What does free community college buy? Early impacts from the Oregon Promise

Oded Gurantz
Truman School of Public Affairs
University of Missouri
AEFP 2019

Harry S Truman
School of Public Affairs
University of Missouri

Background

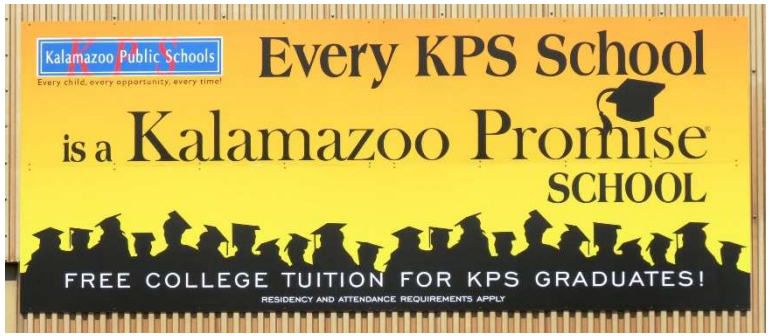
- Financial aid programs vary by generosity; eligibility (individual and institutional); design

- When does aid work?
  - Relieves short-term credit constraints
  - Provides clear signal of affordability; minimizes informational or behavioral biases (e.g., Dynarski, et al., 2018)

- When does aid not work?
  - Reduces college quality (e.g., Cohodes & Goodman, 2014)
  - "Captured" by competing institutions (e.g., Turner 2017)
  - Poor targeting (common criticism of last-dollar scholarships)

“Free” college movement

- States have increased their role in need- or merit-based aid
- Rise of “Promise” programs
  - $ for college
  - Clearest message of affordability
  - Often in communities most in need of support



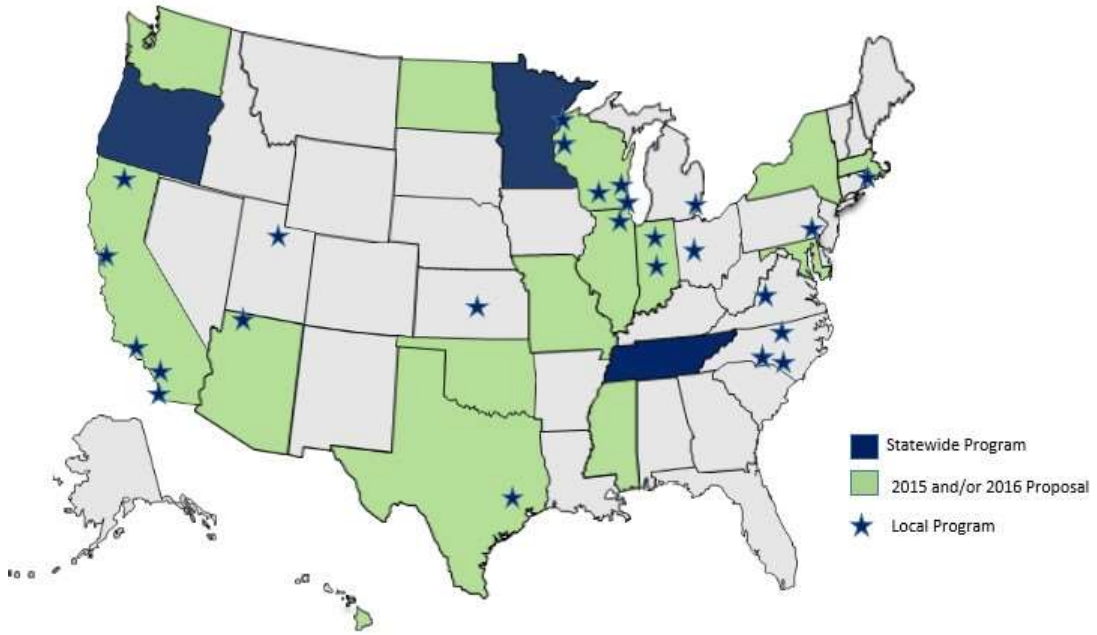
EL DORADO PROMISE

the pittsburgh promise

(Andrews, DesJardins, & Ranchhod, 2010; Bartik, Hershbein, & Lachowska, 2017; Bozick, Gonzalez, & Engberg, 2015; Page, Iriti, Lowry, & Anthony, 2017)

“Free” community college movement

- Tennessee Promise first state to promote free community college
  - Knox Achieves promoted community college attendance
    (Carruthers, Fox & Jepsen, 2018)



Research Question

- Does Oregon's state-level adoption of a "free community college" program increase community college attendance?

- Does this increase imply increased college attendance or decreased four-year attendance?
  - Concerns that beginning at a two-year college decrease degree completion (e.g., Goodman, Hurwitz, Smith, 2017)

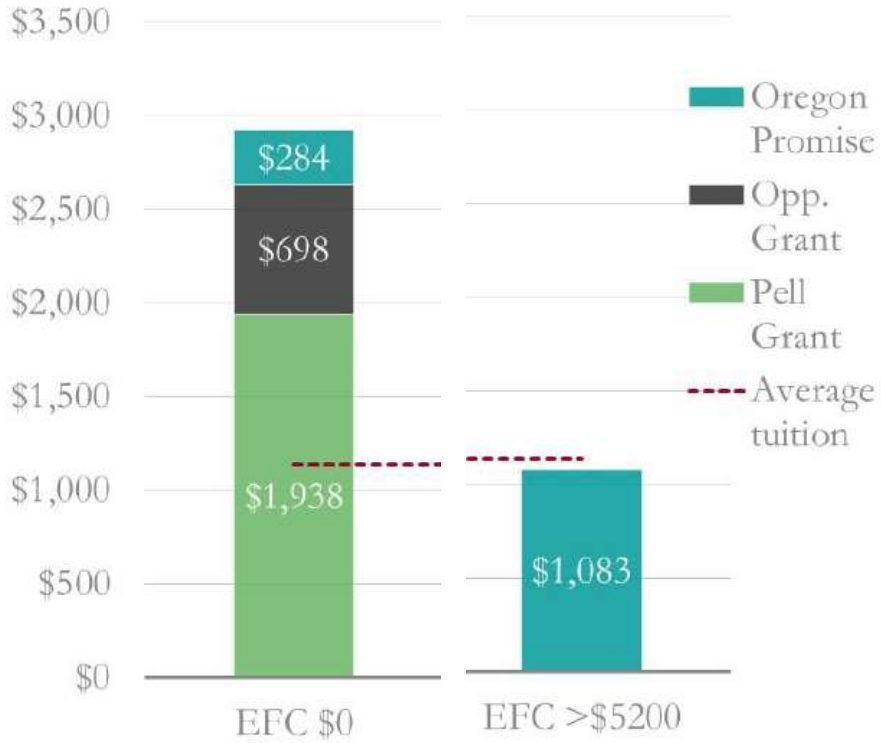
Oregon Promise

- First impacted high school cohort of 2016
- Apply through Office of Student Access and Completion (OSAC) portal
  - Counselor or student must submit GPA
  - 2.5 GPA, enroll in CC within 6 months, complete FAFSA
- 19% of ~35,000 HS graduates received a Promise award

Who theoretically receives aid?

- Last-dollar scholarship up to ~$3,400:
  - Pell Grant; Oregon Opportunity Grant
  - Minimum payment $1,000

Figure 1.1. Sample state/federal awards, (12-credit student, per term).



Source: SENATE BILL 81 LEGISLATIVE REPORT: **The First Term of the Oregon Promise, December 2016**

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Who actually receives aid?

Figure 2.1. Distribution of Oregon Promise awards by eligibility for Pell grant eligibility and size, fall 2016.

Figure 3. Oregon Promise's impact on recipients' decisions on whether to go to college

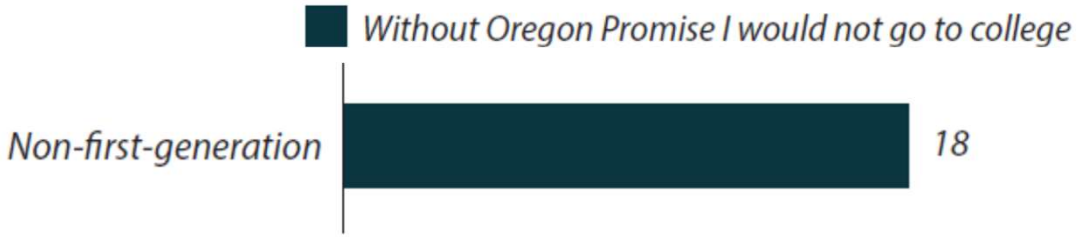
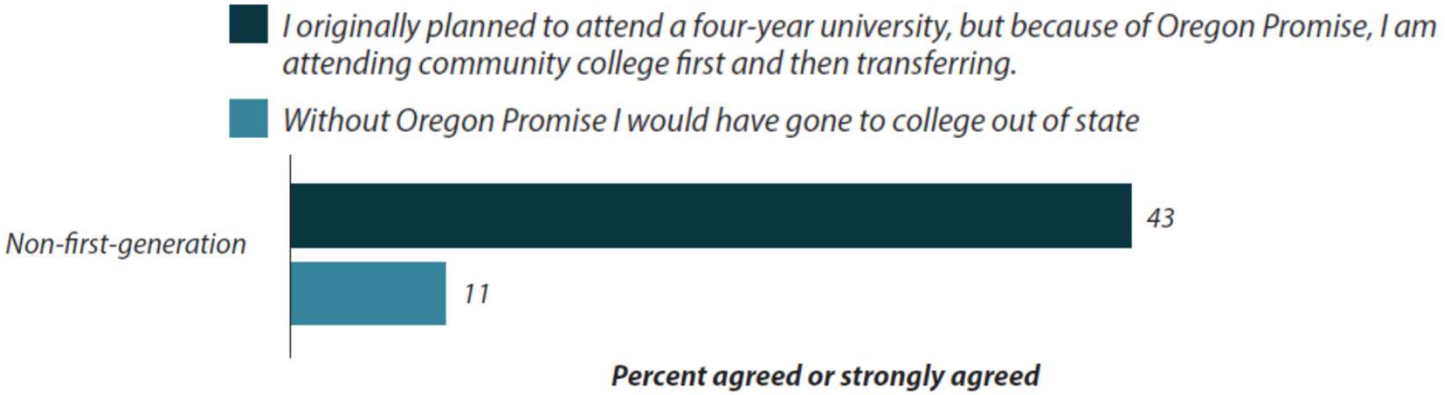


Figure 4. Oregon Promise's impact on recipients' decisions on where to go to college



Hodara, Petrokubi, Pierson, Vazquez, & Yoon, 2017

Research design

- Focus on Oregon and six comparison states
  - States offer 10th grade PSAT in public schools (FL, GA, IN, ME, NV, NM)
  - Linked to National Student Clearinghouse data

- PSAT removes two threats: (1) selection into sample; (2) shifts in SAT-taking or effort
  - Robust to alternate samples, matching designs

Research design

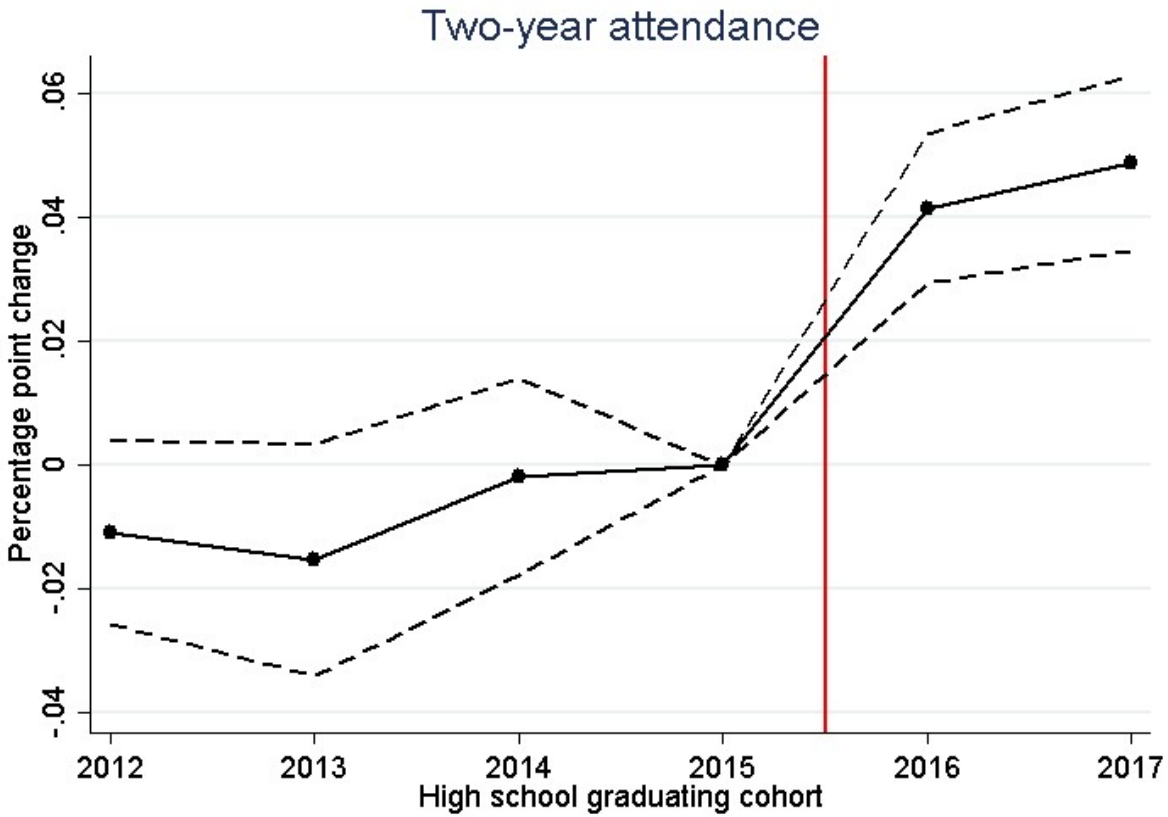
- Standard DD with time and state FE

$$Y_{ist} = \beta_0 + \beta_1 * Treatment_{ist} + \delta_s + \theta_t + X_{ist} + \varepsilon_{ist} \qquad (1)$$

- Four pre-period and two post-period years
- Controls: PSAT/SAT scores, AP participation, student demographics, CCD characteristics, zip code median household income
- Standard errors clustered at state-year level
  - Ferman-Pinto s.e. significantly reduce power

Results

- Increase of ~4 to 5 percentage points in community college attendance



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Results

- First year: shifts out of four-year colleges
- Second year: increases in overall attendance

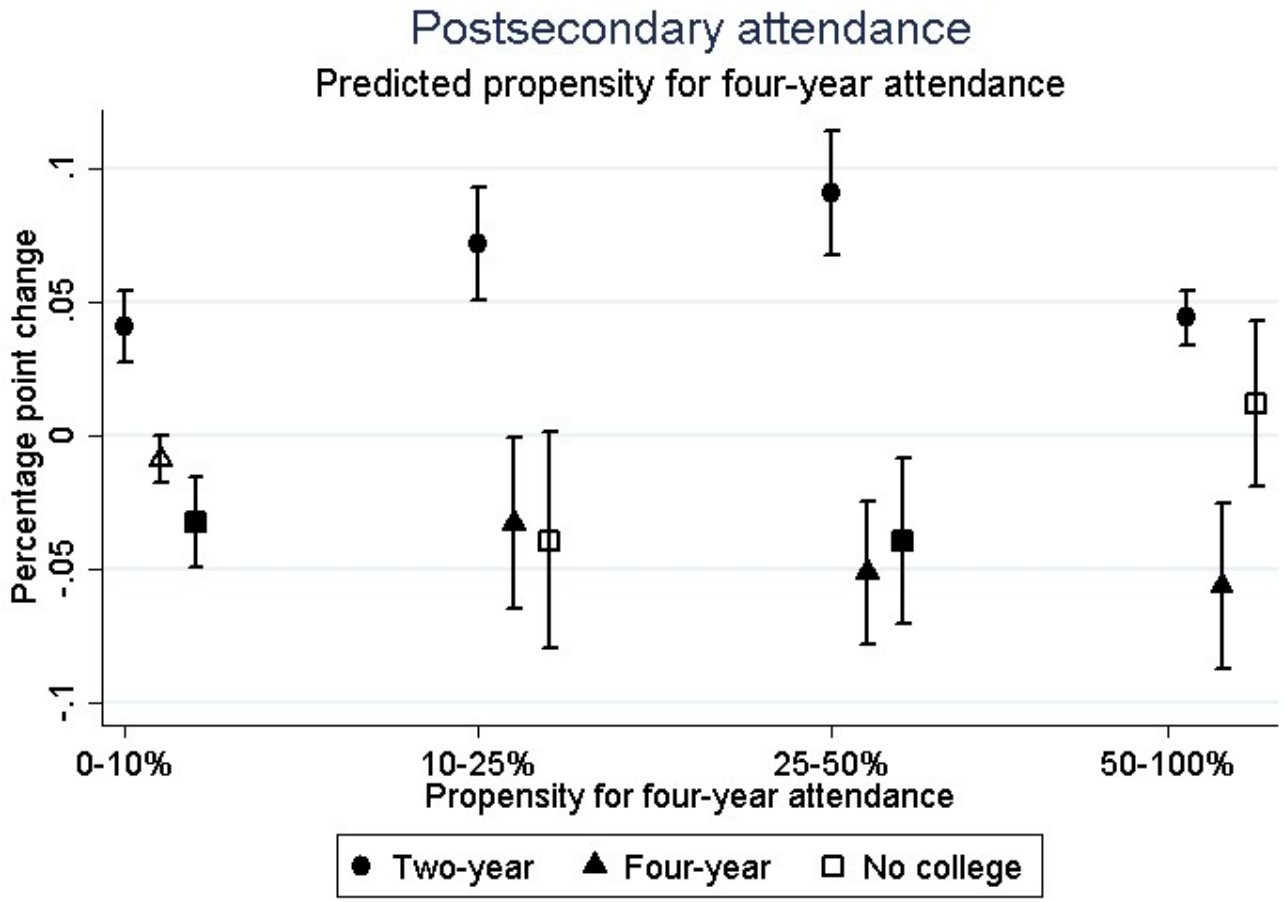
Table 2. Impacts of Oregon Promise on postsecondary attendance

	Two-year college	Four-year college	No College
Main estimates	0.053**	-0.027*	-0.025
	(0.005)	(0.011)	(0.013)
Event study estimates			
2016 (1st treatment year)	0.042**	-0.029**	-0.012
	(0.006)	(0.007)	(0.009)
2017 (2nd treatment year)	0.049**	-0.006	-0.043**
	(0.007)	(0.011)	(0.011)

Notes. * p<0.05, ** p<0.01. Main estimates are covariate-adjusted and include state and year fixed effects and cluster standard errors at the state-by-year level. All columns use 2,212,760 observations.

Heterogeneity

- Construct index of likelihood to enroll in four-year college



Additional results

- No short-term impacts on enrollment length
- Predicted impacts on degree completion fairly limited
  - Low community college graduation rates
- Similar results for synthetic control design
- Imprecise counterfactual when using Ferman-Pinto s.e.

Conclusion

- Little consistent format to Promise programs
  (Perna, Leigh, & Carroll, 2017)
- Aid shifts sector of postsecondary enrollment
  - 2nd cohort subject to maximum EFC threshold
- Signal of affordability may be key lever
  - Salience of CC from state's messaging campaign
  - Neediest students get least amount of money
    - Students may not understand award amount

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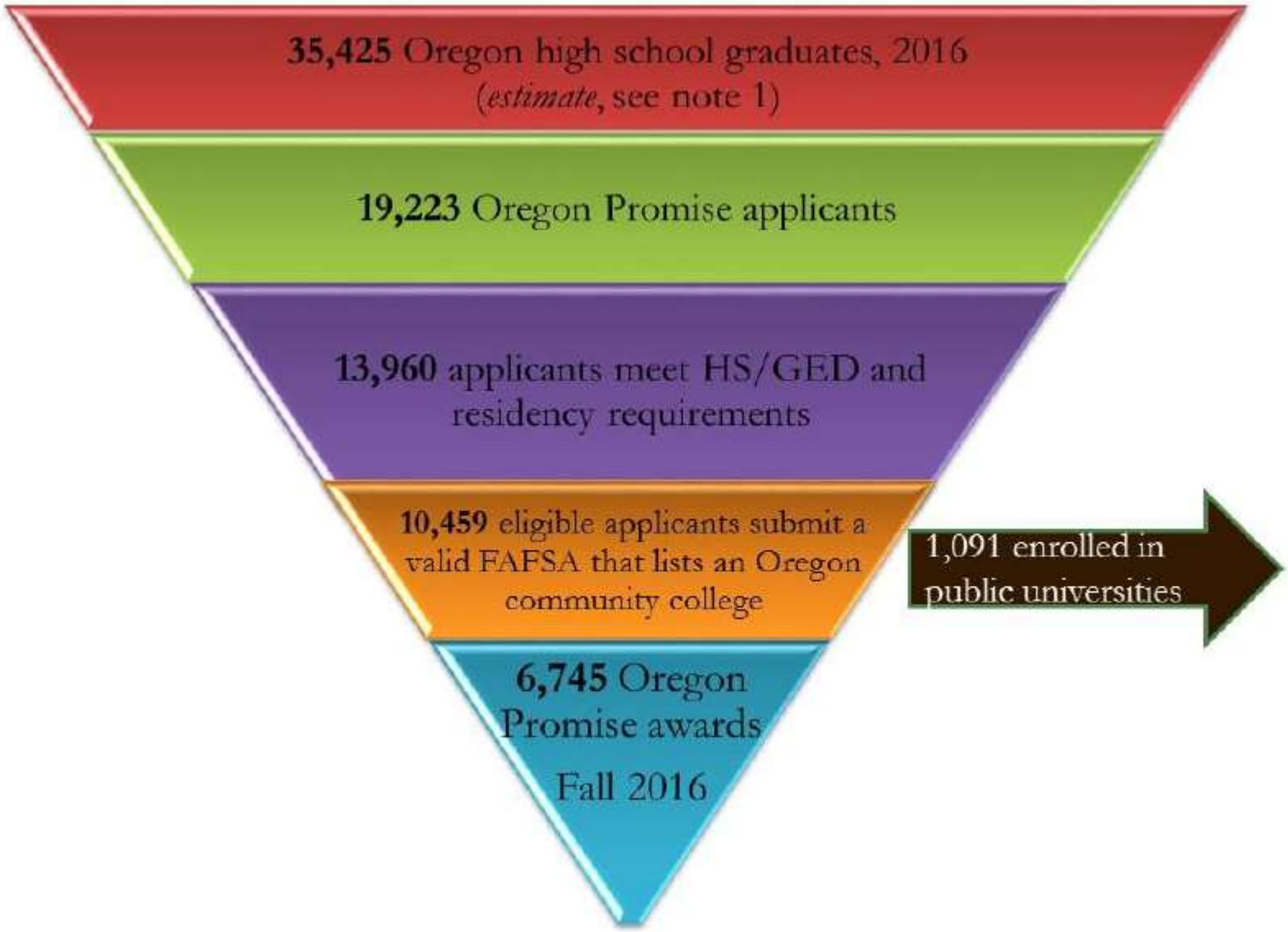
Figure 2.4. Oregon Promise application funnel, 2016.



Source: HECC tabulation of FAFSA and Oregon Promise data.

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Appendix Table 4. Heterogeneous impacts of Oregon Promise on postsecondary attendance

		Main estimates		
	N	Two-Year	Four-year	No College
Male	1092314	0.050**	-0.019	-0.031*
		(0.006)	(0.011)	(0.013)
Female	1120446	0.054**	-0.034**	-0.020
		(0.006)	(0.012)	(0.013)
White	1065950	0.045**	-0.031**	-0.014
		(0.006)	(0.011)	(0.012)
Black/Hispanic	882023	0.069**	-0.017	-0.052**
		(0.009)	(0.009)	(0.015)
Asian	84412	0.051**	-0.064**	0.014
		(0.010)	(0.020)	(0.024)
Other	180375	0.051**	-0.014	-0.038**
		(0.007)	(0.010)	(0.010)
1st PSAT tercile (Low PSAT)	738643	0.051**	-0.011	-0.039**
		(0.008)	(0.007)	(0.012)
2nd PSAT tercile	749354	0.064**	-0.028*	-0.036*
		(0.008)	(0.011)	(0.015)
3rd PSAT tercile	724763	0.045**	-0.036*	-0.008
		(0.004)	(0.014)	(0.014)
1st FRPL tercile (Low poverty HS)	739558	0.048**	-0.036*	-0.012
		(0.007)	(0.014)	(0.016)
2nd FRPL tercile	739839	0.055**	-0.023*	-0.032*
		(0.006)	(0.010)	(0.013)
3rd FRPL tercile	733363	0.051**	-0.021	-0.031**
		(0.006)	(0.011)	(0.011)
Took SAT	1154319	0.071**	-0.061**	-0.010
		(0.010)	(0.015)	(0.017)
Did not take SAT	1058441	0.041**	-0.015*	-0.026**
		(0.006)	(0.006)	(0.010)