



The effects of the Kalamazoo Promise on college choice

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ABSTRACT

On November 10, 2005, then Superintendent of the Kalamazoo Public School System, Janice Brown announced—to the surprise of Kalamazoo's residents—the beginning of the Kalamazoo Promise. Fully funded by a set of anonymous donors, the Kalamazoo Promise is an urban revitalization program that offers up to four years of free tuition to any public college or university in the state of Michigan for graduates of the Kalamazoo Public School system who meet certain eligibility criteria. Using the subsidy as a source of exogenous variation in the price of college, we use quasi-experimental methods to evaluate the impact of the subsidy on college choice. We find that the Kalamazoo Promise increases the likelihood that students from Kalamazoo Public Schools consider public institutions in Michigan. In addition, we find that the Kalamazoo Promise especially impacts the college choice set of students from families who earn less than \$50,000 in annual income.

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1. Introduction

To the surprise of the residents of Kalamazoo, Michigan, the Kalamazoo Promise was announced on November 10, 2005. Fully funded by anonymous donors, the Kalamazoo Promise offers to pay both the tuition and mandatory fees of graduates of Kalamazoo public high schools at any public college or university located in Michigan. To be eligible for the scholarship program students must graduate from a Kalamazoo public high school, reside in the school district, and have been enrolled in the Kalamazoo Public School (KPS) district for four years or more. Enrollment and residency must be continuous to be eligible for the financial support. Students must gain admission to and enroll in a public State of Michigan community college, or four-year college or university. They must make regular progress

toward a degree or certification and maintain a 2.0 grade point average at their postsecondary institution. Students must complete a minimum of 12 credit hours per semester, and if their cumulative grade point average drops below 2.0, they lose the funding, but it may be reinstated if students are able to bring their grade point average up to at least a 2.0.¹ However, the Kalamazoo Promise (henceforth, The Promise) is more than just a college scholarship program. It is a multi-faceted approach, one component of which is the tuition support for KPS high school graduates. The Promise is intended to spur urban renewal by attracting new residents who are interested in having their children's college subsidized; the scholarship program component is designed to offer the KPS graduates the opportunity to attend college and hopefully return to work and live in Kalamazoo. The Kalamazoo Promise represents a substantial philanthropic investment in the citizens of Kalamazoo and it is designed to continue indefinitely.

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¹ The source of the eligibility criteria is the official Kalamazoo Promise Website: <https://www.kalamazoopromise.com/>.

The urban development aspects of the program are interesting. However, examining the potential of The Promise as a catalyst for development is not the primary focus of this paper. Herein, we focus on the effect of the scholarship on college access. The unexpected announcement of The Promise, the significant size of the subsidy, and the short time between the announcement of the program and its implementation presents an opportunity to identify the causal effects of the program on student college choice. To do so, we examine the ACT score report sending behavior of the first cohort of students who are eligible for the scholarship. We follow Card and Krueger (2005) in using score reports as a proxy for a college application and do so because data detailing the early enrollment decisions of students was unavailable early in the life of the program.²

Our research design exploits the variation in price induced by the Kalamazoo Promise to examine the effects of changes in the price of some colleges on the college choice set. The decision of where to go to college is surely among the last of many decisions that lead to college attendance. The Kalamazoo Promise is designed to bring about urban revitalization via gains in human capital acquisition. By lessening the price, the Kalamazoo Promise will likely increase the academic preparation of future students as they take more difficult courses in anticipation of going to college. We should also expect to see college attendance rising over time due to the following factors: students who absent The Promise would not have sufficient funds to attend college will be able to afford to college, an influx of students from families who relocated to take advantage of The Promise, and changes in both the community's infrastructure and attitudes towards college attendance due to the publicity generated by the promise. Testing the hypotheses that The Promise should produce more and better prepared college attendees are fundamental research questions, but are not answerable at present as these effects will emerge gradually and are outside both the time frame and data we consider in this paper. Still, the question of The Promise's influence on college choice is an important one and central to the design of the subsidy because The Promise only subsidizes public colleges and universities in Michigan.³

The Promise subsidizes public colleges and universities in Michigan under the premise that locally educated citizens are more likely to contribute to the local economy. In the short period since its inception, The Promise has garnered the attention of other communities and philanthropists. For example, there are "Promise-like" programs in other locales such as Pittsburgh, Pennsylvania;

El Dorado, Arkansas and Denver, Colorado.⁴ Also, the state of Michigan is considering creating "Promise Zones" that would encourage public and philanthropic college financing initiatives modeled after The Promise. Given the interest in these types of programs, this paper provides a crucial step toward determining the effectiveness of such programs to influence prospective college students' choice of postsecondary institution.

2. Background

Economists have exploited many sources of variation to identify the effects of changes in college price on college access and attendance.⁵ For example, within state changes in tuition (Kane, 1994) and the GI Bill (Bound & Turner, 2002) have been examined for their effects on college attendance. However, the studies most directly related to our situation are the evaluations that examine how subsidies to students in specific geographic locations affect postsecondary attendance decisions. For example, Dynarski (2000) examines the impact of Georgia's HOPE Scholarship on college attendance. Funded by proceeds from state sanctioned gambling, the HOPE scholarship pays the tuition and fees of residents to Georgia's public colleges and universities or pays a fixed amount towards the tuition at a private college or university in Georgia. To qualify, Georgia residents must have a 3.0 grade point average in high school and maintain a cumulative 3.0 grade point average in college. Dynarski finds that the HOPE Scholarship increased college attendance among 18- and 19-year-olds by 7–8 percentage points. Cornwell, Mustard, and Sridhar (2006) find that over the 1988–1997 period the HOPE Scholarship increased college enrollment by 5.8 percent or 2,889 students per year, with enrollment in four-year colleges accounting for most of the enrollment gains.

Abraham and Clark (2006) examine the effects of the District of Columbia Tuition Assistance Grant (DCTAG) program. Initiated in 1999, the program subsidizes District of Columbia residents' attendance at public colleges and universities in the United States. The authors find that the program increases the probability that students apply to eligible institutions and increases college enrollment among recent D.C. high school graduates. Kane (2007) also analyzed the DCTAG program, and his results indicate that between the years 1998 and 2000 the number of District residents attending public institutions in Maryland and Virginia more than doubled. He also examines the enrollment effects on public institutions in other states and finds that the number of D.C. residents attending these institutions nearly doubled.

Following these scholars lead, we exploit a sharp change in the price of Michigan's public colleges and universities for qualified high school graduates of the KPS District and use this policy change to identify the effects of the scholar-

² Using data from the University of California System and The College Board, Card and Krueger (2005) regress the log of the number SAT score reports sent to one of eight UC campuses by members of a racial/ethnic group in a year on the log of the number of applications to the same UC campus by members of the same ethnic group-year cell. The result of the regression is the amount of attenuation from score reports to applications. Their findings indicate that score reports are a good proxy for applications.

³ We include as an appendix table a comparison between the actual number of promise recipients that enroll at various colleges in Michigan and the number of score reports sent to the same colleges for students in Kalamazoo Promise schools in 2006.

⁴ See the following URL hosted by the Upjohn Institute for a complete list of communities with "Kalamazoo Promise" style programs: <http://www.upjohninst.org/promise/communities.html>.

⁵ Dynarski (2002) provides a nice summary of some of this literature.

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