Transcript: The Promise of Education to Foster Upward Mobility: Insights from New Research

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[Lawrence M. Berger:] Welcome. I’m Lonnie Berger, Director of the Institute for Research on Poverty. On behalf of IRP, the Lampman Family, and the Department of Economics, we want to welcome you to our 18th Lampman Lecture, which also is coming on the heels of our 50th anniversary of IRP and we had a really nice slideshow of 50 years of IRP, but we had technical difficulties so you’re not seeing it. Unfortunately, the Lampman family couldn’t make it tonight, but they are with us in spirit and we are, as always, grateful for their ongoing support, not only of this lecture series, but also for IRP more generally and the University. So I’m going to introducing our speaker, Ceci Rouse in just a minute but I want to first say a few words about Bob Lampman for whom the lecture was named. So he was a Economics professor here for over 30 years and he was really the founder and guiding spirit of IRP. By all accounts, he was an exceptional and unique scholar, as well as teacher, mentor, and individual. He was well-known as the “intellectual architect of the U.S. War on Poverty.” He served on the Council of Economic Advisers in the 1960s and authored the chapter of the 1964 Economic Report of the President, which really ended up being the blueprint for the Johnson Administration’s antipoverty efforts. His subsequent work, as many of you know, spanned the gamut of social welfare programs and he was known for when thinking about public policy or evaluating public policy, he became known for asking the simple question: “What does it do for the poor?” During his time in DC, one of the things that Bob advocated for and worked with federal officials was to establish a think tank around poverty issues. He wanted to establish a national research center that was dedicated to the study of the nature, causes, consequences, and cures of poverty and inequality. As a result, in March 1966, the University of Wisconsin got a contract to establish the Institute for Research on Poverty. 50 years later, we are continuing to be committed to Bob’s vision to create better anti-poverty policy that’s informed by rigorous research. So Bob died in 1997, and after his death the Lampman family working with IRP established this Lecture Series. It’s organized every year by IRP in coordination with the Economics department and it series features preeminent poverty scholars whose work addresses the issues that Bob dedicated his career to. Ceci Rouse, is among the very top scholars in the world focusing on the economics of education. I am sure most, if not all of you are familiar with her work. She is currently the Dean of the Woodrow Wilson School of Public and International Affairs at Princeton. She is also the Lawrence and Shirley Katzman and Lewis and Anna Ernst Professor of Economics of Education and Professor of Economics and Public Affairs. She is also senior editor of The Future of Children and serves on the editorial board of the American Economic Journal in the Economic Policy section. She served on the National Economic Council under President Clinton. She was on President Obama’s Council of Economic Advisers. She received her PhD in Economics from Harvard in 1992 so she’s accomplished quite a lot in not very much time. So her prominent papers include topics such as the economic benefits of community college attendance; school voucher, accountability, and financial incentive policy and programs, including the consequences of Milwaukee's private school voucher program on student achievement; the effect of student loan debt on career choices of college graduates; and the impact of computer-assisted instruction on students' performance in reading and mathematics. I am thrilled that Ceci is able to join us today and
she’s going to talk about her work “The Promise of Education to Foster Upward Mobility”. It is a
pleasure to introduce you and welcome to the IRP.

[Cecilia Rouse:] Thank you, I’m double mic’d so I hope it’s not too loud. Is this a little loud, no, a little
feedback? What do we do about that, might drive us all crazy for 45 minutes. I’m happy to be here, we
did sort of agree on this a year ago so I came up with one of those titles that I could fit almost anything
under. I’m actually going to focus on higher education, at the time I thought I might do some K-12 but I
want to actually focus on some insights from new research on ways in which we might be able to improve
outcomes from higher education. Let me motivate this just a little bit, so Raj Chetty has been doing
interesting work on mobility. I like to remind everybody that this is very descriptive, what he presents,
but I think it’s rather provocative, so this is one of his slides, some of his data where he’s looking at the
percentage of children who are earning more than their parents. I think it’s in their early 30’s when he’s
looking at that by year of birth and you can see that among children who are in the 1940’s over 90 percent
of them are going to go on to earn more than their parents but their early 30’s. By 1980, that’s only down
to about 50 percent. If we’re really going to define the American Dream as children doing better than
their parents, we’re losing a lot of ground and it’s going to be a tough road-a-ho in order to pull that back
up and why is that? Because if you look at how incomes have grown or not grown over the last half
century or even going back more, but I’m going to focus on starting in 1973, you can see that we’ve got a
bit of a problem. What we did was took annual income and said what was the annual income? We took
1973, as we normalized everybody to 100 in 1973, everyone being the 20th percentile and median 95th
percentile. Then, what you do is compare years before 1973 to see whether there’s been growth or not
growth since then. What is obvious is that if you look at the 20th percentile income, there were actually
lost ground in the late 70’s, early 80’s, grew a little bit then lost a bit more in the early 90’s, grew some
throughout the 90’s and then came back down such that over this roughly 40 year period, those in the
20th percentile are barely ahead of where they were in 1973. If we look at the median incomes, they are
doing a little bit better, about 20% more than they were earning back in 1973 but those who’ve grown the
most are those in the upper part of the income distribution so that’s where we’re seeing our income
growth but not among those who are at the median or lower. And to put a point on it, if you actually look
at the 1st, 2nd, 3rd, 4th, and 5th, quintiles, this goes back to 1965, you can see that the bottom two
quintiles, incomes have been relatively flat over the last 50 years. There’s been modest growth in the 3rd
and 4th quintiles. If we look you see the biggest growth though is in the top quintile and it’s really among
those among our highest earners in the top 5%. If we were to go even higher than that, you’d see even
more growth. So that our income, this is just another way of saying we have increasing income inequality
and that incomes have been rather stagnant for the majority of Americans which is really going to make it
hard if incomes are stagnant, it’s going to make it hard for one generation to beat the next. The question at
hand for the talk today is what might be the role of higher ed, notice I stuck the higher part in there, what
might be the role of higher education at improving adult outcomes and fostering income mobility? Telling
you things that you don’t really already know. Many of you know this chart, so we really do believe that
education is one way by which people do earn higher levels of income and we believe that as economists
because of this one chart which you can get three economists in a room and they might actually agree that
we have this stylized fact of if we look at the relationship between education and income, it’s one of the
few stylized facts that I would say that economists do agree on. When we look at the pre-high school
years, so this is going back to no schooling, in the U.S, this is using data from the U.S from the current
population survey, there are not that many people who haven’t completed, especially in middle school
education. Even the rate of dropping out of high school has been dropping in this country so the bulk of
Americans are somewhere here or I don’t want to say Americans, but those who have been in the U.S and
educated in the U.S are going to be somewhere in here, and even with our graduation rates come rounding
out around at least 80%, most folks are actually are going to be in this part of our chart. You can see this
starting in about 11th grade, there’s a fairly linear relationship between earnings and income and this is
something on which we all agree, and it’s part of the reason it feels like with policymakers, being the
Education ex-president congress person, it feels like mother’s milk because who’s going to argue that we
shouldn’t have more education. One thing that I think people don’t appreciate as much although, labor
economists understand it, is that when we say that there’s this return to schooling it’s not just in the
income but it also mean you’re more likely to get a job period. During the recession, when I was at the
Council of Economic Advisors, the unemployment rate for college educated workers, it was one of the first times that during a recession, the unemployment rate actually doubled for college-educated workers. It had been around 2% and double to about 4% and suddenly people were saying a college education isn’t worth it because not everybody got a job but you wanted to go back to that saying, well if you think education is expensive and you think it’s hard to get a job with some college education try it without it, because unemployment rate has a fairly strong relationship with years of schooling which is that the overall unemployment rate tends to be about half that for those who don’t have a high school diploma. During times of recession, both of those double but the relationships tend to be pretty stable, the ratios tend of be fairly stable. You see this fairly strong relationship between your likelihood of being unemployed and the years of school completed. Again, we see that those who have higher schooling have better outcomes and if you look through the literature you’ll see that economists and others have documented other outcomes as well, so other benefits. If you go back to our principles course in micro, we think of their more private benefits and their more social benefits. Among the private benefits, people have better employment outcomes, which I just showed you, higher earnings go into that as well, they have better health, their children have better health, their children are more likely to have increased years of schooling, there are decreased chances of divorce, to the extent that you think that’s a positive outcome. They have increased financial market participation, lower chances of bankruptcy, so all of these have been associated with greater years of schooling, and if we look at the societal benefits we see an inverse relationship between years of schooling and crime. More likely to vote, more likely to be politically informed, more likely to believe in free speech, a foundation of our democracy, more likely to pay taxes, which is a social benefit although that’s obviously related to the labor market outcomes. They generate spillover to other workers and requiem already has documented already that in cities where there are higher years of schooling whom with greater education attainment, not only do those with the greater years of schooling have higher earnings but so do those who have less education suggesting that there are spillovers to their less educated co workers as well and they’re more likely to engage in environmentally friendly behavior. That’s a positive social benefit as well. If you talk to the government forecasters, the Bureau of Labor Statistics, they would argue and what they’re forecasting is that the greatest growth in employment growth coming and going forward is going to be related to jobs that are associated with needing higher levels of schooling. It all seems that they are a lot of reasons to believe that education, since we think that what happens, at least this is what one theory is, that if schooling makes workers more productive, which means they are going to contribute more, we see the benefits in terms of private benefits and the social benefits. Of course, I’m going to take a little detour because I wasn’t sure about my audience, to say but obviously we’re never sure whether this is a causal relationship and so economists and others have spent a lot of time and energy trying to come up with strategies for teasing out whether this relationships is just relational, that it happens to be the higher, more-motivated people, more able people get more years of schooling and earn or more of whether it’s actually causal. Ideally, we would do an experiment where we randomly assign people to whether they go to college or not, wait several years, that’s one challenge, and then compare the outcomes of those who have completed schooling or assigned to attend college or not. They key to random assignment is that the decision to go to college is not related to the individual’s background and I just want to emphasize that because it’s going to come up again. The strategy behind other ways of trying to get, if you don’t have a randomized experiment but to tease out the causality is to look for something that is related to getting more schooling but isn’t related to the person’s background. Economists have looked at twin studies, I did some of this with my colleagues many years ago I think the official number is 200 years ago, maybe not quite that long ago, but it feels that way and you know the thing about twins is that, especially identical twins, is they have identical genetic material because it was a fertilized egg that split at some point. Obviously, once it splits, they were in different environments even in uterum, but nonetheless even with twin studies, one does observe that the twin that gets more years of schooling has higher earnings. Economists have used natural experiments, using compulsory schooling laws in the United States and around the world using distance to the local community college or distance to a local four-year college as natural experiments, again finding rather robust benefits to schooling. And then there have been randomized evaluations of some programs which are closely related to higher ed, especially job training programs and again, finding that those who were assigned to essentially classroom experiences, earned more. What we want to take away from this is that we do things, some of this is causal so the first part of the answer to can education help foster mobility, we have to have some sense that there is a causal relationship between education and
mobility, economic outcomes, and I think there is. And furthermore, again, this is work I did with Orley Ashenfelter on identical twins where we used the AFQT which is test's which was given to the individuals in the National Longitudinal Study of Youth, I’m sure you are all familiar with it and divide them up by quartiles so we started with twins and basically find that the return to schooling looks pretty constant over the AFQT distribution. We also did this by looking at family background, we did for identical twins from different family backgrounds, and returns to schooling look fairly similar. If anything, they look to be higher among those who come from more disadvantaged backgrounds, contrary to what some people argue in the press. So we think that there is a causal relationship between schooling and educational outcomes so that’s good. That’s case one. And what we can see over time in the U.S, is that individuals have responded to the increasing returns to schooling that we do observe in the U.S. I didn’t show you that over time but they have rallied to been increasing. One of what we were just chatting about before the talk is, and you can see the response, then this sets the percentage of the population, 25 years and older, to have each level of schooling to zero in 1992 and measuring the change in the proportion of the population with that level of schooling over time. What jumps out very clearly is anything below a hundred, there’s been decreases, so in the U.S we have strong decreases in those who have less than high school education, which I alluded to earlier. We see even decreases in those who stop with a high school degree only which means that in the U.S, we have increasing proportions of individuals who have at least some college and you can see that some college is a smidgen ahead of a hundred, so there is a growth of about 2 or 3 percent in there. But there is definitely growth in the percentage of the population with an associate's degree, with a bachelor’s degree and you can see that actually the percentage with a graduate degree has been increasing and actually if we look at returns to schooling in the U.S, the part of the educational distribution where we’re seeing the biggest gain over the last 5, 10 years is of those who have a post-baccalaureate degree so the rat race continues. Individuals have responded but what are they getting for it? As I’ve done a lot of my work on community colleges and I’m going to be heading there, but just to set the scene, when we think about where individuals are going to, to post-secondary institutions, this is just a pie chart of enrollment. Now enrollment means many things, it’s anything post-secondary in a degree granting institution, some of that’s at the BA level, some of that is higher. Some people are enrolled part-time, some are full-time, just throw everybody in and what you can see is about two thirds are in some form of a four year institution so about 41 percent are in a public four year institution, about 20 percent are in a not for profit institution, and about 6 percent are in a for profit four year institution, that’s about two thirds. The remaining third are at a two year institution, two year institutions are really public institutions. So you see that over 90 percent of two year institutions are public, there is a sliver that are not for profit, pretty much ignore them. There’s a growing percentage that are for-profit, in fact, if you look at the 8 percent that the 1.4 and 6.3 represent in the for-profit sector, that’s the fastest growing sector in higher education. I’m going to have one last slide on it, I think we should be concerned about it, obviously people in Washington are pretty concerned about it because it is fast growing, the economics don’t make a lot of sense to me and it’s not clear the benefits are there. You can see that individuals are about two thirds are in four year institutions and about one third in two year, and I just want to highlight the importance of two year institutions as this is the proportion of first time first year students that are enrolled in a public two year college and you see it reach a height in the early 80s and has been slowly coming down, this is as the for-profits in particular are picking up and picking up some of the slack, but that almost 40 percent, about 36, 37 percent are first time first year students are enrolled in a two year institution. When we think about economic mobility, which is really individuals who are coming from families, I’m going to show you a chart, again by Chetty M from the lowest quintile of family income. Most of them are going to a public two year institutions as their entree to the post-secondary. Post -secondary institutions, they exist in almost every neighborhood in the U.S or at least they are close to that so individuals can live at home while they're going to school, they tend to be more flexible in scheduling so people can work while they're going to school, so they have more non-traditional students. In a four year institution, over half of these students tend to be what we call traditional, meaning they’re about 18 to 23, they’re still dependent on their parents, they don’t have children, they’re not working, they attend full-time. Only 10 percent of two year college students fall into that category so when we talk about that margin for increasing access to postsecondary education, it tends to be in the two year sector which is why I find it fascinating but also it’s why if we’re really going to juice the role of higher education mobility, this is the sector we need to be looking at.
Just to put that into context, this is data, again, from Raj Chetty, again it’s descriptive. This is a higher challenge for mobility, the first slide I showed you just said did the child earn more than the parent? And I don’t know at which point he decided more, so I don’t know if you earn a dollar more, whether that counted as more. But this is a much tougher metric, a much higher bar. This success rate says what’s the probability the child who is born to a family in the first quintile, so the parents are in the first quintile, what’s the likelihood the child ends up in the fifth quintile. So that’s a lot of mobility, right? That’s a lot of mobility and this is what, he has looked at individuals who went to selective public colleges so the University of Wisconsin system would be a highly selective college system. This is one tier down and on the y axis is the mobility rate, this is what we might call the access rate. So it’s a fraction of parents in the bottom quintile at that school. So you can see, if I did the chart for league colleges, the data are concentrated down here because most of the students are not from the bottom quintile. At these selective institutions, so these are four year institutions, they also at the four year level, it’s where you get more access, you can see though most of the data are concentrated with families that, for the institutions, fewer than 20 percent of the students come from parents in the bottom 20 percent and you can see that these selective institutions nonetheless are helping some of the students move all the way up to the fifth quintile. If we were to look at the University of Wisconsin system, the access rate is about 4 percent so about 4 percent of the students come from the bottom quintile and the success rate is about 22 percent. I, personally, don’t think that’s bad given this rather high bar for mobility but nonetheless, you might ask if we can do better. This is the same chart looking at two year colleges and where they fit on those data so you can already see that they are educating, in two year college you have a much greater fraction of the students that are coming from the bottom quintile family income. They are also not getting as far up on the y axis. Now why is that and that is what I want to spend the rest of my talk about. So, they are making some movement, remember this is the high bar, some of them are getting into the fifth quintile even though, by his definition they mostly attended a two year college, but nonetheless why is it then they might not be doing better? I want to start by looking at degree attainment in two year institutions. These data are kind of old because this the beginning postsecondary survey which goes out 6 years and for two year college students in particular you need to give them some time because they don’t tend to be enrolled full-time. They tend to be in and out of school and the more recent cohort we don’t have quite as long as a tail to watch them. If you look at all students that started in 2003, 2004, about 31 percent of them within 6 years completed a bachelor’s degree and about 9 percent as associates, 9 percent as certificate. Notice that about 50 percent of them have not completed a degree within 6 years. 15 percent are still enrolled so keep hope alive, but 35 percent of them are no longer enrolled. Again, for community college students, some of them may not be enrolled at the time of the survey but will have gone back and, when you look later, community college students have higher educational attainment. But nonetheless, 50 percent haven’t completed a degree. When you break it up by public two year and found year, you can start to see a pretty big gap though. Among public tier school student who started in a public tier college, only 12 percent completed a bachelor's compared to 60 percent who started a four year college. Only 14 percent have completed an associate's degree which is a two year degree. You can see that two thirds of them have no degree after 6 years of first enrolling compared to much lower numbers for those who started a four year institution. Some might argue but it you started a community college, maybe you didn’t want the bachelor's, maybe you were just trying to take a few classes in order to improve your skills and go back to work. If we break students into those who started a two year college and we look at first of all, what is their initial degree goal, so almost 60 percent of those who started in a two year college still say they would like a bachelor's degree as their highest degree. Now that might be unrealistic but that’s still a pretty high number and is a pretty gap between that and only 12 percent actually completing. Furthermore, if you look among those who would like a bachelor's degree, while, 68 percent of them complete some college but only 15 percent of them completed an associate’s degree and only 17 percent of them completed bachelor's degree. So there’s still a pretty big gap even among those who say they would like a bachelor's degree and what they're actually able to complete and that obviously compares pretty favorably compared to a four year college were among those who wanted a bachelor degree, 6 years later 62 percent of them have actually completed a bachelor's degree. What is going on?

This is a slide I use a lot and I just like it, I think I like the figure mostly. My own personal belief is that a large part of the problem is that they have complicated lives. I mentioned that 10 percent of them are non-traditional students which means that they're juggling work, kids, maybe taking care of their
parents, maybe have a spouse of a partner all while trying to go to school which can be a pretty, you know, there’s only 24 hours in the day, so that’s a lot to be trying to juggle, maybe getting the paper in on time isn’t your highest priority if you have a child who’s home sick. Also, I’m going to come back to academic preparation in just a second. By many estimates, a very high fraction of high school students are not leaving our high schools prepared for college let alone work. The curriculum is just not really geared to these non-traditional students and to their lives and also to their preparation coming in. Lack of institutional support which I think goes along with the curriculum but also goes to the advising. If you look at the caseloads of the counselors and advisors in a lot of two-year institutions, they’ve got caseloads of five, six, seven hundred students per counselor and they don’t know the students, they don’t actually know the schools, they’re not checking in with them, and then obviously we have to worry about cost which I will come back to as well. So first, talking about the preparation though, what I’m working towards is a couple of interventions that basically try to address at least two or three of these reasons for non-completion in their reform. The first problem that both interventions that I’m going to talk about try to address is developmental education. If you look at rates of students that are taking developmental education or remedial classes, this is based on the NPSAS in 2012. 33 percent of them have, by the time they are surveyed, say they have ever taken a developmental education course or remedial course, this is reading, writing, or math. If you look at the fraction that took it in the past year, it’s 20 percent. That varies by whether they’re in a public two year institution where you have 40 percent of the students have ever taken a remedial course, 25 percent of a quarter of them have taken one in the last year. Much lower levels in four year institutions at the public sector and much even lower in the not-for-profit sector. Some of this was intentional in the public four year sector, states like New York shifted remedial education to the two year colleges. If you needed to take it, when you got to college, they required that you start at a two year college and do it at the two year college. You can see that part of what two year colleges are trying to juggle is students that need to be taking some additional coursework to get up to speed. The problem is we don’t know how to do it very well. One, some people would argue that the developmental education, for example, they still insist that people learn how to do in the math, like calculus, trigonometry, a little geometry whereas who really needs that, this room does but who does in the real world. It might be more useful for them to know statistics for example and that what we’re testing them on for the developmental education is not really what they actually need for their jobs. It’s also a problem, this gets in the way in terms of their persistence in postsecondary because the developmental education courses typically don’t count towards graduation, they’re not degree granting and you can run through your Pell eligibility or some of your financial aid while you’re taking these courses and so that you don’t have enough financial support if you ever emerge from them. One strategy that Washington State has taken, is combining dev ed and vocational training together. They call this the integrated basic education and skills training program. They actually had to be kind of creative in funding this at least initially. Developmental education is funded through the Department of Education and vocational education and training is funded through the Department of Labor, and they actually, you not really have “the twain shall not meet” in speaking to the person who developed I-BEST. He said we thought we would act first and ask for forgiveness later and other states have been experimenting with that as well and at the time, the Assistant Secretaries in both agencies and both departments were sympathetic with institutions trying to combine them but this is just one example of where funding streams can actually get in the way of reform. What they do in Washington State with I-BEST is, the whole purpose was to help accelerate student’s progression through post-secondary, help them accumulate more credit. The idea in co-teaching the basic skills with occupational skills were not only to help them accumulate the college credits, the occupational credits more quickly, but to also make the developmental education more relevant. So imagine, you’re a 25 year old student, and you’re learning, you’re working on your basic reading skills and “Watch Dick Run” is not so interesting but if it’s put in the context of learning about health or advanced manufacturing or whatever the skills you might be acquiring, it’s just much more relevant and much more interesting and more motivated. So if the program were medical assistant, nurse’s aid, these were designed to be occupations that in Washington State, they knew or suspected, they hoped, they guessed, would be in demand when the students came out and what it did require is that they had two instructors that had to work together so it did cost a bit more and largely was the cost of having two instructors in the class together and the fact that it costs coordination time for them to work together and you have two teachers there at the same time. So this was not a randomized evaluation, it was done by the folks at the community college center at teacher’s college but what they did was they compared, when
they rolled out I-BEST, they didn’t roll it out all over the state to start with so they had students in I-BEST and students at other colleges that were not in I-BEST but you can see that those who were enrolled in I-BEST were much more likely to have received college credit. You can see that any college credit, most of those college credits were in a career technical education course, because that was the design of the program so that’s not a big surprise but you can see compared to the comparison group, they were much more likely to do so. If you look at the number of credits earned, they earned about twice as many college credits, again, mostly centered on the CTE credits, but they did seem to accumulate more credits. This story is a little bit mixed, puzzled, this is not a statistically significant different but the persistence to this the following year was not as great among the I-BEST students. Again it’s not statistically significant, but it’s something to be looking under the hood of that as we think about, actually Washington State has already rolled this out all over the state, but the question was why was this. Maybe the students felt they had gotten enough credits and they wanted to move on and had the skills to get a job although I’m about to show you maybe not so much. When they looked at the logged hourly wages, this is the I-BEST group, that’s the program group if you could tell, you can see the both, if you look at pre-post, they both had loss so that’s not a statistical significance and this is hours worked, this is not statistically significant, they were looking, they were measuring the outcomes during the downturn so that may explain this, it still doesn’t explain, I mean the I-BEST is less negative than the comparison group but nonetheless it suggest that I-BEST looks intriguing, they already have rolled out in Washington State, I think it’s worth replicating elsewhere because I think it makes a lot of sense and actually there are other models, sectoral based training where again, students are getting basic skills training while they get some occupational skills and the reason they call it sectoral training is because they’re usually linked up say, a union organization or a sector of employers so that the skills that they’re learning are the skills that the employers know that they want them to receive. Making the developmental education courses more occupationally relevant for many students especially first generation college students looks like a promising way to be juicing some mobility. A second example is from a demonstration, the program is run by CUNY, but MDRC conducted a randomized evaluation and then I’ll talk about some new results from their attempt to scale. CUNY’s system has been running for the last 10 years, the accelerated study and associates programs are ASAP. Again, the purpose here is to get students through community college more quickly, the focus here was they wanted to tackle this dev ed problem. Their strategy wasn’t so much to innovate on the curriculum of dev ed, but it was to say we’re going to give you a lot of counseling to say that you need to get those out of the way quickly so that you can keep moving along so there was a lot of focus on getting them to take their dev ed courses early. They had much enhanced advising so the advisors would know the students and could advise them to do so. They also required the students to attend full-time. Now many community college students do not, which may mean that this is never going to a really scalable reform for all community colleges but there are students that with some nudges, will be willing and understanding with what the trade-offs might be and really trying to juggle classwork, a post-secondary schedule while working, could be encouraged to go ahead and try to condense it and bite the bullet and attend full-time and they strongly encouraged the students to graduate within 3 years. So they had enhanced revising, they had special tutoring services as well to help them get through, they encouraged them and made it a little easier for them to take linked courses, for community college students that can be important because they’re usually not residential and so they don’t get to know their classmates at all and so by having courses that are linked that you take with a group of students you get to know a cohort and it can make for a better social environment. The evidence on what we call learning communities is actually pretty mixed but nonetheless I can see as part of an overall reform could make a difference. And the students got a tuition waiver so they worked pretty hard to reduce the cost of going to CUNY, for them. Ok, the students also got, so they got a tuition waiver that covered the gap between tuition fees and financial aid and something that NBRC thinks was impossibly important in New York City was this MetroCard, which they got this MetroCard and made it easier for them to get around and actually get to class. So in their randomized evaluation, they were focused on Pell eligible students, especially students whose family income was less than 200 percent of the federal poverty line. They wanted to focus on students that needed to take one or two dev ed courses, they focused on students who previously earned few college credits because they were thinking about students just starting, and might see residents were willing to attend full-time because it’s part of ASAP and were in an ASAP eligible major. They started in 2010 and there were just under 1000 students who participated. What did they find in their randomized evaluation? So this is looking after 3 years, you can see that those
in ASAP, 41 percent had earned any college degree after three years compared to only 22 percent of the control group. 25 percent of them were enrolled in four year college compared to only 17 percent of the control group so these were fairly impressive educational gains for this program which largely really encourages students to focus on their school while they were in school, did provide some of the tuition assistance and also provided enhanced counseling. If you looked at the total credits earned, this is a statistically significant difference; those in the ASAP group had earned more credits than those in the control group as well. These were really impressive results, that we don’t typically see in evaluations of programs at the postsecondary level so NBRC is currently scaling, they have replicated ASAP in three community colleges in Ohio. At all three sites the students are more non-traditional than in New York which means more of them are working, they’re older, they’re more likely to have children. They only have very interim results, two semesters is even pushing it, it’s more like a semester and a half since random assignment, but their early impacts looks promising. They see that there are enrollment impacts after the first and second semesters, differences between the programming and control groups. They see that the program group attempted more credits in the first and second semesters than the control group. They have two cohorts now, I think they are working up to three. In the first cohort, they also see that the credits earned in the first semester were greater than the credits earned for the control group in the first semester, too early to tell for the second semester. The size of the magnitude of the impacts is smaller than in New York, they’re not statistically different than New York but it may be that they’re going to be smaller than New York, but they are seeing some impact, would be pretty exciting if this actually applied in a very, very different setting that New York City, a completely different labor market. Exactly.

So the last point that I want to make in reform that I want to talk about is around financial aid. This is chart shows tuition. We’ve got the top line being private four year non for profit tuition, the sticker price, that’s what everybody looks at every year, it’s gone up like gangbusters. The college board likes to remind us every year that the sticker price isn’t what most students pay and so the dashed line is actually tuition net of financial aid which they estimate, put in an estimate, put nonetheless that you can see the growth has been much slower because of increasing in Pell Grants and tuition tax credits and state financial aid as well, so you can see that’s been much slower. You can see the public institutions, again the sticker prices come up. If you look at the net, it has been much slower, nonetheless, these are real pressures but the net tuition increases have been much slower than most people advertise and if you look at public two year tuitions, if you take into consideration Pell Grants and other financial aid, there’s actually basically been no change and is basically zero, basically free at least on average. Nonetheless, if this is a chart of total Pell Grant expenditures, on the left hand side we currently spend about 28 billion dollars on Pell Grants every year and that’s serving about 7.8 million students. Pell Grants are one of the major ways by which we try to improve access in postsecondary education and we hope and we don’t have as much evidence on this but persistence as well. A major investment at the federal level for offsetting the cost. During the Obama administration there was a really big push as part of the recovery act and beyond to shore up the Pell Grant program so they pushed through an increase in the maximum Pell, which increased the average Pell Grant per recipient. That was then, the new budget looks a little less generous when it comes to Pell but that will to be determined as it rolls through Congress. Given the size of the investment, many people have pondered, are there reforms to Pell that could make it even more effective. What I want to talk about are some experiments that I’ve been involved with in MDRC and that MDRC has done around performance based Pell scholarships. I want to highlight from the outset that this is not necessarily mean that making Pell more performance based which means that you don’t get paid up front, but you get paid if you’re staying in school and getting good grades would have the same impacts because Pell is a much more generous grant, it’s the first dollar grant that the studies that I’m going to show you were last dollar, so they were on top of Pell so it doesn’t mean that you would get the same behavior responses if you were to make Pell performance based so I have to put that little asterisk up there because I think it’s real but nonetheless I think it’s still motivated from, you know we think grant aid is important and it’s important to support students when they go to college but are there reforms we can make that would make it even more effective. The reform that we were looking at financially is what we called performance based scholarship and the idea was that you’re not just given a lump sum of money up front that you could use to pay for tuition for books or whatever you need to do but that you’re getting the money, might get some of it up front but the rest of it you’re going to get as you go. One, you could think about this as almost like treating schooling as a job, right, you get paid weekly or biweekly or
monthly after you’ve done the work and so essentially we’re sort of paying the students As an economist, the way I think about it is pulling forward the return to schooling or pulling it forward so instead of having to wait until you’ve completed all of your schooling in order to get an economic return, we’re saying if you do some of the internal steps that we think are important for success in schooling, we’re going to have that payoff come much more quickly. This was an early example, I worked on this project with MDRC, it was what was called “opening doors”, it was at two community college in Louisiana and so what the students would get is $250 upon enrolling at least half time, get another $250 if they had at least a C average at midterms, get another $500 if they had passed all their classes and earned at a least a 2 pointer GPA and they could repeat this for a second semester so they could get up to a total of $2000. I know the benchmark, the hurdle they have to get over in order to get the performance scholarship looks low at these community college, that was actually tough for many of the students. So the first question is, did it change behavior? Now I’m actually going to pivoting both studies but this came from two other different sites. I was working with Lisa Barrow where we actually did time use studies and done in New York City and in California where we said, if you’re looking at the treatment group and control group, what did you do last week and had them fill out time diaries over the last 24 hours and also ask them the questions over the past week and what we found is that students who were given the incentive did shift some of their time to academic activities. I thought this was an important thing to establish because often when we do these experiments we say we give you money, this is theory why we think why it should work but we actually don’t try to get inside the black box. So this suggests to students, get it. So if you give them the incentive, they’re going to change their behavior, these are scaled impacts, they’re not big. They’re statistically significant but not huge but you can see that on the margin they were more likely to spend time on academic activities using some psychological measures of their quality of their educational input and feel like they got it and they spent a little less time on non-academic activities. We did not detect as much of on an impact on work specifically though which is one margin that we would have expected them to adjust on. But ok, so do they improve educational attainment. If we go back to the opening doors study that I told you about which was really the original study that we did with MDRC. The dark blue is the program group and this is a control group, the program group was slightly more likely to enroll in any course the first semester. The one star suggests that it’s only significant at the 10 percent level, not a huge surprise as students were already on campus by the time they were randomly assigned so even the control group was fairly motivated to at least enroll. If we look at the second semester though we start to see that there was a pretty big statistically significant different and the students in the program group were more likely to enroll in the second semester. If we look at total credits attempted, again, not a big difference in the treatment group and control group in the first semester, but if we looked at the credits earned, there was actually a pretty big difference between treatment and control. If we go to the second semester, we see that the program group attempted more credits and earned more credits as well. If we look longer term, we see the total credit difference in the first year is about 3.3 credits, this is a low bar, the success rate in these community colleges was quite low to begin with. Not as much of a difference in the second semester but if we look at total credits earned over the first two years, largely from the boost in the first year, we see about 3.7 difference in credits which was actually fairly largely for these two community colleges. NBRC then, everyone was so excited about opening doors, they then replicated it in many other sites. They have slightly different version of performance based scholarships in New Mexico and possibly Arizona, they were actually in a four year college. In Arizona, it was Latino men, but nonetheless these were all version of performance based scholarship and what you found is opening doors probably came out with the heftiest impact on educational attainments. All of them have a positive difference but you can see that only in a couple of places where there are actually statistical difference between treatments and control so what I take away from is that with these performance based scholarship, you can provide some incentive that will translate into some different in educational attainment, it might make a difference as part of an overall package, not a panacea.

My last slide, which is a good thing, is I just have to make a comment about for profit institutions. They are the new commerce in this space and especially for the population of students that I’m really concerned about and that we’re worried about for upward mobility, these for profit institutions are rather attractive and you can see that they have grown because they can be very nimble, they move much more quickly at responding to what they believe to be the growing occupations in a particular area. You can't see that they grow up and pop up in areas where the two year colleges in particular are not able to serve
all students that are interested in enrolling in college and they’ve been very quick at adopting technology
in fact some innovative text message sent to students were “didn’t see you in class”, “have you turned in
your assignment” reminders and ways of staying in touch with them. This is a very heterogeneous sector
and there are some good actors, there are some very bad actors if you read the New York Times this
morning, there are some very bad actors especially when you combine it with these student loan fiasco.
But what’s even more troubling is that David Deming and Larry Katz, I think Claudia Goldin might have
been part of that effort as well have been studying the economic benefits to for profit institutions and they
just don’t look like they’re very robust at all and especially when you combine that with the high cost that
comes with many of them, it just doesn’t look like it’s the best sector for students to be investing.
Obviously, there are some good ones but students are going to have to be very cautious when trying to
understand, largely because the cost is so high. So, in sum, what do I think? I think education is part of
the puzzle. It is an important vehicle for fostering upward mobility, I don’t think it stands alone on its
own. I don’t any of the results I showed you here would suggest that education alone is going to help
students who start off in the bottom quintile, move into the fifth quintile or have for parents who are the
bottom quintile, their kids are going to be in the top quintile but nonetheless I think it’s an important
avenue. I think the reason why we don’t see more mobility is because I think there are some challenges in
our post-secondary sector. I think two year colleges, again, are very heterogeneous, some are fantastic,
some are not quite as fantastic. They’re dealing with a heterogeneous population which makes it a
challenge but I think we need to see some innovative thinking in terms of developmental education in
particular, combining occupational training with developmental education, making sure that the classes
are really relevant to the local labor markets and finding ways to help students really manage their time so
that they either mold more time in school, actually I’m a really big fan of trying to get more students to
focus on their schooling while they’re in school so they get through more quickly and can become
productive workers. The reforms that focus on those issues have been more promising. The reform, at
least performance based scholarships in the financial aid space I think as part of a package, may be
something to consider but I don’t think it’s a panacea in of itself and so overall I think we’re making
progress but there’s much to be done and much to be learned. So thank you.