Behavioral Economics of Education: Progress and Possibilities

Adam Lavecchia

University of Toronto

Heidi Liu Harvard University

Philip Oreopoulos

University of Toronto National Bureau of Economic Research Canadian Institute For Advanced Research "The roots of education are bitter, but the fruit is sweet" - Aristotle (384BC - 322BC)

With investment model of human capital, all individuals perfectly understand the trade-offs

Yet clearly this does not apply to a six-year old, who must be persuaded that school is fun now or given no better option



Time Preference changes with age

(e.g. Giedd et al., 2012, Steinberg et al. 2009, Green et al. 1994)

- remarkable process of neural circuitry expansion and pruning
- nerve cell conductivity also improves
- brain's ability to think about the future takes 25 years to mature
- gap between development of immediate pleasure system and forward looking system largest during adolescence

Even adults often not time-consistent

future gains are discounted more than future losses (Stanovich et al., 2012)

small changes to outcomes disc. more than large changes (Frederick et al., 2002)

small probability events, when emphasized, discounted less (Rick and Loewnstein, 2008)

responses depend on context, emotional state, social identity (Benjamin, Choi and Strickland, 2010, Galvan, 2012)

sometimes don't even think about long-term, relying instead on routine, rules of thumb or past habits (Stanovich et al., 2012)

What is behavioral economics?

integrates research from psychology, neuroscience, and sociology to better understand individual decision making and develop policies that address shortcomings in our decision making process

Does not imply wholesale rejection of neoclassical economics, but rather provides theories for why sometimes individuals make decisions that are not in their best longterm interests

Active applications to savings, finance, health, less so for education but that's changing

Outline of today's talk

- general framework for why youth may not take full advantage of education opportunities

- particular education outcomes worth encouraging
- recent applications
- prospects and possibilities for further progress

Two broad systems for cognitive thinking:

System 1: (intuitive, impressionistic)

fast automatic effortless associative difficult to control

System 2: (deliberate, explicit) slower effortful controlled

With overreliance on system 1 thinking for longterm decisions:

students often:

- focus too much on the present
- rely too much on routine
- focus too much on negative identities

mistakes often more frequent under greater stress, more uncertainty, and more choice

Adolescents' system 2 is immature while system for pleasure seeking well-developed

Some students focus too much on the present

many education decisions involve uncertain, incremental long term benefits (e.g. homework, practice, attendance vs games, videos, friends)

children and adolescents especially prone to short-term thinking (Bettinger and Slonim)

present bias leads to sub-optimal behavior comparing to more actively using system 2

education itself may improve integration of system 2 into long-term decision making

Some students rely too much on routine

relying on rules of thumb, routine, and structure help free up bandwidth for more complicated tasks

opportunities for welfare improvement may exist but require deliberate disruption to routine (must use System 2 to take action towards new routine)

e.g. transition from Gr.11 to 12 versus Gr.12 to college

information to help optimize may be readily available but students must access it to take advantage of it - must deliberately seek it out

e.g. selective college applications: Hoxby and Avery (2013)

Some students focus too much on negative identities

Concerns about social identity predominate adolescent thinking

social identity issues exacerbates present-bias, as does projection bias that identity concerns will continue

identities may also relate to attitudes (I am 'resilient', 'capable', 'unworthy', 'average')

attitudes can be made manipulated, which in turn affects education outcomes (Dweck and Legget, 1988)

Evidence of overreliance of System 1?

money on the sidewalk left behind (e.g. grant aid)

nudges work (interventions that encourage certain outcomes but which do not meaningfully alter costs or restrict choice)

stated desire to change behavior without action

regret

High returns?

high school completion (e.g. Angrist and Krueger, 1991)

college attainment (Zimmerman, 2014, Cadena & Keys)

program/college match (Hoxby and Avery, 2013)

homework (Grodner and Rubb, 2013)

classroom attendance (Dobkin et al. 2010)

better understanding of college aid/costs

parental investments

Examples to help overcome behavioral barriers

- 1) encourage youth to be more forward looking
- 2) offset immediate costs with immediate benefits
- 3) provide reminders or help to change routine
- 4) change environment to change routine
- 5) strengthen positive identities
- 6) simplify

1) encourage youth to be more forward looking

Morisano et al. (2010) undergrads at McGill with GPAs below 3.0 randomly given online goal-oriented exercises: e.g. close your eyes and imagine your ideal future, write about it for 15 minutes not concerned with grammar or spelling. What things do you imagine doing to meet your goals 5 years from now, 1 year from now?

Goal is to help students clearly define and articulate goals, giving more meaning and purpose to current activities



PERSONAL GOAL SETTING

2.5 hour intervention

Figure 1. Group differences in grade-point average (GPA) change postintervention.

2) offset immediate costs with immediate benefits

significant latitude in design (school, targets, amounts, subject, type of incentive etc...)

generally modest or non-existent effects with test score incentives, but at least not negative (Fryer 2011, Angrist, Oreopoulos, and Williams, 2014)

small but significant effects with course credit incentives (Barrow et al. 2014, MacDonald et al. 2009)

incentivize inputs? (Fryer, 2011) non-monetary incentives? (Springer et al. 2014) early incentives? (Angrist et al., 2014, Ford, 2014)

Authors	Treatment	Data	Findings
Panel A: Prima	ry, middle or high scho	ols	
Fryer Jr. (2011)	(i) \$2 payment for each book read in Dallas public schools (Earning by Learning); (ii) payment for performance on a series of tests in NYC public schools (NYC Spark); (iii) payment for grades in 5 core courses in Chicago (Paper Project)	Administrative data from 203 public schools in Chicago, Dallas and New York City	 (i) Earning by Learning: (a) .012 standard deviation increase in reading scores, (b) .079 standard deviation increase in math scores; (ii) NYC Spark: (a)026 to .004 standard deviation increase in reading scores, (b)031 to .062 standard deviation increase in math scores; (iii) Paper Project: (a)006 standard deviation increase in reading scores, (b)010 standard deviation increase in math

deviation increase in mat scores. No main effect estimates above are significant.

Authors	Treatment	Data	Findings
Panel A: Prim	ary, middle or high scho	ols	
<u>Riccio</u> et al. (2013)	Opportunity NYC: Various health, workforce, and education incentives directed at children including: (i) \$25 per month for 95% school attendance; (ii) \$300 to \$600 for	Administrative and survey data for more than 11,000 children in New York	Students in 4 th grade at random assignment: effects on math proficiency (i) 2.1 percentage points in Year 1 (not significant) (73 versus 71 percent); (ii) 1.7 percentage points in Year 2 (not significant) (80 versus 79 percent).
	passing or proficiency on standardized exams (amount varies for primary/middle/high school students); (iii) \$25 per parent- teacher conference attended (up to 2 per year)		Students in 7 th grade at random assignment: effects on math proficiency: (i) 0.8 percentage points in Year 1 (not significant) (60 versus 59 percent); (ii) -1.6 percentage points in Year 2 (not significant) (62 versus 64 percent).

Treatment	Data	Findings
ry, middle or high scho	ols	
Students who attended 25 percent and 75 percent of their allotted supplemental education services (SES) tutoring hours received (i) a signed certificate of recognition from the district superintendent; OR (ii) \$25 plus an additional \$50 upon completing 100 percent of allotted hours	Administrative data for more than 300 primary and middle school students	Students randomly assigned to receive the non-monetary award (certificate) attended 43 percent more tutoring hours than control group students (60 versus 17 percent). Students randomly assigned to receive the monetary award attended 6 percent more tutoring hours than control group students (23 percent versus 17 percent) (not significant).
	Treatment <i>y, middle or high schoo</i> Students who attended 25 percent and 75 percent of their allotted supplemental education services (SES) tutoring hours received (i) a signed certificate of recognition from the district superintendent; OR (ii) \$25 plus an additional \$50 upon completing 100 percent of allotted hours	TreatmentDataTreatmentDataTy, middle or high schoolsStudents whoAdministrative data for more than 300 primary and 75 percent of and middle schooland 75 percent of their allottedand middle schooltheir allottedstudentssupplemental education servicesstudents(SES) tutoring hours received (i) a signed certificate of recognition from the district superintendent; OR (ii) \$25 plus an additional \$50 upon completing 100 percent of allotted hours

Authors	Treatment	Data	Findings
Panel B: Posts	econdary Education		
Angrist, Lang and Oreopoulos (2009)	The Student Achievement and Retention Project (STAR) (i) GPA based scholarship (SFP); (ii) mentoring from upper-year undergraduates (SSP); (iii) SFP + SSP	Administrative data for first year students at a large public Canadian university	Students randomly assigned to the SFP treatment arm (i) .01 standard deviation increase in first-year GPA (not significant); (ii)02 standard deviation increase in second-year GPA (not significant). Students randomly assigned to the SFP + SSP treatment arm (i) .23 standard deviation increase in first-year GPA; (ii) .08 standard deviation increase in second-year

GPA (not significant).

Authors	Treatment	Data	Findings
Panel B: Postse	econdary Education		
Angrist, Oreopoulos and Williams (2014)	\$100 reward for course grades of 70 percent + \$20 for each percentage point higher than this	Administrative data for first and second-year students at a large public Canadian university	Students randomly assigned to the treatment group (i) earned first-year GPAs021 standard deviations higher than those for the control group

GPAs -.021 standard deviations higher than those for the control group (not significant); (ii) earned a second-year GPA .107 standard deviations higher than those for the control group (not significant).

Authors	Treatment	Data	Findings
Panel B: Postse	econdary Education		
MacDonald et al. (2009)	\$750 each of three semesters for (i) obtaining a 2.0 GPA or higher; (ii) meet eligibility requirements for the following semester; (iii) completing at least 12 hours of tutorial, case management or career workshops	Administrative data for at-risk community college students in Ontario, Canada	Students randomly assigned to the treatment group earned GPAs (i) 0.07 points higher during the first semester of college (2.18 versus 2.11) (not significant); (ii) 0.12 points higher during the second semester (2.06 versus 1.88); (iii) 0.01 points higher during the third semester (2.10 versus 2.09) (not significant). Larger effects were
			observed for women and

older students.

Authors	Treatment	Data	Findings
Panel B: Post	secondary Education		
Ford et al. (2012)	Future to Discover (FTD): "Learning Accounts" up to \$8,000 in funds for college related expenses	Administrative data from high schools in two Canadian provinces	Eligibility for Learning Accounts increased postsecondary enrollment by 8 percentage points and postsecondary graduation by 8 percentage points (14 versus 22 percent)

3) provide reminders or help to change routine

mailings (e.g. Hoxby and Turner, 2013)

telephone calls (Lavecchia, Liu, and Oreopoulos, 2014)

text messaging and apps (Castleman and Page, 2014, York and Loeb, 2015)

personal help (Bettinger, Long, Oreopoulos, and Sanbonmatsu, Carrell and Sacerdote, 2014, Castleman, Arnold and Wartman)

easy-access coaching/tutoring (Bettinger and Baker, 2014)

Authors	Intervention	Data	Findings
Panel A: Text n	nessages, Email reminder	rs, Mailings, and Videos	
Hoxby and Turner (2013)	Mailed semi- customized information on college options plus application fee waiver for high-achieving, low-income students	Administrative data from 12,000 high school seniors in the US	Treated students (i) applied to 2.2 more colleges (6.9 versus 4.7 schools); (ii) 40 percentage points more likely to apply to a selective college (92 versus 52 percent); (iii) 5 percentage points more likely to enroll in a selective school (8.8 versus 3.5 percent).

Authors	Intervention	Data	Findings
Panel A: Text	messages, Email remina	lers, Mailings, and Videos	5
Castleman and Page (2014b)	12 text message reminders about re- filing the FAFSA to renew financial aid after the freshman year	Administrative data from the National Student Clearinghouse and uAspire (a non-profit organization) for 808 college students in Boston and Springfield, Massachusetts	Community college students randomly assigned to receive text message reminders were 12 percentage points (19 percent) more likely to persist into their sophomore year (baseline persistence rate of 64 percent). The intervention had no effect on 4-year college students (baseline persistence rate of 87 percent).

Authors	Intervention	Data	Findings
Panel A: Text	messages, Email reminder	rs, Mailings, and Videos	
Castleman and Page (2014c)	Text message reminders and mentoring support to complete college enrollment process	Administrative data from Texas, Massachusetts and Pennsylvania	Students randomly assigned to receive text message reminders were 3 percentage points more likely to enroll in a two year college (23 versus 20 percent). Treatment effects were largest for students with moderate high school GPAs and less defined college plans

Authors	Intervention	Data	Findings
Bergman (2013)	Biweekly calls/texts/emails to middle and high school parents about missed assignments and tests	Administrative data from 462 students in grades 6-11 at a school in Los Angeles	Students whose parents were eligible for treatment experienced (i) a .23 standard deviation increase in GPA, sensitive to past GPA as a control; (ii) marginal increase in test scores; (iii) improvement in classroom behavior (iv) 6 percentage points less likely to exhibit (teacher reported) unsatisfactory classroom behavior (20 versus 26 percent); (v) 6.9 percentage points more likely to
			exhibit (teacher reported) excellent classroom behavior (41 versus 34 percent). Treated parents were 7.9 percentage points more likely to attend parent-teacher conferences (23 versus 15 percent).

Authors	Intervention	Data	Findings
Kraft and	Daily phone	Administrative	Students of parents eligible for treatment (i)
Dougherty	calls/text messages	data from 6th	increased homework completion by 5.9
(2013)	to parents of 6 th and	and 9th grade	percentage points (85 versus 79 percent); (ii)
	9 th grade students at	charter school	increased in-class participation by 0.59 times
	MATCH charter	students in	per-day (6.84 versus 5.25 times per day).
	school in Boston.	Boston	
	Messages focused		
	on what child did		
	that day, what		
	assignments and		
	homework was		
	assigned and ways		
	for the child to		
	improve		
	impiove.		

Authors	Intervention	Data	Findings
V A I	XX71-1	A . A	54. 4
Kraft and	weekly	Administrative	students of parents who received messages
Rogers	calls/emails/text	data for 435	highlighting positive behavior were 4.5
(2014)	messages to parents	summer	percentage points more likely to earn course
	of high school	program high	credit (91.7 versus 87.2 percent) (not
	students	school	significant)
	highlighting (i) what	students	-g
	the student was	bradentb	Students of parents who received
	doing well		improvement messages were 8.8 percentage
	hahariarallu ar		noints more likely to earn course credit (96
	benaviorally of		versus 87.2 mercent)
	academically; OR		versus 87.2 percent).
	(ii) what the student		
	needed to improve		
	on		

Example: READY4K Benjamin York and Susanna Loeb (2014) Disadvantaged parents in Cal. signed up for study in summer 2013 treated group received 3 text messages each week for 8 months

MOndays: FACT texts, highlighting importance of particular skill FACT: Beginning word sounds are essential for reading. You can help your child learn to read by saying the beginning sound of words. "Read" starts w/ "rrr."

Wed. TIP text: short simple and specific activities for parents to do TIP: Say two words to your child that start with the same sound, like happy & healthy. Ask: can you hear the "hhh" sound in happy & healthy?

Fridays: GROWTH text: encouragement and reinforcement GROWTH: By saying beginning word sounds, like "ttt" in taco & tomato, you're preparing your child 4K. Now, have your child make the "ttt" sound.

Table 4

		Treatment eff	fect estimates	
Teachers' ratings of how often parents ask them about:	Model 1	Model 2	Model 3	Model 4
How the child gets along with others	0.119	0.224**	0.226**	0.192*
	(0.109)	(0.092)	(0.092)	(0.098)
What their child is doing in school	0.031	0.168*	0.166*	0.160*
	(0.107)	(0.086)	(0.089)	(0.091)
What they can do at home to help the child learn to read	-0.009	0.129*	0.132*	0.129*
	(0.096)	(0.075)	(0.074)	(0.074)
N=	254	254	254	254
Model inclusions:				
Site fixed effects		Х	Х	Х
Imbalanced pre-treatment covariates			Х	Х
Additional pre-treatment covariates				Х

The effects of READY4K! on parental involvement (estimates reported in standard deviation units)

Notes. Standard errors clustered at the teacher level. Statistical significance levels: *p<0.10; **p<0.05; ***p<0.01

And positive effects on literacy assessment: 0.25 std

Authors	Intervention	Data	Findings
Panel A: Perso	onal Assistance		
Avery (2013)	Tutoring and college application assistance	Administrative data from the College Possible Program	Students randomly assigned to the College Possible program were (i) 30 percentage points more likely to apply to a 4-year college; (ii) 44 percentage points more likely to apply to a selective institution; (iii) 15 percentage points more likely to enroll in a 4-year college.

Authors	Intervention	Data	Findings
Panel A: Perso	onal Assistance		
Bettinger, Long, Oreopoulos and Sanbonmatsu (2012)	(i) Personalized advice in completing FAFSA (FAFSA Treatment Group); (ii) Personalized financial aid estimates and encouragement to complete the FAFSA on their own (Information Only Treatment Group)	Administrative data from H&R Block in Ohio and North Carolina, the Department of Education and the National Student Clearing House	Students randomly assigned to the FAFSA Treatment group were (i) 16 percentage points more likely to complete a FAFSA (56 versus 40 percent); (ii) 11 percentage points more likely to be enrolled in college and receive financial aid (41 versus 30 percent); (iii) 9.4 percentage points more likely to be enrolled full time (31 versus 22 percent); (iv) 8 percentage points more likely to be enrolled in college for 2 years (36 versus 28 percent). Students randomly assigned to the Information Only Treatment group had outcomes similar to those in the control group

Authors	Intervention	Data	Findings
Panel A: Pers	onal Assistance		
Carrell and Sacerdote (2013)	Personalized mentoring and assistance in completing financial aid and college application forms	Administrative data from New Hampshire high schools	Students randomly assigned to receive coaching were (i) 5.4 percentage points more likely to enroll in college (57.2 versus 51.8 percent); (ii) 5.6 percentage points more likely to enroll in a 4-year college (28.3 versus 22.7 percent); (iii) no more likely to enroll in a 2-year college; (iv) 13 percentage points more likely to be enrolled in college 2 years after high school (47 versus 34

percent).

Authors	Intervention	Data	Findings
Panel C: Coaci	hing and Advising		
Bettinger and Baker (2014)	Coaching to improve college completion	Administrative data from 8 public and private colleges from <u>InsideTrack</u>	Students randomly assigned to InsideTrack were 4 percentage points more likely to complete college (35 versus 31 percent).

Authors	Intervention	Data	Findings
Panel C: Coa	ching and Advising		
Cook et al. (2014)	Mandatory intensive math tutoring and weekly social- cognitive skill training	Administrative data for 106 at-risk ninth and tenth grade high school students in Chicago	Students randomly assigned to receive treatment scored (i) .51 standard deviations higher on standardized math tests (TOT .65 standard deviations); (ii) earned .43 standard deviations higher math GPAs (TOT .58 standard deviations); (iii)06 standard deviations higher on standardized

reading tests (not significant).

4) change environment to change routine

change default (Pallais, 2013)

changing environment goes beyond nudging because doing so changes constraints

e.g. mandatory attendance (Dobkin et al. 2010)

mandatory homework (Grodner et al. 2013)

more spread out assignments (Ariely et al. 2002)

More structure in college (Scriviner et al. 2013)

Intervention	Data	Findings
Before 1997, college applicants were able to send 3 free ACT score reports to schools for free. After 1997, 4 free reports were allowed with additional reports costing \$6.	American Freshman Survey	 Before 1997, more than 70 percent of ACT takers sent exactly 3 reports. After 1997, fewer than 20 percent sent exactly 3 reports and 70 percent sent exactly 4 reports. After 1997 students applied to colleges with 0.35 to 0.50 points higher on the
	Intervention Before 1997, college applicants were able to send 3 free ACT score reports to schools for free. After 1997, 4 free reports were allowed with additional reports costing \$6.	InterventionDataBefore 1997, college applicants were able to send 3 free ACT score reports to schools for free. After 1997, 4 free reports were allowed with additional reports costing \$6.American Freshman Survey

ACT.

Intervention	Data	Findings
Mandatory attendance policy for students scoring below the median on the class midterm	Administrative data from three large undergraduate economics classes	(i) The mandatory attendance policy increased attendance rates by 28 percentage points; (ii) A 10 percentage point increase in attendance led to a .16 standard deviation increase in final
	Intervention Mandatory attendance policy for students scoring below the median on the class midterm	Intervention Data Mandatory attendance Administrative data from policy for students three large undergraduate scoring below the economics classes median on the class midterm

• —			
Authors	Intervention	Data	Findings
Grodner and Rupp (2013)	Mandatory homework assignments worth 10 percent of the final course grade	Administrative data from an undergraduate economics class in North Carolina	3.5 to 5.7 percent increase in test scores for students assigned to the mandatory homework group

Authors	Intervention	Data	Findings
Ariely and Wertenbroch (2002)	Students allowed to choose and commit to deadlines for assignments vs. traditional firm deadlines	Administrative data from an executive-education course at MIT	(i) Students allowed to choose assignment deadlines, on average, chose to pre-commit to less-flexible, evenly spaced deadlines; (ii) Students required to submit at evenly spaced deadlines performed better on a proof-reading task
			than those with flexible deadlines.

Intervention	Data	Findings
Comprehensive community college program intervention: mandatory full-time enrollment, mandatory block classes, "quick" graduation, financial assistance, mentoring and career counselling	Administrative data from 6 CUNY colleges	Students randomly assigned to the treatment group (i) 9.5 percentage points more likely to be enrolled in college after two years (67.8 versus 58.3 percent); (ii) accumulated 7.6 more credits by the end of the second year of college (37.9 versus 30.4 credits); (iii) 5.7 percentage points more likely to complete their associate's degree after two years (14.5 versus 8.7 percent)
	Intervention Comprehensive community college program intervention: mandatory full-time enrollment, mandatory block classes, "quick" graduation, financial assistance, mentoring and career counselling	InterventionDataComprehensive community college program intervention: mandatory full-time enrollment, mandatory block classes, "quick" graduation, financial assistance, mentoring and career counsellingAdministrative data from 6 CUNY colleges

5) strengthen positive identities

the need to feel liked a powerful influence on behavior

mitigate negative social influences by helping students focus on more positive identities (Cohen et al. , 2006)

help students view success based more on effort than innate ability (Dweck, 2007), Wilson and Lindville, 1982, Blackwell et al. 2007)

Intervention	Data	Findings
8 sessions over 8 weeks teaching students that the brain is malleable and that intelligence grows with effort	Administrative data from 91 7 th grade students in New York City	.55 standard deviation GPA increase from the spring of 7 th grade to the spring of 6 th grade for students randomly assigned to receive the treatment, relative to the control group.
	Intervention 8 sessions over 8 weeks teaching students that the brain is malleable and that intelligence grows with effort	InterventionData8 sessions over 8 weeksAdministrative datateaching students that the brain is malleable and that intelligence growsfrom 91 7th gradethat intelligence grows with effortCity

Authors	Intervention	Data	Findings
Authors Cohen, Garcia, Apfel and Master (2006)	Intervention Targeted reaffirmations of personal adequacy and self-integrity	Data Administrative data from a seventh grade school	Findings Students randomly assigned to the treatment group earned a fall semester GPA 0.3 points higher than the control group (on a 4 point scale). Treatment effects were largest for African American students; those for white students were
			insignificant.

Table 5: Interventions that strengthen positive identities

Table 5: Interventions that strengthen positive identities

Authors	Intervention	Data	Findings

O'Rourkeet al. (2014) An educational game that emphasized that intelligence is malleable. Children are awarded points for effort, persistence and strategy. Administrative data on performance in the educational game Refraction for more than 15000 children

Children randomly assigned to experimental condition (which emphasized that intelligence is malleable (i) persisted in the game for 29 more seconds (median 118 versus 89 seconds); (ii) completed 1.2 more levels of the game, on average (6.7 versus 5.5 levels).

Authors	Intervention	Data	Findings
Wilson and	Students were shown	Administrative data for	Students randomly assigned
Lindville	booklets and videos of	40 freshmen students at	to the treatment group (i)
(1982)	upperclassmen who described that struggles during freshman year	Duke University	were 20 percentage points (80 percent) less likely to drop
	were temporary and that academic performance		their sophomore year; (ii) experienced a 0.34 GPA
	subsequent years.		GPA). Students in the control group experienced no GPA increase (2.82 versus 2.87
			GPA).

Table 5: Interventions that strengthen positive identities

6) simplify



Prepare for greatness.

Parents offered school choice and sent 100 page booklet on description of schools, with website on each school

Hasings and Weinstein (2008) randomly sent 'summary' sheet as part of mailing

School choice and test scores increased

Conclusions

many behavioral barriers in education

children and youth especially susceptible to presentbias, overreliance of routine, and social influences

opportunities to address barriers are context specific details matter distinction between high-touch, low-touch

promising results so far, with lots of room for further research

