



Post-baccalaureate migration and merit-based scholarships[☆]



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ABSTRACT

For policymakers aiming to alter the migratory patterns of skilled labor, one potential tool involves subsidizing higher education. We present new evidence on the effects of merit aid scholarship programs – programs that offer partial or full tuition subsidies to high-achieving in-state students. Using Census data on 24 to 32 year olds in the U.S. from 1990 to 2010, we show that eligibility for merit aid programs slightly increases the propensity of state natives to live in-state, while also extending in-state enrollment into the late twenties. However, the share of a cohort both living in-state and having a BA is unchanged, with a possible decline in overall BA attainment. These patterns notwithstanding, the magnitude of merit aid effects is of an order of magnitude smaller than size of the treated population, suggesting that nearly all of the spending on these programs transfers resources to individuals whose ultimate migration decisions remain unchanged.

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1. Introduction

Social scientists have long sought to understand what drives interstate migration, particularly of high-skilled (college educated) workers (Beine, Docquier, & Rapoport, 2001; Frey, 2002; 2004; Greenwood & Gormely, 1971; Sandefur, 1985; Sandefur & Scott, 1981; Zodgekar & Seetharam, 1972). Policymakers, too, are interested in the interstate migration of high-skilled workers, with an eye

toward increasing the skill of the workforce and improving their economies. One of the more popular tools used to create and retain a highly-skilled workforce is the merit based scholarship for in-state college attendance. These scholarships reward students who perform above a minimum academic level with grants, provided they attend an in-state postsecondary institution – often either private or public. The hope is that, by compelling students to remain in-state for college, these scholarships will induce college-goers to remain in-state after they graduate.

One of the earliest and most prominent broad-based merit aid scholarships was the Georgia HOPE scholarship, which began in 1993.¹ Since then, more than a dozen other states have introduced similar programs on a large scale. In the 2010–2011 academic year, 28 states offered some sort of merit aid program, totaling \$3.9 billion in spending (NASSGAP, 2011). The expansion and popularity of these

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¹ We adopt the focus of Dynarski (2000, 2004) on merit aid programs with academic performance requirements that make them accessible to a large portion (30%) of residents, i.e. broad-based merit aid programs. For more information on this classification, see Dynarski (2000, 2004).

programs has driven an extensive body of research, but the majority of it has focused on individual states or on the short-term outcome of college/postsecondary enrollment (Cornwell, Mustard, & Sridhar, 2006; Dynarski, 2000; Orsuwan & Heck, 2008; Zhang & Ness, 2010). Merit-based scholarship programs seek not only to promote initial college enrollment but also to enhance the quality of the adult workforce. Now that these programs have existed for some time in many states, a broader range of tests is not only possible, but also of the utmost timeliness and relevance.

In this study, we utilize the broader geographic scope these programs now command and their extended time horizon to build a comprehensive picture of how merit aid scholarships affect residential migration and completed schooling levels among residents old enough to have potentially completed their college educations. To do this, we incorporate data on the introduction of broad-based merit aid programs for fifteen states and Decennial Census and American Community Survey data on 24- to 32-year-olds in the U.S. from 1990 to 2010 in a difference-in-difference framework. Our identification of the programs' effects on residential mobility and educational attainment stems from differences in these outcomes for cohorts of residents in states with and without broad-based merit scholarships before and after the programs were introduced. In other models, we use only states with broad-based merit aid programs and rely on the timing of program introduction for identification of program effects.

Our contribution to this literature is fourfold. First, the long horizon over which some of these programs have operated allows us to focus our analysis on a larger set of lifecycle outcomes than previously available, most prominently residential migration and longer-term educational attainment. Second, we expand the scope of our analysis to include fifteen states with broad-based merit aid programs. As mentioned, much of the existing research focuses on the effect of broad-based merit aid on overall college enrollment and enrollment specifically at in-state postsecondary institutions. Previous studies typically find a positive effect on overall college enrollment of 18- and 19-year-olds (Conley & Taber, 2011; Cornwell et al., 2006; Dynarski, 2000) and a concurrent increase in in-state college attendance, particularly at four-year public postsecondary institutions (Cornwell et al., 2006; Dynarski, 2000; Goodman, 2008; Orsuwan & Heck, 2008; Zhang & Ness, 2010). Results from a smaller set of studies on educational attainment are more mixed. Some studies find increases in educational attainment (Dynarski, 2008; Scott-Clayton, 2011) while others find little effect or even negative effects (Cohodes & Goodman, 2014; Goodman, 2008; Sjoquist & Winters, 2012a). Most of these studies focus on one or two states, making it difficult to know whether the results generalize to other settings.²

Third, the larger sample sizes that result from analyzing a wider set of merit aid scholarship programs allows us to present new evidence on differences in the effect of merit aid across demographic groups – i.e. gender and race. Finally, relative to the few recent studies that use similar data to answer questions related to ours (i.e. Sjoquist and Winters (2014) and Sjoquist and Winters (2015)) our study captures a measure more relevant to policymakers concerned about the local labor market. When quantifying the effect of merit aid on the migration of high-skilled labor, we focus on the change in the probability of both living in-state and having attained a bachelor's degree (BA). This is contrasted with previous literature, which estimates the change in the probability of living in-state, conditional on having a college degree. In particular, Sjoquist and Winters (2014) find that conditional on having a BA, individuals are more likely to reside in their home state as a result of merit aid. If there is any effect of merit aid on degree receipt, conditioning the sample in this way limits the ability of previous studies to speak to the effects of the program on the broader population. We show that, after taking into account a decrease in overall degree attainment, the net effect is no measurable increase in the retention of BA recipients. Although the theoretical difference between these effects may not be readily apparent, we explain below in Section 5.7 that there is a substantive difference between the two effects, and the effect on which we focus is most economically relevant from the perspective of the local labor market.

We have three main findings. First, we find that residents born in a merit aid state in a cohort eligible for the scholarships are 1 percentage point (1.5%) more likely to live in the state at ages 24–32 than those born in cohorts ineligible for such scholarships. Second, eligible cohorts are no more likely to have received a bachelor's degree. In fact, our point estimates for BA attainment are negative, though not consistently statistically significant at conventional levels. This reduction in completion appears to be accounted for by an increase in the likelihood of only finishing some college. Third, we find that merit-aid-eligible 24- to 32-year-old residents are 0.4 percentage points (3%) more likely to be currently enrolled in college without having yet obtained a BA. This increased college enrollment in later years seems entirely driven by increases in enrollment at in-state institutions. Importantly, while previous studies have documented increased enrollment among the college-aged (e.g. 18 to 19 year olds), ours is the first study we know of to recover a slight increase in college enrollment among older students, those aged 24–32.

Unfortunately, the Census data do not allow us to definitively say whether newly retained residents remained in-state for college or simply relocated back to the home state after attending college elsewhere. Previous studies have found that merit aid availability at the time of college attendance changes students' location of college enrollment, making them more likely to remain in their home

² There are three recent exceptions – recent papers by Sjoquist and Winters (2015) and Sjoquist and Winters (2014) look at educational attainment and migration, respectively, using Census data in a fashion similar to our current research design. We discuss below and in detail in Section 5.7 how our results differ in interpretation. Jia (2013), also a current working paper, uses 2010 ACS data and finds a significant increase

in attainment of any degree, including both bachelor's and associate's degrees.

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