

The North Carolina Promise

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North Carolina Education Futures Initiative is a joint project with the UNC School of Education and the UNC Department of Public Policy



Introduction

Policymakers have strong incentives to offer students affordable postsecondary education. College completion is associated with greater financial stability and prepares a skilled workforce to fuel the state's economy. This is paramount in North Carolina, where already 40 percent of jobs require a postsecondary degree, making these "knowledge jobs" the largest and fastest-growing category in the state.ⁱ

However, student concerns about college affordability often discourage enrollment. To address concerns over the cost of postsecondary education, in 2016 the North Carolina General Assembly created the North Carolina Promise Tuition Plan (NC Promise), reducing tuition to \$500 per semester for in-state students and \$2,500 for out-of-state students at three UNC System institutions starting in the fall of 2018.

In this brief, we use data from the University of North Carolina (UNC) System Office and the U.S. Department of Education to show how NC Promise changed the cost of college attendance and affected students' enrollment decisions at the three NC Promise campuses.

Our findings suggest that NC Promise:

- Lowered the cost of attendance at all three NC Promise institutions to levels comparable to or below local community colleges
- Had little to no effect on first-year student enrollment, but did increase the number of transfer enrollments
- May have increased the enrollment of students from traditionally underrepresented student groups two participating campuses, UNCP and ECSU

What is NC Promise?

NC Promise is a roughly \$60 million annual tuition subsidy from the State of North Carolina that reduces tuition for all undergraduates who enroll at Elizabeth City State University (ECSU), UNC Pembroke (UNCP), or Western Carolina University (WCU). North Carolina residents enrolled at these universities pay \$500 in tuition per semester while out-of-state students pay \$2,500 per semester. The tuition discount is a “first-dollar” program meaning that it does not displace other forms of financial aid that students may receive. As a result, students who qualify for financial aid have more funds for books, housing, and other non-tuition costs associated with college attendance. NC Promise was introduced in the fall of 2018 and applied to all students enrolled at the three Promise campuses and all new first-year and transfer students going forward.

Insights from Prior Research:

Why would NC Promise affect college enrollment?

NC Promise joins more than 280 other “promise” programs operating across the United States to reduce the out-of-pocket expense of college attendance.ⁱⁱ Although promise programs vary widely in eligibility requirements, structure, and the type of participating institution, research on their effects broadly informs ways that NC Promise is likely to affect student enrollment, including:

1. NC Promise offers a substantial decrease in the cost of enrollment. The \$60 million state tuition subsidy reduced annual tuition costs for North Carolina residents at ECSU by \$1,856, UNCP by \$2,602, and WCU by \$2,971. Research on other cost-reduction policies has found that for each \$1,000 the cost of college is reduced, enrollment typically increases by anywhere from 1 to 5 percentage points.ⁱⁱⁱ
2. NC Promise is easy to use. It automatically applies to all students enrolled in one of the participating universities. Aid programs are more successful when, like in the case of NC Promise, students can easily understand how the program works and if they are eligible.^{iv} When students understand how much they will pay and how they will receive aid, they are more likely to apply to colleges to use those benefits.^v
3. NC Promise is well-publicized across the state to high schoolers, parents, and counselors via radio, television, and social media. This campaign provides students with information about the NC Promise policy and how it works. The easier it is for students to access information about aid policies, the more likely they are to participate.^{vi}

The size, simplicity, and visibility of NC Promise set the stage for success. However, it may not encourage college enrollment among all students equally. Because NC Promise’s primary tool for encouraging college enrollment is making tuition more affordable, it is likely to be most effective at encouraging enrollment among populations of students who are sensitive to the cost of tuition. Students who come from families that can already afford tuition at North Carolina’s public universities may not be affected at all. For this reason, we explored both overall enrollment increases and which student populations drove that enrollment.

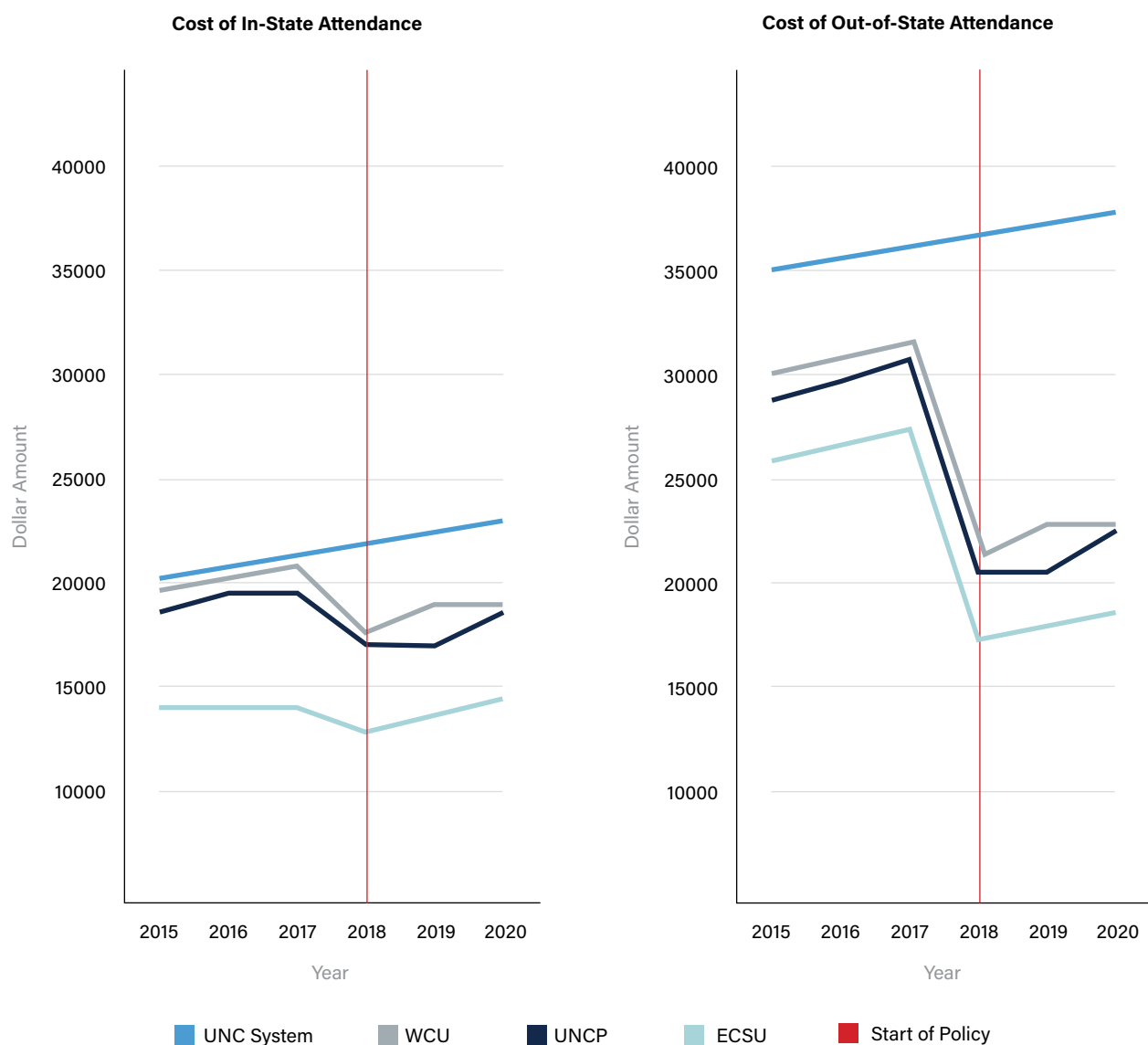
Key Findings

1. NC Promise lowered the cost of attendance for both in-state and out-of-state students, typically to prices below nearby community colleges.

NC Promise reduced tuition at the three Promise universities, but tuition is only one part of the total cost of attendance for students. Cost of attendance also includes room and board, books, fees, and transportation. Figure 1 shows how the total cost of attendance at the Promise universities changed relative to the rest of the UNC System when the policy began. NC Promise provided a steep discount to out-of-state students averaging a 34% decrease in the cost of attendance. In-state students experienced a 13% decrease in the cost of attendance.

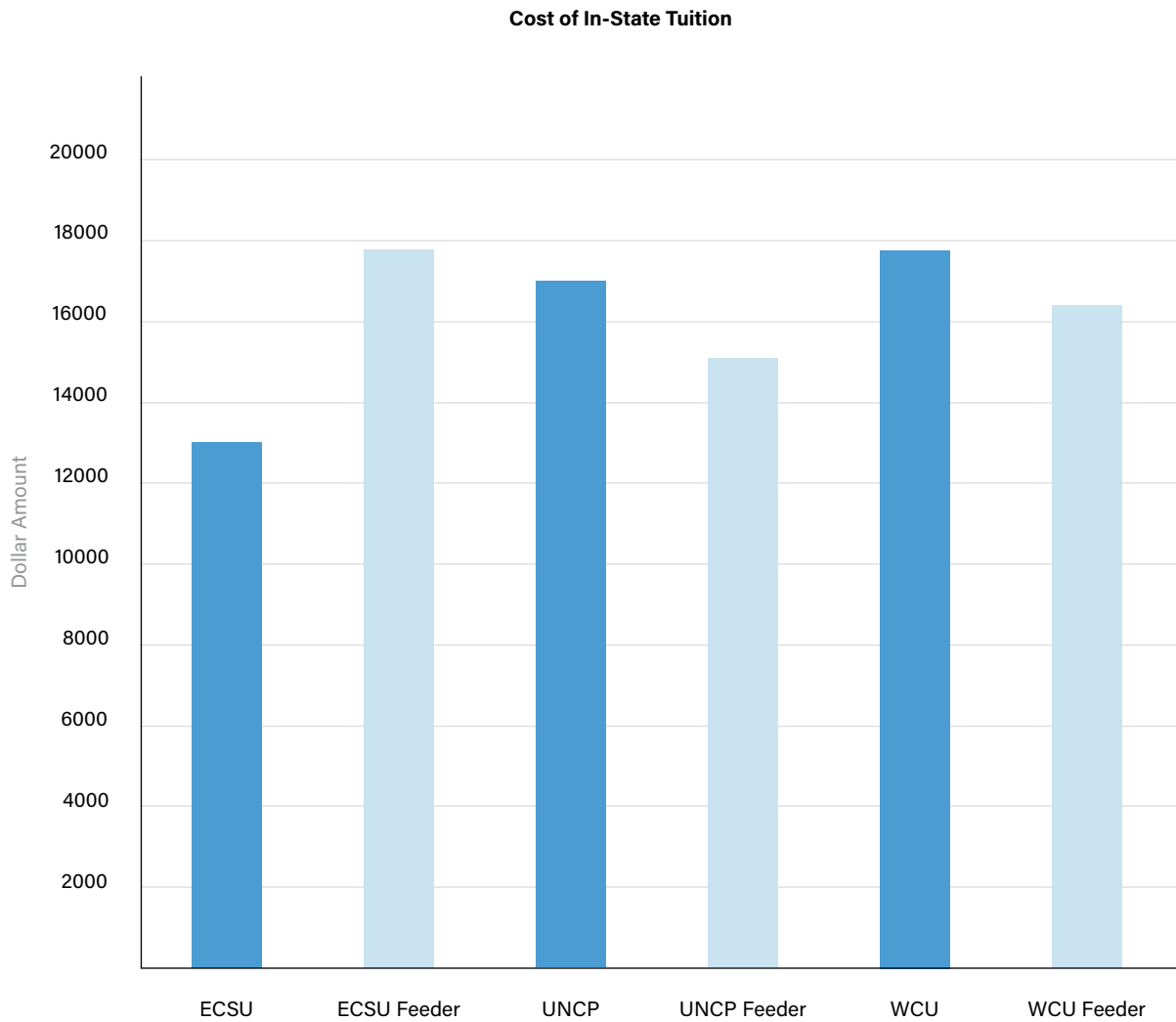
Figure 1

The cost of attendance at Promise institutions dropped substantially relative to the rest of the UNC System campuses after the start of NC Promise.



These decreases made the cost of attendance at Promise institutions comparable to local community colleges as shown in Figure 2.¹ In the first year of NC Promise, the costs of attendance at UNCP and WCU were nearly identical to the costs at their feeder community colleges. ECSU's total cost of attendance was roughly \$4,000 less than its feeder, the College of the Albemarle. This overall parity in price may have made the Promise institutions particularly attractive as transfer destinations for community college students looking to complete a full bachelor's degree.

Figure 2 In the 2018–19 school year, the cost of attendance for students attending NC Promise institutions were comparable to the nearby community colleges that sent them the most transfer students.



1. Feeder colleges are institutions whose alumni make up the highest proportion of transfer students at the four-year institution in question. Fayetteville Technical Community College feeds UNC Pembroke, College of the Albemarle feeds Elizabeth City State University, Asheville-Buncombe Technical Community College feeds Western Carolina University. COA data are drawn from IPEDS. Four-year COA is the total price for students living on campus. Because NCCCS institutions do not have residence halls, a two-year COA is the total price for students living off-campus and not with family.



2. NC Promise resulted in clear increases in transfer student enrollment and minimal increases in first year student enrollment.

To understand the effect of the NC Promise on college enrollment, we measured changes in enrollment at the three affected universities after the policy was implemented in 2018 relative to their enrollments before 2018. However, it is not enough to compare enrollments at NC Promise universities before and after the start of NC Promise, as it is hard to ascertain whether changes in enrollment concurrent with NC Promise would have happened even if the policy was never implemented. As an alternative, we use data from each campus' peer institutions to generate composite comparison institutions that resemble the Promise universities as much as possible, particularly with respect to their enrollment trends prior to the start of the NC Promise policy. To do this, we relied on a method called synthetic control.² For the analyses in this brief, we use six years of enrollment data from the Integrated Postsecondary Education Data System (IPEDS) and the University of North Carolina System Office (UNC SO) covering the academic years beginning in 2015 through 2020. We then compared the enrollment changes at NC Promise universities to those of the synthetic comparison group to understand changes that resulted from NC Promise.

2. Synthetic control uses an algorithm to create a weighted average of the institutions each Promise campus lists as its peers. These peer lists are already created to match the universities on a number of characteristics, such as 12-month enrollment, percent of students receiving a Pell Grant, and instructional expenditures. The creation of different weights for each of these campuses fine-tunes the comparison to make the match as close as possible. For example, synthetic UNCP was generated using data from 11 universities: Northwestern State University of Louisiana (weight 5.4%), Frostburg State University (5.5%), Eastern New Mexico University- Main Campus (6.9%), SUNY Buffalo State (10.8%), Northeastern State University (25.3%), Francis Marion University (16.9%), Lander University (5.3%), Austin Peay State University (5.8%), Virginia State University (5%), University of Wisconsin- Parkside (6.2%), and Middle Georgia State University (7%). These campuses were drawn from the set of campuses the UNC System Office identifies as "peer" institutions for UNCP. This peer determination is based on the similarity of these peers with UNCP on a wide range of organizational characteristics.

We focused on NC Promise's impact on the enrollment of both first-year and transfer students at the three Promise institutions. All three institutions saw increased enrollment after the policy was implemented. Most of this increase in enrollment appears to be driven by a sustained increase in the size of incoming new transfer cohorts rather than a lasting increase in the size of incoming first-year classes. As an example, Figures 3 and 4 show trends in transfer and first-year enrollment, respectively, at UNC Pembroke. Figure 3 illustrates a 20 percent increase in transfer student enrollment relative to the composite comparison institution. In contrast, although Figure 4 suggests there was an initial increase in first-year student enrollment at UNCP relative to its comparison, these enrollments fell in subsequent years, similar to the comparison, ultimately indicating no clear change in first-year student enrollments. The patterns in these figures are mostly similar to the trends at ECSU and WCU.³

Figure 3

Transfer student enrollment increased at UNCP after NC Promise began.

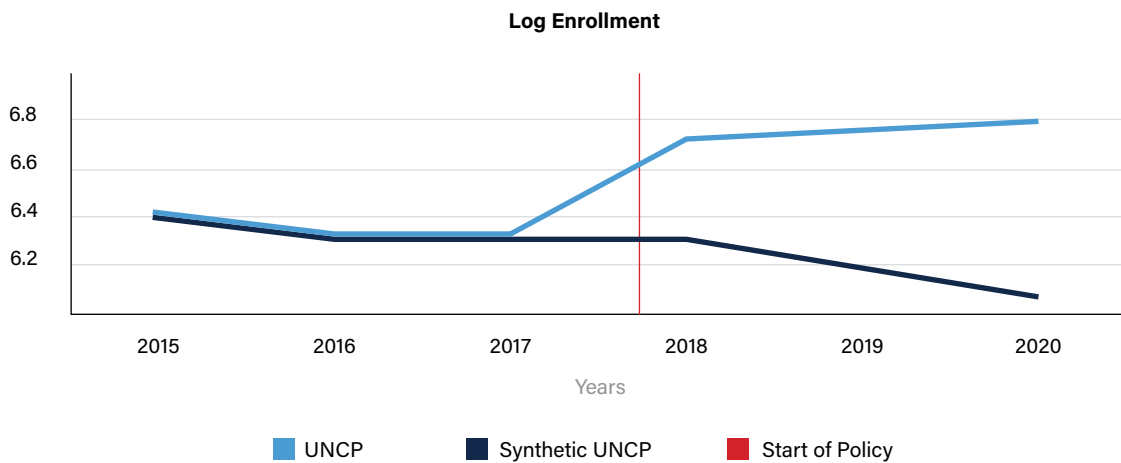
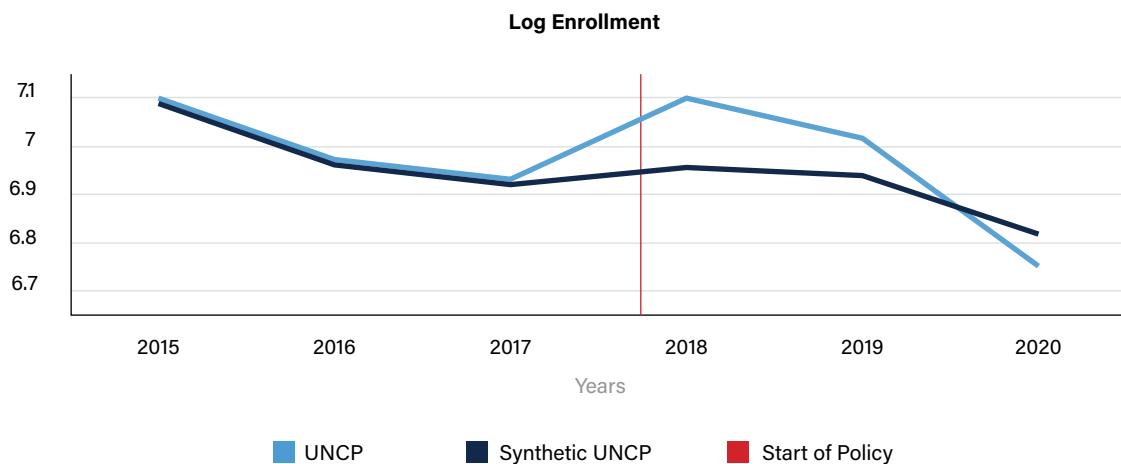


Figure 4

First-year student enrollment did not differ between UNCP and its synthetic comparison after NC Promise began.

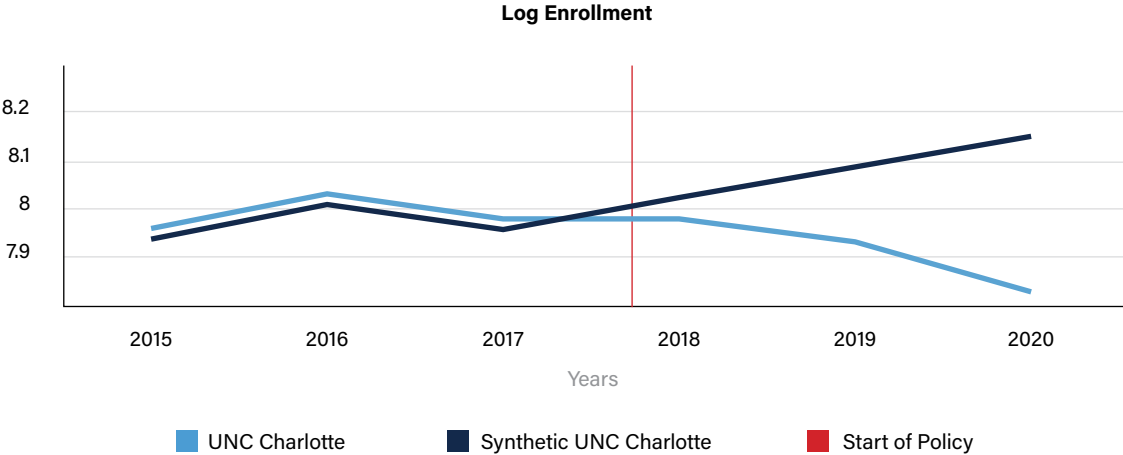


3. The exception is the comparison of first-year enrollment trends at ECSU. Our method did not produce a strong enough match in the pre-policy enrollment trends to draw any strong conclusions.



It's important to question whether the increase in transfer students represented a new population of students who otherwise wouldn't have transferred to a UNC university, or whether the transfer students would have gone to other UNC campuses in the absence of NC Promise. In general, we do not find evidence of the latter. UNC campuses near the Promise institutions such as Fayetteville State University, East Carolina University, or UNC-Asheville, did not experience a decrease in transfer enrollments after NC Promise began. However, we did find some evidence of a decrease in overall transfer enrollment at UNC-Charlotte, as shown in Figure 5. It is possible UNC-Charlotte saw a drop in transfer students as a result of the NC Promise policy. However, the timing of Charlotte's drop in enrollments is a year after NC Promise began. Given that other enrollment changes related to NC Promise happened immediately as the policy was implemented, it's possible the drop in transfer students at Charlotte were related to some factor other than NC Promise.

Figure 5 Transfer enrollments at Charlotte declined relative to peer institutions after the start of NC Promise.

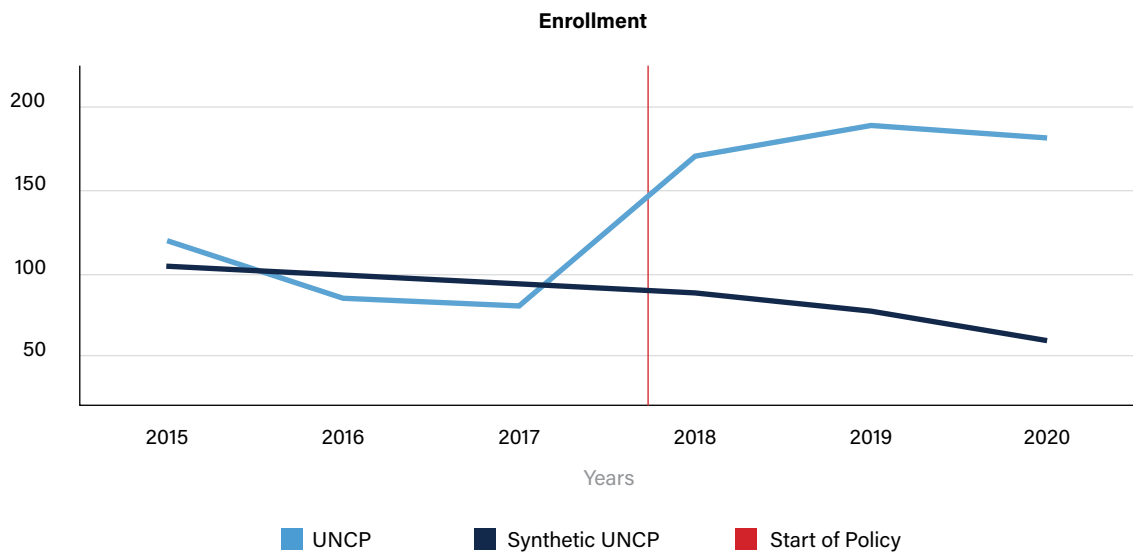


3. NC Promise may have increased enrollment of students from traditionally underserved backgrounds at UNCP and ECSU

In addition to first-year and transfer student enrollment, we investigated whether enrollment changes varied by sociodemographic characteristics, specifically race and ethnicity. Our synthetic control analysis revealed that the growth in enrollment at Promise universities appears to be strongest among Hispanic students. Both UNCP and ECSU saw increases in Hispanic student enrollment—measured as the total new Hispanic first-year and transfer students—relative to their peers. Figure 6 shows how UNCP had approximately 100 more Hispanic students enroll each year after NC Promise began. There were no consistent changes in enrollment patterns among other traditionally underrepresented racial/ethnic groups.

Figure 6

Hispanic student enrollment increased at UNCP relative to its comparison peers by about 100 students per year.



Implications

NC Promise is associated with notable increases in transfer student enrollment at all three Promise institutions. One reason for the policy's disproportionate effect on transfer students may be that the well-publicized policy put the cost of attendance at Promise campuses more in line with the cost to attend community colleges, particularly if students could avoid housing costs by living with family members. As a result, there was minimal change in the costs associated with transferring to a four-year institution. By minimizing any jump in cost, NC Promise appears to have smoothed a path to a bachelor's degree for North Carolina community college students.

In contrast, NC Promise did not result in sustained changes in first-year student enrollment. Part of the explanation may lie in the fact that although NC Promise resulted in a large decrease in tuition costs, these decreases were relatively small in the context of the total cost of four-year college enrollment, particularly for students planning on moving away from home to attend college. The additional costs of housing, fees,

and food are significant for traditional college students. Thus, the NC Promise subsidy may not have been large enough to change the enrollment preferences of traditional first-year students. Alternatively, it may be that NC Promise resulted in an increase in the number of first-year applications NC Promise campuses received, but those students either weren't accepted or chose not to enroll if they were. Investigating this possibility will be a topic for future research.

NC Promise may also have different impacts on different groups of students that we still need to explore in future research. For instance, it is possible that the difference in relative tuition discounts for out-of-state and in-state students may have led to different policy impacts across these groups. There is already suggestive evidence that different students may perceive the value of the NC Promise subsidy differently. These differences are apparent in higher rates of Hispanic students enrolling at UNCP and ECSU than at comparison colleges after NC Promise began. Beyond race and ethnicity, there are other student characteristics that might be reflected in enrollment changes and bring increased diversity to the Promise campuses including geographic factors like where in North Carolina students are enrolling from or whether there were changes in out-of-state student enrollments.

Further, while new enrollments are important for increasing educational attainment in North Carolina, the ultimate test of NC Promise is whether the students the policy draws to Promise universities successfully complete their degrees. This will also be a focus of our future work.

About Us

The Education Futures Initiative is a multi-disciplinary project that is data-driven, evidence-based, and action-oriented. The initiative brings together faculty affiliates at the University of North Carolina-Chapel Hill with expertise in education policy and rigorous research methods from across academic disciplines, including education, public policy, economics, and sociology, to answer questions and identify high-leverage, evidence-based programs vital to North Carolina's efforts to improve educational attainment and economic development.

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