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journal homepage: [www.elsevier.com/locate/econedurev](http://www.elsevier.com/locate/econedurev)Affirmative action bans and college graduation rates<sup>☆</sup>Peter Hinrichs<sup>\*</sup>

Federal Reserve Bank of Cleveland and NBER, United States

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## ABSTRACT

This paper estimates the effects of statewide affirmative action bans on graduation rates within colleges and on the fraction of college entrants who become graduates of selective institutions. On net, affirmative action bans lead to fewer underrepresented minorities becoming graduates of selective colleges. Although the graduation rates for underrepresented minority groups at selective institutions rise when affirmative action is banned, this effect is small relative to the number displaced from selective universities due to affirmative action bans.

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## 1. Introduction

College graduation rates for blacks, Hispanics, and Native Americans lag behind those of whites and Asians. In the year 2000, 26.1% of whites and 43.9% of Asians in the United States above 25 years of age were college graduates,

but only 16.5% of blacks and 10.6% of Hispanics were.<sup>1</sup> Even among those who entered a four-year degree program in the United States between 1996 and 2003, the six-year graduation rates were 59.9% for whites and 66.3% for Asians but only 40.6% for blacks and 48.2% for Hispanics.<sup>2</sup> There are many possible reasons for these disparities, including differences in family background, differences in ability, discrimination, or credit constraints. There are also many policies that potentially have the ability to reduce these disparities, including providing more need-based financial aid, improving preschools or the K-12 education system, and affirmative action in college admissions.

This paper focuses on affirmative action. An empirical study of the effects of affirmative action on college graduation rates and degree attainment is important for at least four reasons. First, affirmative action in college admissions directly relates to several important broader topics in economics, such as human capital acquisition and

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<sup>\*</sup> Correspondence to: PO Box 6387, Cleveland, OH 44101, United States. Tel.: +1 216 579 2176.

E-mail address: [peter.hinrichs@clev.frb.org](mailto:peter.hinrichs@clev.frb.org)

<sup>1</sup> Source: Table 224 of the 2010 Statistical Abstract of the United States.

<sup>2</sup> Source: Author's calculation using IPEDS data discussed in Section 3.

**Table 1**  
States with affirmative action bans.

	96	97	98	99	00	01	02	03
California			X	X	X	X	X	X
Florida						X	X	X
Texas	X	X	X	X	X	X	X	X
Washington			X	X	X	X	X	X

Note: The ban at Texas A&M began in 1996, and the ban at Florida State University began in 2000.

labor market discrimination. Second, the issue is very timely. Table 1 shows that, beginning in the late 1990s, several states have prohibited the use of race in determining admission to public universities statewide.<sup>3</sup> Several other states (Arizona, Michigan, Nebraska, New Hampshire, and Oklahoma) have done so even more recently, albeit too recently to estimate effects on graduation rates. Additionally, the Supreme Court recently ruled on the case *Fisher v. University of Texas* by remanding it back to the circuit court that had previously ruled in favor of the University of Texas' affirmative action policy, and it decided the case *Schuette v. Coalition to Defend Affirmative Action* by allowing Michigan's affirmative action ban to stand. Third, states have an interest in supplying college graduates to serve in professions such as teaching and medicine. Additionally, minorities in these professions may be more inclined to serve in poor communities (Holzer & Neumark, 2000, 2006).<sup>4</sup> Thus, the effect of affirmative action bans on degree attainment is one factor that decision makers should take into account when deciding on affirmative action policy. The effect of affirmative action bans on degree attainment is thus of interest above and beyond their effect on college enrollment. Fourth, the effects of affirmative action bans on college graduation rates and degree attainment are theoretically ambiguous. Affirmative action may be a way to reduce the graduation rate gap, but some have argued that affirmative action may actually result in poorer performance by underrepresented minority students.<sup>5</sup>

There are several reasons why banning affirmative action might actually raise graduation rates and have beneficial effects on degree attainment for underrepresented minorities. First, an affirmative action ban may alleviate "minority mismatch." According to this theory, the preferences that underrepresented minorities receive in the admissions process result in minority college applicants being admitted to and attending universities at which their entering

credentials are lower than those of their white and Asian counterparts. Students who were admitted to a university because of affirmative action may thus find the pace of their courses to be too fast or the level of courses to be too high, which could result in less learning and a lower performance than if they had attended a university where their entering credentials more closely match those of their classmates.<sup>6</sup> Taking courses that are too difficult may also lead to disillusionment and disengagement with the learning process, which could further worsen outcomes. If this theory is true, then eliminating affirmative action may reduce these negative effects. Second, behavioral responses from students or universities could result in higher underrepresented minority graduation rates without affirmative action than with affirmative action. Universities may adopt better support services for or better recruiting of underrepresented minority students.<sup>7</sup> Underrepresented minorities may raise their level of pre-college skill investment due to the higher standards for college admission, they may enroll in private universities rather than public universities, or they may exert more effort while in college because they are freed from stigma or because college graduation now sends a stronger signal.

On the other hand, there may be better outcomes for underrepresented minorities with affirmative action than without it because affirmative action draws underrepresented minorities into universities that have better resources and support services and where the culture creates the norm and expectation that students will graduate. Further, underrepresented minorities may benefit more from peers at selective universities than those at less-selective ones. Moreover, low performance prior to college may be due to a lack of resources and opportunities at K-12 schools or to family or community characteristics, and it may be possible to overcome these factors in college. Affirmative action may also raise the level of pre-college skill investment if it helps put admission to selective colleges within reach. It is even conceivable that graduation rates even among underrepresented minorities who remain at selective universities after affirmative action is banned fall because those underrepresented minorities who remain at such universities may perceive a hostile or unsupportive atmosphere, which may result in disengagement from the educational process and less effort exerted.

This paper exploits cross-state and over-time variation in affirmative action bans to study how within-college graduation rates by race change at various types of colleges when affirmative action is banned. I also estimate the

<sup>3</sup> The California and Washington bans are the result of ballot initiatives, the Florida ban is the result of an executive order from the governor, and the Texas ban was the result of a circuit court ruling in the case of *Hopwood v. Texas*. The statewide ban in Texas has since been discontinued. The typical ballot initiative reads, "The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting."

<sup>4</sup> Furthermore, some evidence suggests that minority students and patients may benefit from having minority teachers and physicians. Dee (2004) and Fairlie, Hoffmann, and Oreopoulos (2011) find positive effects of racial concordance between students and teachers. A review article by Cooper and Powe (2004) finds positive effects of racial concordance between patients and physicians on health process variables, although evidence on the effects on actual health outcomes is limited.

<sup>5</sup> See, for example, Sander (2004).

<sup>6</sup> One proponent of the mismatch theory is Sander (2004). The next section of this paper discusses some of the empirical evidence on this issue.

<sup>7</sup> For example, both UT Austin and Texas A&M adopted targeted scholarship programs in response to an affirmative action ban. Dickson (2006) finds that a high school being eligible for UT Austin's Longhorn Opportunity Scholarship program is associated with a higher percentage of high school graduates taking college admissions tests. Domina (2007) finds that eligibility for the Longhorn Opportunity Scholarship program and Texas A&M's Century Scholarship program is associated with a higher chance of enrolling at UT Austin or Texas A&M, as well as a higher attendance rate and a higher percentage of students taking advanced courses while in high school.

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