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Education Bonus Programs: An Overview of State and Local Incentives' Programs to Encourage Greater Educational Attainment

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Education and Economic Development

The transition in the United States from a goods-producing to a service-producing and knowledge based economy increased the importance of a workforce that is well-educated, well-trained, and adaptable. Education and training are linked to both higher earnings and lower unemployment rates (refer to Table 1). In 2007, the median weekly earnings for the average worker with less than a high school diploma were \$428. High school graduates received 41% greater earnings (\$604) and workers with bachelor's degrees earned approximately 130% more (\$987) than those with no high school diploma. Unemployment rates were 7.1% for workers with less than a high school diploma, 4.4% for high school graduates, and 2.2% for workers with a bachelor's degree.

Table 1. Earnings and Unemployment by Educational Attainment Level, U.S. Averages, 2007

Educational Attainment	Median Weekly Earnings	Unemployment Rate
Less than High School Diploma	\$428	7.1%
High School Diploma	\$604	4.4%
Associates Degree	\$740	3.0%
Bachelors Degree	\$987	2.2%

Source: U.S. Department of Labor

Increases in educational attainment also increase an individual's future employment opportunities. U.S. Department of Labor occupational projections for 2004 through 2014 indicate that more than 60 percent of the projected 18.9 million new jobs will be filled by workers with some post-secondary education (U.S. Dept. of Labor). Of those jobs classified as high-growth and high-wage (8.7 million jobs), 63 percent will be filled by workers with a bachelor's degree or higher and 24% by workers with a two-year community college degree or vocational certificate (U.S. Dept. of Labor).

Educational Attainment in Pickens County and South Carolina

Despite the benefits education yields to individual workers and the regional economy, educational attainment levels in South Carolina and Pickens County continue to lag the nation (see Table 2). In 2000, 26% of the adult population in Pickens County had less than a high school diploma (versus 23 % for South Carolina and 19% for the United States). Alternatively, 19% of Pickens County adults had bachelor's degrees or higher (versus 20% for SC and 24% for the US). Pickens County will not become a competitive player in the global economy unless it provides a workforce with skills and education levels comparable to the nation. This requires communities to focus education resources not only on young students who will be entering the workforce in the future, but also on adult learners who may not possess the skills necessary to compete in today's economy.

Table 2. Educational Attainment in Population 25 Years and Over, Pickens County, South Carolina, and the US, 2000.

Educational Attainment Level	Percent of Total		
	Pickens County	South Carolina	United States
Total Population Age 25+	100.00%	100.00%	100.00%
Less than 9th grade	9.47%	8.31%	7.55%
Some high school, no diploma	16.88%	15.35%	12.05%
High school graduate*	30.76%	29.97%	28.63%
Some college, no degree	17.39%	19.27%	21.05%
Associate degree	6.44%	6.68%	6.32%
Bachelor's degree	11.26%	13.54%	15.54%
Graduate or professional degree	7.80%	6.88%	8.86%

Source: U.S. Census, 2000

Incentives for Adult Learners

Many adult learners face challenges to their educational goals including reacclimating to a classroom setting, financial obligations, and balancing their education schedule with daily commitments such as work and family. Incentive programs that encourage adult learners to increase their education levels and become more productive workers may be useful in attracting and retaining adult learners. An online literature search identified several programs across the United States that provide incentives to adult learners and at-risk youth/high school dropouts. For example, programs in Robertson County, TN, Greenville, MS, and Sullivan County, VA, offer students \$500, \$200, and \$150 and non-cash incentives, respectively for completing their GED. The University of Kentucky offers employees a one-time bonus of \$1,500 for earning a GED. Michigan's Tuition Incentive Program provides tuition assistance to Medicaid eligible students

enrolled in college programs. The Arkansas Technical Student Loan Forgiveness Program forgives loan amounts of up to \$2,500 per year for students working full-time in Arkansas in a "high-demand technical field" (advanced manufacturing, computer/information technology, and biomedical/biotechnology).

Despite the existence of several education incentive programs, little information appears to have been collected on their outcomes. The remainder of this report focuses on four programs, three because their outcomes were well documented and the fourth because of its proximity to Pickens County. These incentive programs include two state funded efforts (the Louisiana Opening Doors and Tennessee Completion Bonus programs) and two county level programs (the Patrick County, VA Education Foundation and the Upstate South Carolina, Palmetto Youth Connections).

The Tennessee Families First Completion Bonus Program

Tennessee's Completion Bonus Program was introduced in March, 2000 as a component of "Families First"; an initiative designed to assist welfare recipients in obtaining job training and employment, and encourage career advancement. More than half of the Families First participants did not have a high school diploma or GED. Many program participants previously were enrolled in adult basic skills classes although few completed them or obtained their GED. It was hoped that the use of a cash bonus would provide an incentive for welfare recipients to complete educational and training programs that eventually would lead to employment.

Upon enrollment in the Families First program, participants lacking a high school diploma or GED were given standardized achievement tests to evaluate their functioning grade level. Participants enrolled in adult basic skills classes were eligible for cash bonuses after achieving 2nd, 6th, and 9th grade literacy levels and/or passing the GED. The awards were mailed to program participants after the achievement had been recorded by the adult education program and reported to a case worker.

Although cash bonuses could be received for many achievements in the program, research by the University of Tennessee's Center for Literacy Studies focused specifically on the use of the bonus for educational achievements. The study examined sixteen Tennessee Adult Education programs, two in urban environments the remainder in rural or semi-rural areas. Information on program participants spanned from fall of 1997 through spring 1999 for the 594 pre-bonus group participants, and summer 1999 through spring 2001 for 955 post-bonus participants.

Results indicated a larger percentage of participants in the post bonus group made learning gains than those who did not receive a bonus. The number of post bonus students who achieved a 6th grade level increased 115%, the number who achieved a 9th grade level increased 356% and the number who passed the GED increased 133%. The researchers concluded that cash incentives did not encourage adult learners to progress at a faster rate, but did encourage them to learn more and advance further in their education than peers who did not receive a bonus/incentive. Therefore, the benefit of the cash bonus was to increase retention and encourage persistence in students who otherwise may have dropped out.

Tennessee Families First Completion Bonus Program: Summary Characteristics

Goal: Encourage adult learners to complete basic skills and obtain GED.

Location: 16 Tennessee adult education programs located across the state.

Participants: 955 individuals from the Families First Program.

Eligibility: Achievement of 2nd, 6th, or 9th grade literacy levels and completion of the GED.

Award: Dollar amount not specified; award was mailed to program participants after the achievement had been reported to a case worker.

Results: Cash incentives did not encourage adult learners to progress faster; but the number of people who made learning gains was significantly greater in the bonus/incentive group.

Additional Information

- Effectiveness of Completion Bonuses for Achievement in Adult Education:
www.cls.utk.edu/docs/Effectiveness_of_the_Completion_Bonus.doc
- Effectiveness of the Completion Bonus Program for Achievement in Adult Education:
www.edst.educ.ubc.ca/aerc/2002/papers/Ziegler.pdf

Patrick County Virginia Education Foundation

The Patrick County Virginia Education Foundation was established in 2001 through a partnership of county business, civic, education, and government leaders to address the negative effects of unemployment resulting from a loss of jobs in traditional industries including timber, textiles, and tobacco. A large portion of the county's adult residents (38 percent) did not have a high school diploma and county officials were concerned that residents were not equipped for new jobs in the knowledge economy.

Patrick County offered adult education services, however the programs had few participants and received little funding for promotion. In the spring of 2003, using funds from the Virginia Tobacco Commission, the Foundation launched the GED Promotion Project. The program initiated its campaign with a local news story followed by advertisements in radio and print media and a direct mail campaign. An important strategy in the campaign was an incentive voucher of \$1,000, presented upon completion of the GED. This voucher could be applied to approved continuing education programs (vocational/job training and degree programs) or used to pay county property taxes. In 2005, the GED Mentoring Program was added. This program provides \$250 as compensation to recent program alumni to recruit and mentor a new student. The mentor receives the award upon graduation of the recruit.

Results of the program are promising. Between 2003 and 2005 the program awarded \$97,000 in incentive vouchers and increased the number of graduates by more than 150 percent. The first GED class following introduction of the program enrolled 101 county residents and graduated 19. Year two enrolled 141 residents and graduated 30 and year three enrolled 143 and graduated 48. Before the project Patrick County ranked 43rd among 44 rural Virginia counties in GEDs awarded per 1,000 residents. In 2004-2005 the county ranked 2nd. The program's success has attracted local, state, regional, and national attention.

Patrick County Education Foundation: Summary Characteristics

Goal: Encourage adult learners to obtain a GED.

Location: Patrick County, Virginia

Participants: All Patrick County GED students are eligible for the program.

Eligibility: Completion of GED

Award: \$1,000 voucher for education expenses or county taxes; presented upon completion of GED.

Results: As of 2005 \$97,000 in incentive vouchers were awarded; GED completion was up 150%; county ranking increased from 43rd to 2nd in Virginia in number of GEDs awarded per 1,000 residents.

Additional Information

- Patrick County Education Foundation Website:
<http://www.patrickfoundation.net/pages/home.htm>
- Establishing an Education Foundation a Case Study: Patrick County Education Foundation:
<http://www.ecinitiatives.org/toolkit/resources/EstablishingEducationFoundation.pdf>
- Patrick County Education Foundation, Changing Lives. Spring 2006.
www.patrickfoundation.net/pages/pcef_spring_2006.pdf

Louisiana Opening Doors Program

The Louisiana Opening Doors program was launched by MDRC in the spring of 2004 at two New Orleans community/technical colleges. MDRC is an education and social policy research organization composed of non-profits (e.g., Ford Foundation) and federal agencies. The express purpose of the project was to evaluate the effects of performance based scholarships targeted to low income parents who were enrolled or planned to enroll in a community college. The project was funded by the Louisiana Department of Social Services and Louisiana Workforce Commission using surplus funds from the Temporary Assistance for Needy Families (TANF) program. Because funding came from TANF, the program was targeted to a specific population: participants were 18-34 years of age, parents of at least one dependent child, and had a household income under 200 percent of the federal poverty level. Additionally, participants had to already have a high school diploma, GED, or a passing score on a college entrance exam.

The study population (1,019 parents) was assigned to either a "control group" that received the college's standard financial aid package or to a "program group" that received the same standard aid package and student services *plus* the Opening Doors performance-based scholarship. To receive the scholarship students were required to be enrolled at least half-time and maintain a C average. Participants were given \$1,000 per semester (for two semesters) paid in increments three times per semester--\$250 upon enrolling at least half time, \$250 after midterms (assuming C average), and \$500 upon completion. If the student did not have a C average at midterms but completed the semester with a C average, they would still receive the full scholarship amount.

Results indicated that students participating in the program were more likely to register for classes in the first semester and more likely to register full time even though only half-time enrollment was required. Student retention was increased; program participants were 30% more likely than non participants to register for their second semester. Students in the program attempted and earned more credits in both college and developmental level courses (an average of 3.5 more credits than the control group). Additionally, follow up surveys revealed that program participants had increased confidence in their abilities to accomplish their long term learning goals.

While results of the program are promising, it is unclear the extent to which these results would be sustained. The program was forced to end in the summer of 2005 as a result of Hurricane Katrina.

Louisiana Opening Doors Program: Summary Characteristics

Goal: Increase participation and retention at the community college level.

Location: Two community and technical colleges in New Orleans, LA.

Participants: 1,109 participants; 18-34 years of age, parents of at least one dependent child, household income under 200 percent of the federal poverty level; GED or high school diploma.

Eligibility: At least half-time enrollment in the college and a C average.

Award: \$1,000 per semester paid in three installments pending eligibility requirements.

Results: Program participants showed increased enrollment and retention rates; were more likely to maintain full-time status; attempted more credit hours; students felt increased confidence in their abilities to learn.

Additional Information

- MDRC Performance-Based Scholarship Demonstration: http://www.mdrc.org/project_31_91.html
- Rewarding Persistence: Effects of a Performance Based Scholarship Program for Low Income Parents <http://www.mdrc.org/publications/507/overview.html>.
- MDRC website: <http://www.mdrc.org>.

South Carolina Palmetto Youth Connections

South Carolina Palmetto Youth Connections is a collaborative effort between state agencies, local municipalities, workforce investment boards, school districts, adult education programs, and additional organizations with a youth oriented mission. The youth education program provides career coaching, national certificates (WorkKeys), job training, tutoring, and GED preparation to out-of-school youth between the ages of 16-21. The program operates throughout South Carolina including locations in the Catawba, Upstate, Trident, and Pendleton Workforce Investment Areas and SC State University. In the Pendleton WIA, the program is a collaborative effort between Anderson Adult Education, Oconee Adult Education, Pickens Adult Education, Tri-County Technical College, SC Employment Security Commission, and SC Vocational Rehabilitation. Training and education programs are provided by Henkels & McCoy Training Services Group.

The Palmetto Youth Connections Upstate program currently provides incentives of \$100 for students earning their GED or learning a job skill, and \$50 for attending a post-secondary education institution or entering the military. No data concerning the results of the project were available; however, this established program may provide a useful jumping-off point for future other state and local initiatives. The Palmetto Youth Connection office in Anderson can be contacted at: (864) 328-7789.

South Carolina Palmetto Youth Connections: Summary Characteristics

Goal: Encourage out of school young adults to obtain a GED and job training.

Location: Locations throughout South Carolina.

Participants: Out-of-school youth between the ages of 16 and 21.

Eligibility: Award contingent on graduation.

Award: \$100 for students earning their GED or learning a job skill; \$50 for attending a post-secondary education institution or entering the military.

Results: None provided

Additional Information

- Palmetto Youth Connections Homepage: www.palmettoyouth.com
- "Should We Pay a Graduate to Finish School," Gaffney Ledger: www.gaffneyledger.com/news/2008/0314/columns/010.html.
- RAETAC Region I News: www.scractac.org/scractac%20pages/Regional%20raetacs/Region%201/Jan07Newsletter2.pdf.

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- "Establishing an Education Foundation A Case Study: Patrick County Education Foundation." May 2006. Available online at: <http://www.ecinitatives.org/toolkit/resources/EstablishingEducationFoundation.pdf>
- Powell, S. "Should We Pay a Graduate to Finish School." Gaffney Ledger. March 14, 2008. Available online at: www.gaffneyledger.com/news/2008/0314/columns/010.html
- Richburg-Hayes, L., T. Brock, A. LeBlanc, C. Paxson, C.E. Rouse, and L. Barrow. "Rewarding Persistence: Effects of a Performance-Based Scholarship Program for Low-Income Parents." MDRC. January 2009. Available Online at: <http://www.mdrc.org/publications/507/full.pdf>
- U.S. Department of Labor. "America's Dynamic Workforce: 2007." August 2007.
- Ziegler, M., O. Ebert, and G. Cope. "Effectiveness of the Completion Bonus Program for Achievement in Adult Education." Center for Literacy Studies. University of Tennessee. 2002. Available online at: <http://www.edst.educ.ubc.ca/aerc/2002/papers/Ziegler.pdf>.