what extent such an important goal has, or has not, been met. But, I have been unable to find any state sponsored attempts to evaluate the economic impact of either program. My study provides descriptive analyses looking at state trends for several standard economic indicators – unemployment rates, average hourly earnings of employees, and labor productivity. But, it remains unclear whether the dominant economic goal of the two state financial-aid programs has been met. This is a glaring gap worth addressing.

Related to this is the interesting finding that the lion share of recipients of the Tennessee Promise do not major in technical fields, despite this being an explicit goal of the legislation. One possible explanation I offered earlier comes from the Credentialism perspective which points to the importance, to students and employers, of the relative prestige and status of credentials from 2-year colleges vs. 4-year institutions. This perspective also could explain the demographic shift in the type of students obtaining grants in Tennessee community colleges;

attracted by the financial benefits, there has been an increase in middle- and higher-income students who potentially view community colleges as transfer stations.

Finally, another fruitful area for research would be to examine similar grant programs in other states. My study has explored two nationally prominent state-level scholarships. A next step in this line of inquiry could be to examine other and newer models of state college scholarship programs, similarly looking at their context, genesis, goals, values, methods, and outcomes. This could be a key step toward more broadly understanding the state college financial aid policy landscape, what can be achieved in this landscape, how such policies end up getting formulated and implemented, and with what impacts.

One such state program is the New York Excelsior Scholarship. This new program began in the fall of 2017. It appears to be modeled after the Georgia Hope, but with important differences. Similar to the Hope, it allows in-state students to attend, tuition-free, any City or State University of New York (CUNY or SUNY) two-year or four-year institutions.

On the other hand, unlike the Hope, the Excelsior Scholarship has a lower academic standard – eligibility requires a 2.0 (C) GPA – the same as the more universalistic Promise. Moreover, the Excelsior is need-based – it has an income cap that disqualifies students from higher-income families; those with annual incomes above \$125,000 do not qualify. Finally, an important requirement of this scholarship is a requirement for recipients to live and work in New York following graduation for the length of time they participated in the scholarship program. This makes a mandatory policy of the Georgia Hope’s goal to stem a “brain drain” from the state. Hence, the Excelsior Scholarship seems to attempt to avoid some of the criticisms of the Hope: it is more need-based, by not funding more affluent students; it is less merit-based, by

funding slightly lower-achieving students; and it is less free-market oriented, by making it a requirement for recipients to remain in the state's labor force for a period of time.

Recall that framing the Georgia and Tennessee scholarships as a matter of labor force and economic development was very important in the passage of the Hope and Promise legislation. As I found in the cases of Democrat-controlled Georgia and Republican-controlled Tennessee, labor force/economic framing resonated with people in both political parties, though economic framing was especially important in gaining Republican support for welfare state-type entitlement programs, such as tax paid scholarships and grants.

However, the political context of the New York Excelsior has been very different from that surrounding the passage of the Hope and Tennessee Promise and might not have been as strongly influenced by neoliberal framing in the same way as Georgia Hope, Tennessee Hope, and Tennessee Promise. In 2017, when the New York Excelsior program legislation passed, New York had a Democratic Governor, a Democrat-majority House, and a split Senate (32D, 31R). Perhaps the New York Excelsior reflects a new paradigm shift away from neoliberal models of college financial aid and toward more progressive models of aid. Some scholars have argued that neoliberalism is losing its hegemonic sway (Maskovsky and Bjork-James, 2019), that there has been a more recent rise of populist politics (Judis, 2016; Robotham, 2019), and that socialist values have gained popularity in the Democratic party. If neoliberalism is indeed losing its hegemonic sway, the passage of New York Excelsior could represent a new approach.

Implications for Policy

The provision of free-college or free-tuition programs have become staples in the current political atmosphere and are especially popular with the Democratic Party. President Obama's

“America’s College Promise” program, which had the goal of making public community and technical college degrees free for all students, was directly based on the Tennessee Promise model. Senator Sanders popularized this movement in the 2016 presidential campaign, and most recently, President Biden has proposed making public community and technical college degrees free for all students across the nation, in the *Build Back Better Act*, first announced in 2021.

A key debate regarding this legislation surrounded whether the program should be universal or should be need-based. On the one hand, legislators in support of the free community college plan argued that universal programs are both more effective and better at winning widespread and enduring political support (Deuhren, 2021). As I discussed in Chapter 3, removing the income cap for eligibility and hence including middle-income and even more affluent voters, was the strategy Governor Zell Miller used early on to gain broad-based support for the Georgia Hope Scholarship. On the other hand, the *Build Back Better Act* met resistance from key Democrats who wanted the program to include means testing and an income cap (in other words, to be need-based). Democratic Senator Joe Manchin (WV), in particular, prominently argued for focusing the free community college program on lower-income Americans (Deuhren, 2021) and the bill has not, as of yet, passed.

As I have shown in this study, such programs can have multiple and possibly conflicting goals. Is the object of free community college to make a degree more affordable and to reduce student debt? Are we looking to create a less expensive pathway to a four-year degree for students from middle class backgrounds? Or are we looking for an affordable pathway of upward mobility into the middle class for first-generation and low-income students? And if so, are we looking for community colleges to provide technical degrees and certificates, specifically for industry, or for community colleges to serve as transfer stations?

The lesson here for advocates of national free community college programs is that it is important to decide what are to be the primary goals of the program. Whether it would be better to cap the income eligibility of recipients, or not, depends on the goals of the program. For proponents focused on the goal of equity in education, it is important to examine how free college programs impact different groups and how these could be altered to better address the student debt crisis for disadvantaged students.

Appendix A

Additional Tables

Table 5-1: The Percentage of Full-time, First-Time Students Receiving State Grants, by Level of Institution, for US, GA and TN: to 2021

Year	Percentage of Students Receiving State Grants					
	Institutions of 4 or More Years			Institutions with Associate Degree as Highest Degree Offered		
	US	GA	TN	US	GA	TN
2001-02	35.2%	69.1%	13.8%			
2002-03	33.7%	68.1%	14%			
2003-04	34%	65%	15.9%			
2004-05	33.8%	67.1%	55.5%			
2005-06	32.2%	68.5%	50.7%			
2006-07	30.6%	66.2%	53.9%			
2007-08	31.5%	51.7%	55.4%			
2008-09	33.4%	52.7%	58.6%	28.8%	52.7%	27.6%
2009-10	30.5%	50.7%	56.1%	25.6%	53.4%	26.8%
2010-11	33.2%	52.7%	60%	27.2%	52.8%	30.9%
2011-12	32.3%	46.6%	61.7%	28%	45.6%	37.7%
2012-13	32.2%	52.1%	61.4%	29.2%	49.9%	40.6%
2013-14	32.5%	53.6%	62.1%	31.6%	55.4%	44.5%
2014-15	32.7%	55.3%	61.6%	33.4%	53.5%	48.6%
2015-16	32.4%	56.9%	60.5%	32%	47%	66.6%
2016-17	32.2%	57.3%	61.7%	31.1%	42.5%	66.9%
2017-18	33.5%	58.4%	62.2%	33.9%	38.2%	69.7%
2018-19	33.6%	58.8%	62.1%	36.2%	37.5%	70.6%
2019-20	33.6%	59.7%	61.9%	39.3%	38.6%	78.2%
2020-21	33.4%	60.4%	60.6%	37%	29.6%	70%

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

Table 5-2: Average Annual Amount of Federal Student Loans Received by Undergraduate Students at Public Institutions, By Level of Institution, For US, GA And TN: 2008 To 2020

Year	Average Annual Amount of Federal Student Loans					
	Institutions of 4 or More Years			Institutions with Associate Degree as Highest Degree Offered		
	US	GA	TN	US	GA	TN
2008-09	\$6537	\$5990	\$6524	\$4700	\$4060	\$4402
2009-10	\$6833	\$6605	\$6836	\$5014	\$4521	\$4658
2010-11	\$6876	\$6229	\$7264	\$5355	\$4904	\$4681
2011-12	\$6957	\$6613	\$6972	\$5348	\$4884	\$5006
2012-13	\$6947	\$6712	\$7020	\$5369	\$5341	\$5086
2013-14	\$6902	\$6784	\$6928	\$5228	\$5364	\$5249
2014-15	\$6842	\$6568	\$6907	\$5075	\$5759	\$5270
2015-16	\$6700	\$6228	\$6792	\$5121	\$5497	\$5278
2016-17	\$6668	\$6237	\$6723	\$4929	\$5574	\$5124
2017-18	\$6586	\$6189	\$6569	\$5079	\$5098	\$5046
2018-19	\$6513	\$6143	\$6867	\$5095	\$5239	\$5012
2019-20	\$6413	\$6013	\$6261	\$5167	\$5351	\$4871

Amounts displayed are in 2020 dollars.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

Table 5-3: Post-Secondary Educational Attainment of Persons Age 25 Years or Over, for US, GA and TN: 1980 to 2021

Year	Percent with Bachelor's Degree or More			Percent with Some College or Associate Degree		
	US	GA	TN	US	GA	TN
1980	16	15	13	-	-	-
1990	20	19	16	25	22	21
2000	24	24	20	-	-	-
2010	27	27	24	28.9	27.8	20.8
2012	29	28	24	29.3	28.5	27.8
2014	30	29	25	28.2	28.1	27.2
2015	31	30	26	28.9	28.1	27.2
2016	31	31	26	29	28.1	28.5
2019	33	33	29	28.6	28	28
2021	35	35	31	28.1	27.6	28.1

SOURCE: Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey (CPS), 1980 through 2021.

Table 5-4: The Percentage of In-State Undergraduate Students Receiving State Grants, at Public Institutions, by Type of Degree and Institution, and by Students' Family Income Level and Race-Ethnicity, for US, GA and TN: 2018.

Type of Student and Institution	Percentage of Students Receiving State Grants		
	US	GA	TN
Associate Degree, In-State, at Public, 2-year Institutions			
All	25	27	33
Family Income			
Lower Income (> \$30,000)	30	21	26!
Middle Income (\$55,000 - \$90,000)	26	23!	51
Higher Income (> \$120,000)	11	39	41
Race-Ethnicity			
White, non-Hispanic	24	28	35
Black/African-American	24	30	22!
Hispanic/Latino	29	NA	46
Asian-American	28	NA	NA
Bachelor's Degree, In-State, at Public 4-year or More Institutions			
All	39	50	55
Family Income			
Lower Income (< \$30,000)	49	34	37
Middle Income (\$55,000 - \$90,000)	42	51	60
Higher Income (> \$120,000)	18	71	75
Race-Ethnicity			
White, non-Hispanic	34	54	62
Black/African-American	46	38	34!
Hispanic/Latino	49	60	50
Asian-American	42	74	45!

SOURCE: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study-Administrative Collection: 2018, Undergraduates (NPSAS-AC).

! : Interpret data with caution. Estimate is based on small sample size. NA: Not Available because reporting standards not met. Computation using NCES Online PowerStats done 2/23/2022.

Table 5-5: The Average Cumulative Federal Loan Debt of In-State Undergraduate Students, at Public Institutions, by Type of Degree and Institution, and by Students' Family Income Level and Race-Ethnicity: for US, GA and TN: 2018.

Type of Student and Institution	Total Federal Loan Debt Amount		
	US	GA	TN
Associate Degree, In-State, at Public 2-year Institutions			
All	4,775	3,616	2,874
Family Income			
Lower Income (> \$30,000)	5,613	4,910	3,540
Middle Income (\$55,000 - \$90,000)	4,308	2,409!	3157
Higher Income (> \$120,000)	2,701	1116	1124!
Race-Ethnicity			
White, non-Hispanic	5,208	2,252	2,433
Black/African-American	7,830	5,175	5,594!
Hispanic/Latino	2,520	NA	1316!
Asian-American	3,357	9,416!	NA
Bachelor's Degree, In-State, Public 4-year or More Institutions			
All	11,426	13,239	10,629
Family Income			
Lower Income (< \$30,000)	14,424	19,178	13,517
Middle Income (\$55,000 - \$90,000)	12,523	13,107	11,085
Higher Income (> \$120,000)	6,489	1,636!	5,618
Race-Ethnicity			
White, non-Hispanic	11,425	10,311	8,930
Black/African-American	18,453	21,017	17,943
Hispanic/Latino	9,388	5,029!	10,166
Asian-American	7,000	5,101!	8,347!

SOURCE: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study-Administrative Collection: 2018, Undergraduates (NPSAS-AC).

! : Interpret data with caution. Estimate is based on small sample size. NA: Not Available because reporting standards not met. Computation using NCES Online PowerStats done 2/25/2022

Table 5-6: The Percentage of In-State Undergraduate Students Completing Degrees, at Public Institutions, by Type of Degree and Institution, and by Students' Family Income Level, and Race-Ethnicity, for US, GA and TN: 2017-18.

Type of Student and Institution	Percentage of Students Completing Degrees		
	US	GA	TN
Associate Degree, In-State at Public 2-year Institutions			
All	21	26	28
Family Income			
Lower Income (> \$30,000)	17	28	25
Middle Income (\$55,000 - \$90,000)	23	NA	33
Higher Income (> \$120,000)	33	NA	52
Race-Ethnicity			
White, non-Hispanic	24	30!	30
Black/African-American	17	26!	22!
Hispanic/Latino	16	NA	NA
Asian-American	19	NA	NA
Bachelor's Degree, In-State at Public 4-year or More Institutions			
All	49	59	48
Family Income			
Lower Income (< \$30,000)	43	53	33!
Middle Income \$55,000 - \$90,000	45	NA	53
Higher Income (> \$120,000)	61	80	74
Race-Ethnicity			
White, non-Hispanic	49	89	57
Black/African-American	49	NA	57
Hispanic/Latino	40	NA	NA
Asian-American	54	NA	NA

SOURCE: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study-Administrative Collection: 2018, Undergraduates (NPSAS-AC).

! : Interpret data with caution. Estimate is based on small sample size. NA: Not Available because reporting standards not met. Computation using NCES Online PowerStats done 3/29/2022

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