

Coming and Going: Increasing Geographic Mobility at College Entrance and Exit

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Regional disparities and the market for college students

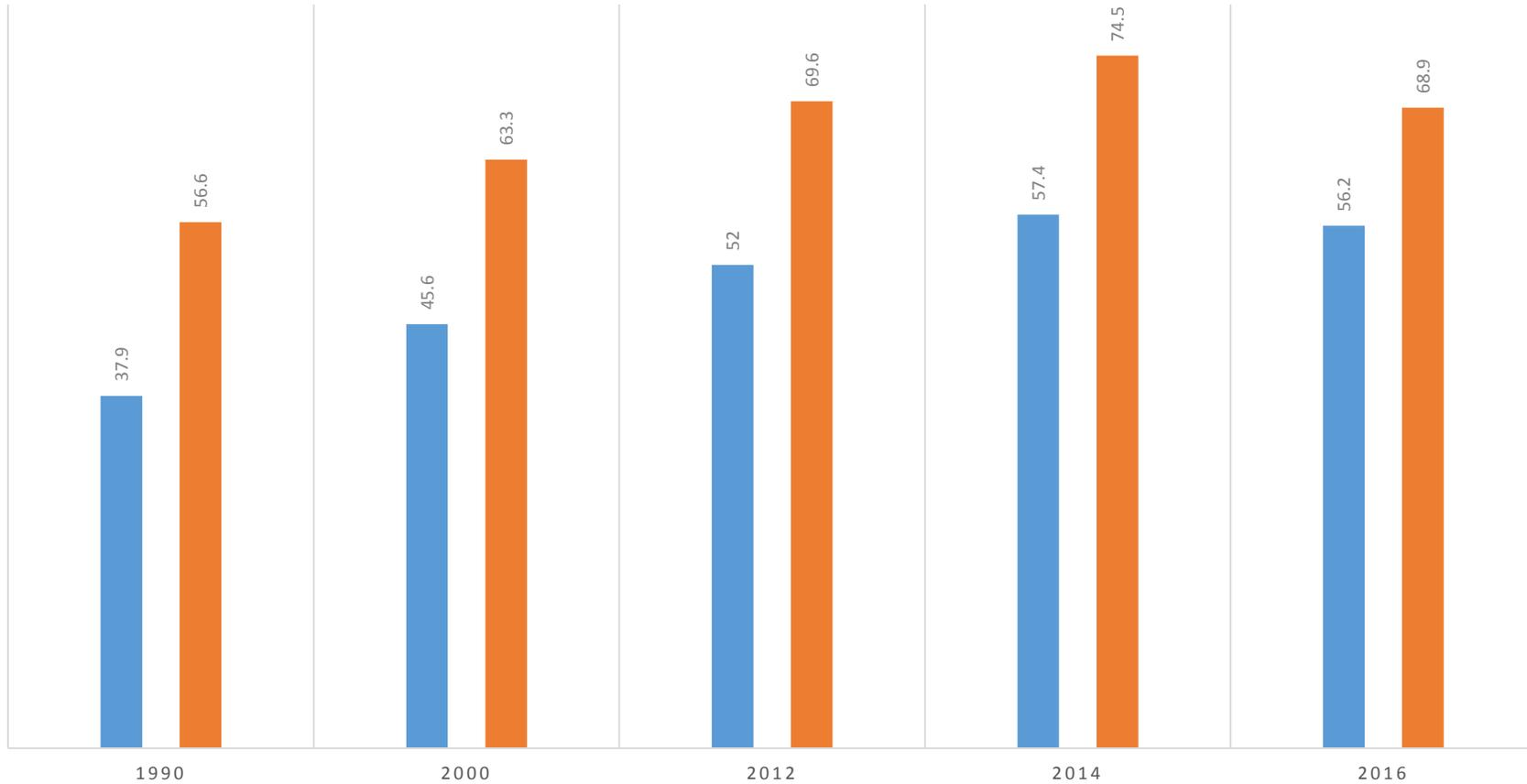
- Moving a long distance to college is uncommon.
- Geographic mobility among is declining in the US, with larger absolute declines among new labor market entrants.
- Implies that skill level in a local market is related to local college availability.
 - Will generate “regional” (place-level) disparities.
 - Other factors, like innovation clusters, will re-inforce.

Local college access predicts college attainment

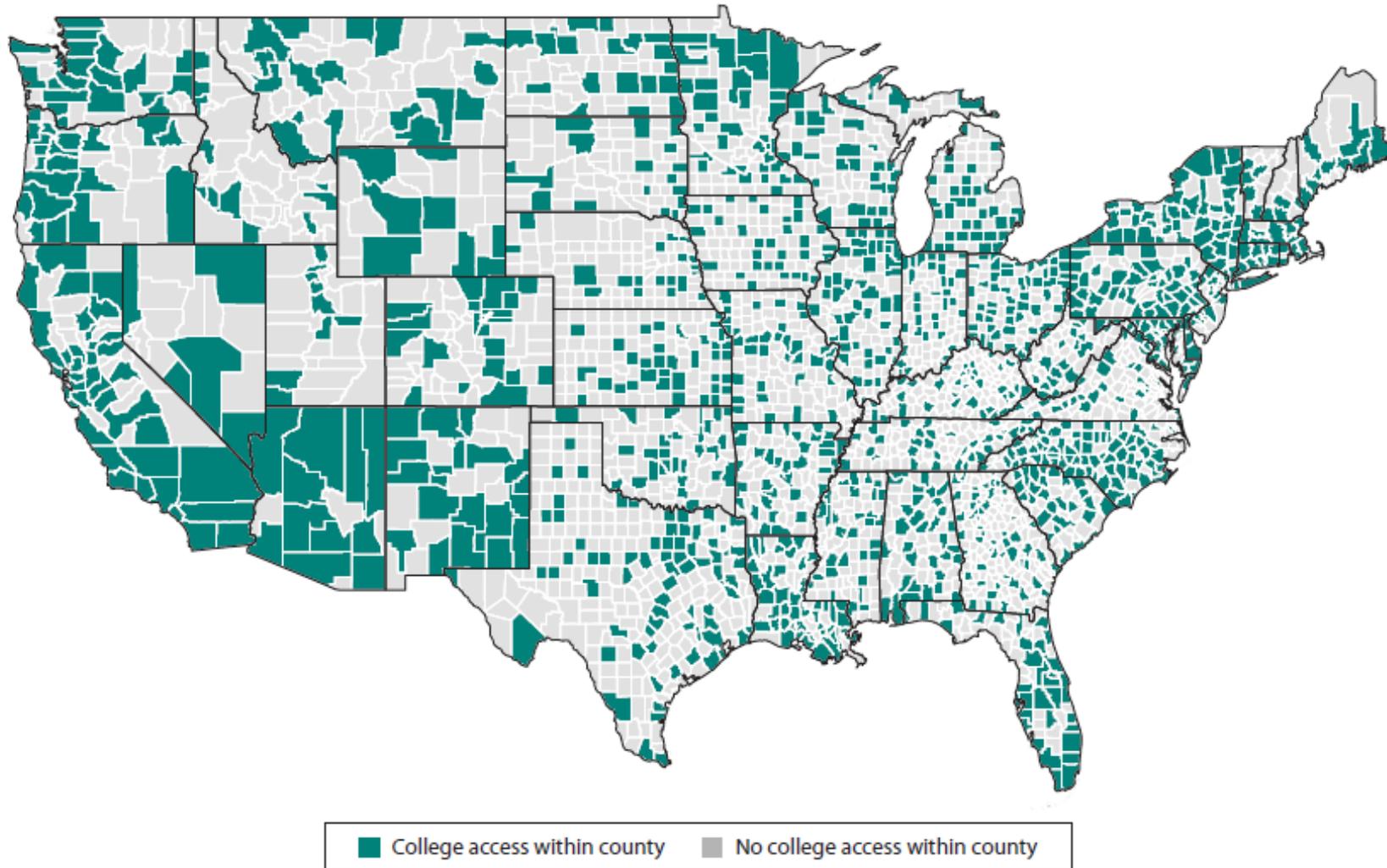
- IV literature and recent UC System expansions
 - Sources: Card (1995); Currie Moretti (2003); Lapid (2017)
- Rural areas have less access, but not uniformly so. County characteristics by access otherwise similar.
- Caveat: Need for better data on local college access

SHARE PUBLIC 4YR COLLEGE FRESHMEN ATTENDING NEAR HOME

■ Less than 50 miles ■ Less than 100 miles



College Access within County, by U.S. County



Source: Chetty and Hendren 2017.

Note: Local college access defined as per capita number of degree-granting, Title IV institutions using county population and institutions data for 2000. Data is based on institutions separately reporting locations to the Department of Education via IPEDS. Please see text for more details.

County characteristics by college access

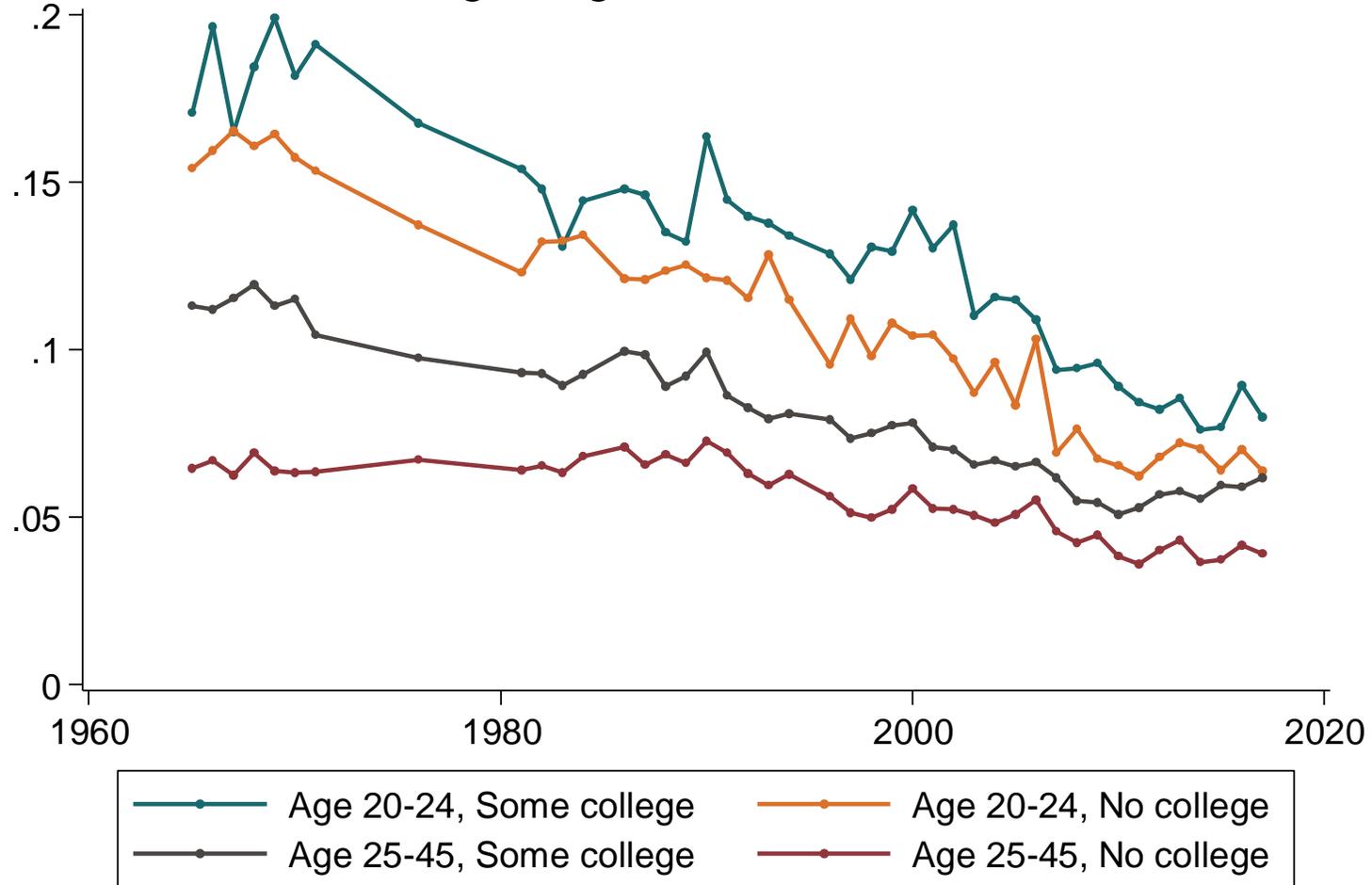
	Some local college access	No local college access
Rural county (not in MSA)	0.28	0.50
Poverty rate	0.14	0.14
Share middle class	0.53	0.57
Mean HH income	34,200	31,900
Share African-American	0.10	0.07

Early career location, job match likely to be more persistent for today's entrants.

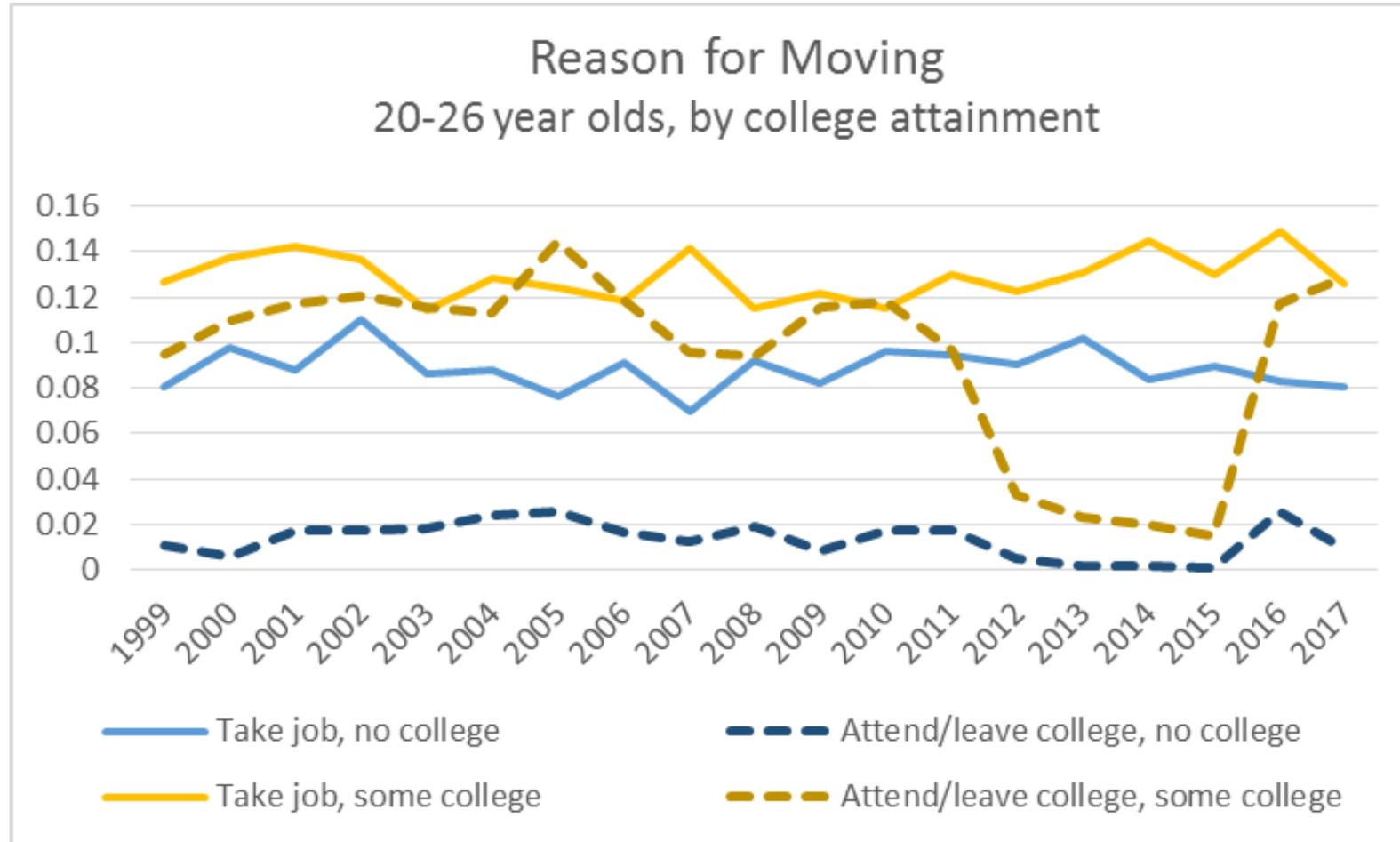
- Migration, job change declining
- Retention on new jobs rising
- Counties/MSAs diverging on college attainment

Sources: Molloy, Smith, Wozniak (2011, 2017); MSW+Trezzi (2016); MSW (in progress); Diamond (2016); Moretti (2012)

Share Making Long-Distance Move in Past Year



Migration declining among recent college grads, share moving for jobs flat.



Summarizing the challenges

General: Geography is a determinant in individual economic opportunity

Specific: Proximity to college predicts college attendance

- Unlikely to be optimal, suggests proximity to college relates to constraints.

Specific: College graduates concentrated in large markets

- Possibly optimal, but some suggestion that agglomeration externalities plateauing and that endogenous amenity externalities are part of sorting.

Specific: Longer early career tenure, less job and geographic mobility

- Early job matches may be more important for long-run welfare.

Possible policy responses

- Build colleges
- Increase mobility and search among college-educated workers
- Other place-based support

Proposal: Enhancing Mobility at College Entry and Exit

Part One – College Entry

- Use the Pell program to encourage college-going for applicants from counties without local college access.

Part Two – College Exit

- Defer Federal loan student loan repayment for migrant leavers for a full year.

Details: Proposed Pell Supplements

Annual supplement of up to \$5000. Used to increase total grant aid.

- Guaranteed \$2500 supplement to qualifying students
- Additional \$1500 if attending a four-year (versus 2-year) institution
- Additional \$1000 if attending a state flagship

Qualify if (i) Pell-eligible and (ii) reside in county with no 2- or 4-year college at FAFSA application.

Supplement is large relative to current max Pell award of \$5920.

- Reflects implied moving costs that are larger than direct transportation costs, usually factored in COA calculations.
- Roughly approximates housing costs for one year.

Details: Proposed Deferments on FSL Payments

Extend time to first FSL payment to 12 months after college leaving.

Qualify if resident of or employed in a local market other than where college located.

- Definition of local market? Prefer CZ.
- Exceptions for those who qualify for the Pell supplement to return home?

Current baseline grace period is 6 months.

- IDR and forbearance available but not guaranteed.
- Guaranteed forbearance for military service and continued FT schooling.

Potential costs and benefits to Pell supplements

Total estimated annual cost: \$475 million, or 1.7% of Pell budget.

Estimated take up = 95,000 seniors.

- Steps: Assume share of HS grads who are rural is same as US pop, guess at share of these who qualify for Pell, guess/deflate due to imperfect take-up and non-college going.

Benefits by far largest if this generates new college enrollment. But if goes to those who would already have enrolled, then may still be cost-beneficial in terms of higher earnings, taxes from recipients.

Potential costs and benefits to FSL deferments

Costs limited to administrative costs and financing delayed repayments. No direct costs.

Estimated take-up = 1.14 million borrowers annually.

- Steps: Start with number of borrowers entering repayment (exclude for-profits) and estimate 30 percent qualify, based on large increases in share moving for work.

Program subsidizes broader labor market search post-college. Benefits depend on whether broader search improves individual and social outcomes, but if so gains would be large.

Extended deferment might also save on administrative costs and lead to better repayment rates.

Advantages of the proposed approach

- Based in what we know about who is most likely to benefit from enhancing migration
- Combines place-based and person-based policy levers
- Treatments are added incentives only (ITT)
- Builds out existing programs in a straightforward way
- Administrative burden likely low, costs modest

Caveats and potential policy alternatives

Advertisement and communication essential

Concern is that Pell supplement may encourage brain drain

- Exception to deferment distance for Pell qualifiers returning to home county

Alternatives include...

- Expanding access to Pell supplement to counties with limited but non-zero local college access (example: a two-year but no four-year access)
- Expanding loan deferment to all borrowers

Proposal available through the Hamilton Project:

http://www.hamiltonproject.org/assets/files/coming_going_wozniak_policy_proposal.pdf

