Working for College: The Causal Impacts of Financial Grants on Undergraduate Employment

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The research reported here was supported by the Institute of Education Sciences, U.S. Department of Education, through Award # R305B090009 to the University of Wisconsin-Madison and the National Science Foundation Award # DGE-1256259 to the first author. The opinions expressed are those of the authors alone.

Research Question

Can offering college students from low-income families additional grant aid induce changes in their work behaviors?

- We consider average impacts on the percent of students working at all, working off-campus, and working extensively (20+ hours per week). We also estimate the average impact on the number of total hours worked, number of hours worked off-campus, and hours worked in on-campus employment per week. Next, we examine if the grant offer affected the time of day students worked. Finally, we investigate variation in impact by factors likely to influence work behaviors.

Background

- Nearly three in four undergraduates work while enrolled in college.
  - Among younger students (ages 16–24) attending college full-time, two in five work, and the majority (64% of working students) report working extensively (20+ hours per week).
  - Students from low-income families are more likely to work in college even through they may be least equipped to balance work and school.
  - Working while in college, particularly working extensively, is associated with lower levels of academic achievement and credit completion, and among those who graduate, working extends students' time to degree.
  - However, high-quality work experiences can shield students from these negative relationships and even promote attainment.
- Studies of financial aid show a positive effect of grants on college completion, but we know little about the mechanisms through which those effects arise.
  - One way in which financial aid is thought to promote college success is by minimizing the time students spend working.
  - Little research has examined if this intended first-order effect occurs, and results are mixed.

Data

We use data from an experimental study in which full-time undergraduates from low-income families in Wisconsin were randomly assigned an offer of an additional grant worth $3,500 for 4-year students and $1,800 for 2-year students. Their subsequent work choices were tracked using a student survey.

- Eligible participants were identified using administrative records, randomly assigned via lottery, and then only notified if chosen to receive the grant offer (N=1,200). A control group was selected independently for research purposes from the list of eligible non-recipients (N=1,800).

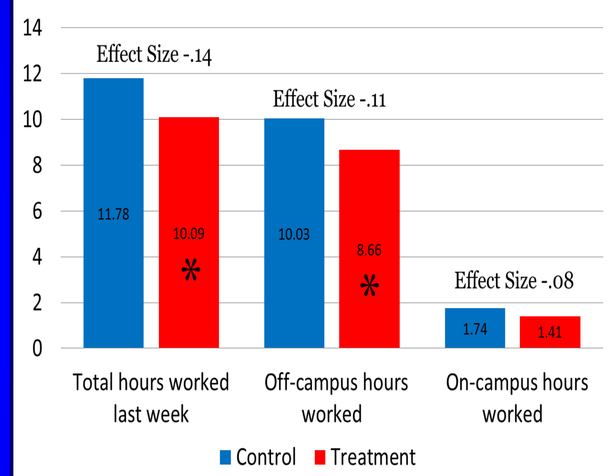
Analyses

An intent-to-treat analysis is used to estimate the experimental effect in which students offered the grant are compared with students who would have been offered it if selected during random assignment. Individual-level baseline control variables are included to increase precision.

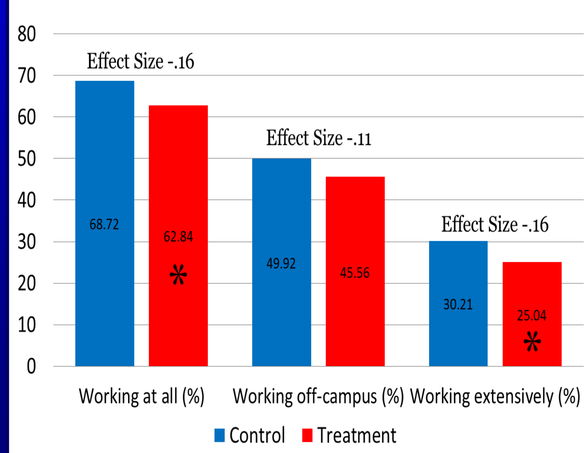
$$y_i=\alpha+\beta(WSG_i)+\gamma X_i+\varepsilon_i$$

- Heterogeneous treatment effects are estimated by introducing interaction terms.

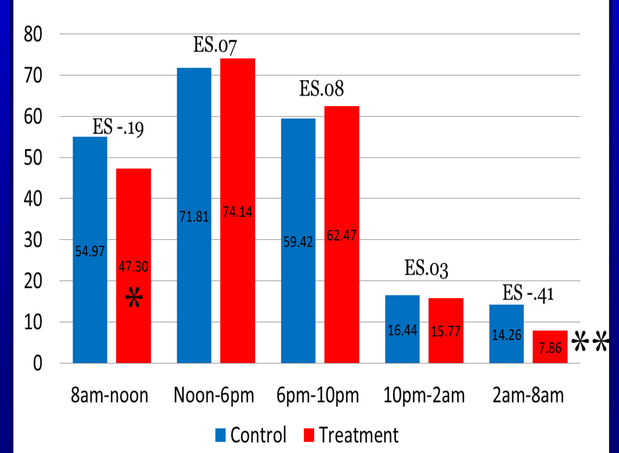
Impact on Number of Hours Worked



Impact on Working

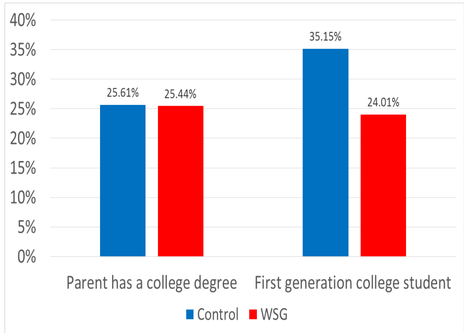


Impact on Time of Day Worked

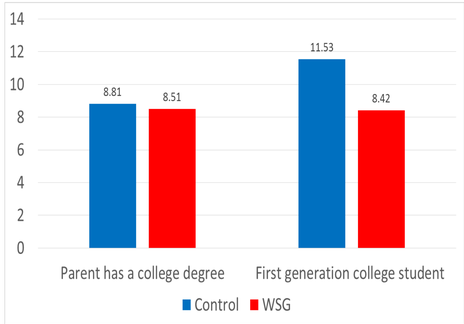


Variation by First Generation Status

Predicted Probability of Working Extensively*



Predicted No. of Hours Worked Off-Campus*



Conclusion

- We leverage a randomized experiment and find that students from low-income families in Wisconsin offered additional grant aid were 5.88 percentage points less likely to work and worked 1.69 fewer hours per week than similar peers, an 8.56% and 14.35% reduction, respectively.
- Students offered the grant also improved qualitative aspects of their work experiences; they were less likely to work extensively, during the morning hours, or overnight likely allowing a greater opportunity to sleep and attend classes.
- There is some evidence that the effects are largest for first generation college students, but additional research is needed.
- Grant aid thus appears to partially offset student employment, possibly improving prospects for academic achievement and attainment.