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## Research Informs Debate on Cuomo's Excelsior Scholarship Proposal

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# It's Elementary

A Guest Column by EFAP Associates Robert Bifulco (Syracuse University)  
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February 2017

## **Research Informs Debate on Cuomo's Excelsior Scholarship Proposal**

Governor Cuomo made headlines earlier this week by announcing a proposal to provide free tuition to students attending public colleges and universities in New York. Under the plan, which Cuomo calls Excelsior Scholarships, college students who have been accepted to a state or city university in New York — including two-year community colleges — would be eligible, provided they or their family earn \$125,000 or less annually (McKinley, January 3, 2017).

Although touted as a “first-in-the-nation” program, efforts to provide universal free college tuition are not new. In fact, right here in New York state, the Say Yes to Education program offers free college tuition to all graduates of public high schools who reside in Syracuse or Buffalo. Initiated in Syracuse in 2008 and expanded to Buffalo in 2013, Say Yes to Education guarantees full-tuition coverage at any New York State public college or university and over 80 private institutions nationwide to graduates of public schools residing in those cities and whose families make less than \$75,000 per year. Similar initiatives, referred to as “place-based” or “Promise” scholarships, have sprouted in nearly 80 cities around the country, although program details vary widely (W.E. Upjohn Institute for Employment Research, 2016).

Evaluative research on Say Yes to Education and other “place-based” scholarship programs provides several important insights that can inform debates about Governor Cuomo's proposal. As with any evaluation research, this work cannot tell us whether or not the Governor's proposal ought to be pursued. It does, however, provide insight on important questions that need to be addressed in assessing the proposal. In this brief, we discuss two such questions and what the research on Say Yes to Education can tell us about those questions.

### ***Will Excelsior Scholarships increase college-going rates?***

Speaking in support of Cuomo's proposal, Bernie Sanders pointed out that college graduation rates in the U.S. have been falling behind those in other countries, implying that free-college tuition could increase those rates. One of the criticisms of proposals for free-college tuition, like the proposal Sanders made during his presidential election campaign, is that they would do little to increase college attendance and graduation. The argument, articulated by Sandy Baum of the Urban Institute in an interview with NPR is simple: “what's most important for college access is increasing the amount of funding available to low and moderate income students, who already have their tuition paid for at public colleges through state and federal grants, but really struggle with their living expenses.” Dr. Baum argues that the Excelsior Program would

amount to an expensive windfall for middle class families who will send their kids to college anyway.

Research we have done on Say Yes to Education in Buffalo suggests that things may not be so simple. In a preliminary analysis of college-going rates in Buffalo presented at a conference in November, we find that compared to earlier cohorts who were not eligible for Say Yes scholarships, the likelihood of enrolling in college increased by 8.6 percentage points among 12<sup>th</sup> graders eligible for the scholarships. What's more, persistence into a second year of college among those 12<sup>th</sup> graders increased by 6.7 percentage points. This last finding is important because surviving the first year of college is a strong indicator that students will eventually graduate and it suggests that Say Yes is not merely encouraging college matriculation among marginal students who are destined to drop out. Also, we find that college matriculation and persistence rates increased for all racial and ethnic subgroups within the district.

Given Dr. Baum's argument these results are a bit surprising. The majority of low-income students from Buffalo who attend college, matriculate into the local community college, and need-based financial aid typically covers the entire cost of tuition for these students, even in the absence of the Say Yes scholarship. So, how then, might the offer of free-college tuition contribute to an increase in college-going rates. There are two possible explanations. The first draws on insights of behavioral science, which highlights the importance of the way information is presented. Sure, most low-income students who attend public school can cover their tuition costs with need-based financial aid. But that fact, and more generally the true cost of college, is obscured by the opaque processes through which need-based financial aid is awarded in this country and by uncertainty students have about how much financial aid they will receive. In contrast, the Say Yes to Education program sends a clear, well-publicized message that college tuition is free. Behavioral science suggests that changing either the framing or the salience of information in this way can have significant effects on individual choices (Dynarki & Scott-Clayton, 2006).

The second, and related explanation, can be referred to as social multiplier effects. Supporters of "placed-based" scholarships, argue that sending a clear message that college is affordable for all students in a school district galvanize parents, teachers, and community leaders to create a college going culture (Miller-Adams, 2015). Also, literature on peer-effects suggests that as students see more of their classmates planning to go to college, they are more likely to start developing and acting on those plans themselves (Bifulco, Fletcher, and Ross, 2011).

So, would the Excelsior Program increase college-going rates, particularly among low and moderate income students? The results from Say Yes in Buffalo suggest that it may well. Whether a state-wide program can do as much to foster a college-going culture as a program concentrated on a single school district remains an open question. Also, it is clear that much of the money used to fund the Excelsior Program will go to fund higher-income families who would send their students to college in any case. So, questions remain about whether the Excelsior Program is the most cost-effective way to increase college graduation rates.

### ***Will Excelsior Scholarships draw families to New York?***

Economic development and community revitalization are important goals of the Say Yes to Education program and other “place-based” scholarship programs. The primary mechanism through which “place-based” scholarships can spark community revitalization is by providing middle-class families an incentive to remain in or move to the district where the scholarships are offered. Stemming or even reversing the loss of middle class families has long been an elusive goal of older, struggling cities.

In a forthcoming article, we examine the effects of Say Yes in both Buffalo and Syracuse on student enrollments and property values (Sohn et al., forthcoming). We find evidence of enrollment increases in both Syracuse and Buffalo following the announcement of Say Yes. While the Syracuse increases were accompanied by enrollment declines in surrounding suburban districts, the Buffalo increases coincided with declines in private school enrollments. We also find evidence of increases in home prices in Syracuse after the program’s announcement, as well as decreases in the surrounding suburbs, which is consistent with the notion that Syracuse enrollment increases were driven by families who would otherwise live in the suburbs choosing to live in the city. We do not find evidence of similar housing price changes in Buffalo.

One effect of the Excelsior Scholarships would be to remove the incentive that Say Yes creates for families to choose the city over its surrounding suburbs. As such, the program could halt or even undo some of the recent progress that Syracuse and Buffalo have made in attracting students and families. The evidence from Syracuse that scholarship offers can influence family location decisions also suggests that the Excelsior Scholarship can help attract middle class families to New York. If much of the increase in enrollment in Syracuse has been drawn from the surrounding suburbs in the same metropolitan area, however, then that suggests that, with the exception of metropolitan areas that straddle state lines, the Excelsior Scholarship program might not do much to promote population growth in New York.

These are not the only questions raised by Governor Cuomo’s bold proposal. Questions about the costs of the program, its effects on where students go to college and where they choose to live afterwards, and its effects on private colleges and universities, among others, are also important. Research on “place-based” scholarship programs like Say Yes and other scholarship programs adopted in other states can provide insights about some of these other questions as well. We urge policy makers to pay attention to the work of policy researchers to help make well-informed decisions.

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