Abstract:

Background and Context:
Among its benefits, a four-year degree provides large wage premiums and social mobility (Autor, 2014). However, many students opt not to enroll in college to earn a four-year degree, and students from lower socioeconomic backgrounds, in particular, disproportionately do not pursue higher education, even if they have much to gain from it (Park & Hossler, 2014; Serna 2015). Although there are a variety of reasons for why students may not opt to enroll in college, overestimates of costs and/or underestimates of returns to postsecondary degrees might explain underinvestment in further education (Bleemer & Zafar, 2018).

Yet students’ college choices are also heavily influenced by their parents (Mccarron & Inkelas, 2006). Parents’ postsecondary aspirations for their own children seem to affect their children’s actual educational attainment (Perna & Titus, 2005). Thus, insofar as inaccurate economic information causes parents to underinvest in their children’s postsecondary education, improving the information that parents have about postsecondary education may indirectly bolster college enrollment rates.

Purpose and Research Question:
In this paper, we conduct an experiment embedded in a survey to test whether the provision of customized economic information about the costs and returns to completing a postsecondary education affects parents’ postsecondary aspirations for their children.

Participants/Setting:
We administered the survey to a nationally-representative sample of over 4,000 U.S. adults, including oversamples of Hispanics (n = 799), Blacks (n = 624), and parents of school-aged children (n = 2,129). The surveys were administered by Knowledge Networks to participants to complete online. Sampling weights are used to account for nonresponse and oversampling.

Intervention and Research Design:
We randomly assigned all respondents to one of four treatment conditions, each providing a different set of economic information pertaining to postsecondary education. Respondents are either told (1) both costs and returns to postsecondary education, (2) only the returns to a postsecondary education, (3) only the costs of a postsecondary education, or (4) no information.

All respondents are then asked the following question: “Would you want your child to go to a community college to earn a two-year degree, a university to earn a four-year degree, or neither?” Adults without a school-aged child are asked about their hypothetical child.

In all prior experiments that provide economic information to adults, respondents are given a national average of net costs and returns. This approach masks local idiosyncrasies in college costs and returns. National level cost figures also mask variation in net price across families with different household income levels, given the variety of financial aid packages that are available to them. Few experiments also provide this information separately for two- and four-year postsecondary options.

To improve on the limitations of prior research, we experimentally provide returns information at the census tract level and college net costs at the state level. We additionally adjust net-cost information by household income.

More specifically, respondents receiving net cost information are told: “According to recent estimates, it costs a student with a household income of ___ in your state ___ per year to complete a four-year bachelor’s degree at a public university, while it costs ___ per year to complete a two-year associate’s degree at a public community college in your state. These are average costs (including tuition, fees, and room and board) after deducting the amount that students typically receive in scholarships and grants.”

Respondents receiving returns information are told: “Workers in your local area who have a four-year bachelor’s degree typically earn ___ each year over the course of their working lives. Those who have a two-year associate’s degree typically earn ___. Those without either a four-year bachelor’s degree or a two-year associate’s degree typically earn ___.”

Analysis:
We compare the proportion of adults across each treatment condition who prefer the four-year university, two-year college, or no postsecondary education options for children. Because
respondents are randomly assigned to each of the treatment groups, differences in the proportion of adults across each treatment condition who prefer each option represent the causal effect of economic information on their postsecondary preferences. We use the respondents in the “no information” condition as our baseline group and compare aspirations of adults in this condition to aspirations of adults in all other treatment conditions.

Findings:
We find that providing economic information to adults does not alter postsecondary aspirations for their children. As shown in Table 1, two-thirds of parents want their children to attend a four-year university to earn a bachelor’s degree. Providing information — whether it is both costs and benefits, benefits only, or costs only — alters aspirations by at most a statistically insignificant 2 percentage points. Although providing only information about the economic returns to college decreases the preference for the two-year college option by nearly 6 percentage points, over half of the parents shift to preferring no college rather than a four-year university for their children. Moreover, we do not find evidence for effect heterogeneity by socioeconomic status.

<table>
<thead>
<tr>
<th>Postsecondary Preference</th>
<th>(1) Four-Year University</th>
<th>(2) Two-Year Community College</th>
<th>(3) No Postsecondary Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline Average</td>
<td>67.5</td>
<td>22.4</td>
<td>10.1</td>
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<tr>
<td>Returns and Costs Treatment</td>
<td>0.008</td>
<td>-0.037</td>
<td>0.029</td>
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<td></td>
<td>(0.028)</td>
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<tr>
<td>Returns Treatment</td>
<td>0.021</td>
<td>-0.055**</td>
<td>0.034*</td>
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<tr>
<td></td>
<td>(0.026)</td>
<td>(0.024)</td>
<td>(0.020)</td>
</tr>
<tr>
<td>Costs Treatment</td>
<td>-0.018</td>
<td>-0.020</td>
<td>0.038</td>
</tr>
<tr>
<td></td>
<td>(0.027)</td>
<td>(0.024)</td>
<td>(0.021)</td>
</tr>
</tbody>
</table>

Notes: Notes: N = 3,921. *p<0.1; **p<0.05; ***p<0.01. Coefficients are marginal effects computed after running multinomial logit models. Models control for respondent’s gender, age, educational attainment, ethnicity, marital status, employment status, household size, political affiliation, household income, parent status, U.S. census region of residence, urbanicity of residence, marginal costs of attending a two- or four-year college in the state, wage premiums to earning a two- or four-year degree, self-reports of how academically prepared their child will be for college, and self-reports of how important it is for their child as an adult to remain in their community.

Conclusions:
It appears that economic information does not alter parents’ postsecondary aspirations for their children. Why this is the case is not clear yet. Perhaps parents already possess accurate economic information about postsecondary education. Or perhaps there are other social and cultural factors
that are more salient than economic factors. In the forthcoming months, we will test potential mechanisms behind treatment effects. In the same survey, we asked respondents, for example, to estimate local net costs and returns for families with similar household incomes. With this information, we will test (1) the accuracy of respondents’ perceptions of net costs and returns to postsecondary education and (2) whether treatment effects are attributable to families updating these perceptions. We will additionally test how other factors, such as the parents’ assessment of how ready their child is for college and how strongly they would like their children to remain in their community when they grow up, bear on our results.

References


