

The Retention and Completion Fund: What it Would Mean for Students and States

What is the Retention and Completion Fund?

The [House Budget Reconciliation Bill](#) includes \$9 billion over seven years for a postsecondary Retention and Completion Fund. This new program, based on the \$62 billion college completion fund included in President Biden's [American Families Plan](#), is designed to scale evidence-based programs that increase college persistence, completion, and student earnings.

Why is this fund necessary?

We have a college completion crisis in this country. While high school graduation rates have been [steadily rising](#) for all students for many years, [college graduation rates have stagnated](#). More than 80 percent of students graduate from high school in the U.S., but only about [one-quarter of students](#) who start at a two-year public college complete a degree within three years. Students of color and those from low-income backgrounds bear the brunt of this crisis, [completing college](#) at lower levels than their peers. And for the millions of students who do not receive a degree, the benefits of going to college at all elude them. [Many end up in debt](#), forced to pay off student loans that didn't result in higher paying jobs or increased economic security. Students, their families, communities, states, and indeed the nation, fail to realize the economic and social benefits that accompany a more highly educated populace.

But there are programs making a dent in this completion problem by increasing college graduation rates. CUNY ASAP, one such initiative that provides individualized counseling and support to students, [has doubled graduation rates for its participants](#), all students from low-income backgrounds at greatest risk of not completing college. Unfortunately, the very colleges that tend to serve low-income, first generation, and students of color, and that would most benefit from implementing a program like CUNY ASAP, also have [smaller budgets and fewer resources](#) to invest. The Retention and Completion Fund will make it possible for more underserved students to finish college and build a better life for themselves and their families.

How would the Retention and Completion Fund work?

States would apply for the funding, and once awarded a grant, would use it to implement initiatives that help improve college outcomes. States could hold back three percent of the funding to oversee the program and an additional three percent to evaluate it, helping to expand the number of known models with a demonstrable impact.

To participate in the program, states would have to use the money to supplement existing investments in student success. They also would have to participate in the federal free community college program, which has its own set of requirements, including a state match and a maintenance of effort (the average level of state higher education spending for the three prior years). States would also have to set benchmarks for improving identified student outcomes and improve those outcomes. They would also have to describe how they will increase funding for public postsecondary institutions, specifically those serving disproportionately high shares of students of color, low-income students, students with disabilities, students in need of remediation, or first-generation college students.

How could the money be spent?

States would be able to spend these funds on the following activities:

- » Providing comprehensive academic, career, and student support services;
- » Providing emergency financial assistance to students;
- » Providing accelerated learning opportunities, including dual or concurrent enrollment programs and early college high school programs;
- » Reforming course scheduling and credit awarding policies;
- » Reforming remedial and developmental education;
- » Building career pathways or career and technical education; and
- » Improving transfer pathways between community colleges and four-year institutions of higher education.

Additionally, states would have to spend at least 30 percent of the funding, or approximately \$3 billion over seven years, on programs that meet the criteria for receiving an expansion or mid-phase grant from the [Education Innovation and Research program \(EIR\)](#). These are programs that have shown through rigorous evaluation that they move the needle on key indicators: more students have stayed in college, accrued more credits, attained a degree, or landed jobs with family-sustaining wages. Those impacts also have materialized in additional sites where the programs have been replicated. In other words, policymakers have a strong reason to believe they will work on more campuses, with more students.

How would the funds be allocated to states?

The Retention and Completion Fund is a competitive program. The legislation does not describe a formula through which the funds will be distributed. But it does require states to participate in the [America's College Promise](#), or free community college program, which allocates funding to states based, in part, on the full-time enrollment of community college students in each state. The chart below uses the full-time enrollment (FTE) of each state's community college system to estimate how much each state would receive out of \$8.73 billion over seven years (\$9 billion minus the three percent reserved for Tribal Colleges and Universities). These estimates assume that every state will participate. Allocations will increase if fewer states participate.

It's important to note that when awarding grants, the federal government is required to consider the state's plan for using evidence-based programs, addressing equity, as evidenced by its commitment to increasing funding for institutions that disproportionately enroll underserved students, and improving key student outcomes. The estimates below assume that funds are allocated solely on the basis of FTE, which is unlikely to be the case. Regardless the estimates below underscore that the Retention and Completion Fund would significantly augment state capacity to support underserved students.

Michigan, for example, would receive \$224 million, an increase of 10 percent to the [state's higher education budget](#). These funds would provide greater access to [comprehensive services](#), such as tutoring, tuition subsidies, and [transportation](#), which students from low-income families cite as one of the biggest barriers to completing college. Tennessee would gain \$117.2 million, or five percent of its [higher education budget](#). Oregon would gain \$101 million, or nine percent of its [higher education budget](#). All this new funding would have a profound impact on college graduation rates, improving outcomes for students who have traditionally not been well served by American colleges and universities.

State	Retention and Completion Fund Award (Estimated, Over 7 Years)
AL	\$117,204,480
AR	\$58,869,223
AZ	\$218,731,179
CA	\$1,747,465,416
CO	\$111,627,745
CT	\$55,926,870
DE	\$17,253,091
FL	\$628,865,987
GA	\$209,992,744
HI	\$27,768,460
IA	\$99,401,913
ID	\$29,082,327
IL	\$379,778,496
IN	\$126,838,028
KS	\$86,810,501
KY	\$90,040,886
LA	\$92,825,930
MA	\$100,545,176
MD	\$137,085,305
ME	\$19,566,207
MI	\$223,802,750
MN	\$150,706,983
MO	\$112,977,062
MS	\$122,586,239
MT	\$8,102,550
NC	\$321,864,208
ND	\$11,975,467
NE	\$46,184,755
NH	\$17,266,385
NJ	\$200,629,502
NM	\$71,296,678
NV	\$64,640,933
NY	\$388,521,362
OH	\$260,238,745
OK	\$76,829,099
OR	\$101,161,121
PA	\$166,096,732
RI	\$19,528,541
SC	\$114,736,271
SD	\$12,409,730
TN	\$117,231,067
TX	\$1,057,906,745
UT	\$52,189,106
VA	\$200,399,077
VT	\$7,242,886
WA	\$291,177,767
WI	\$114,206,736
WV	\$24,141,477
WY	\$18,270,064

What would the Retention and Completion Fund mean for states and students?

The Retention and Completion Fund would change the higher education landscape in participating states. By providing significant new resources for initiatives that help increase college completion, this fund would enable institutions to provide students with the tailored support they need to attain a degree. Over time, this fund would build capacity at the state and institutional level to ensure that no student falls through the cracks, while boosting the college graduation rate and closing equity gaps nationwide.