

Using Commitment Devices to Increase Retention at Community College

Idea for Future Research

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One of the key biases identified by behavioral economics is present bias, which causes people to overweight events that happen in the immediate present and underweight events that happen far into the future. This bias may cause people to underutilize activities that have short term costs and long term benefits, like attending and graduating from college, since the immediate costs are felt much more strongly than the prospect of future benefits. Behavioral economics has also developed models of hyperbolic discounting, where events in the immediate present are weighted much more heavily than events even happening only moderately far in the future, but all events that happen after the immediate present are only slightly underweighted when compared against one another. This can lead to time inconsistency where a person might make a decision to go ahead with something that has short term costs and long term benefits if it is sufficiently far away, but then once the events get closer in time, and the costs are felt in the immediate present, then they might change their mind and not follow through. This ends up being a bit surprising because the costs and benefits remain the same, so you would think the decision would be the same regardless of how far away it is, but behavioral economics has been able to demonstrate that people will change their mind under certain predictable circumstances.

Staying in community college is one of those decisions with short term costs and long term benefits that people might decide to continue with when the beginning of school is reasonably far away, but then decide not to go at the last minute once classes are about to start and the tuition bill needs to be paid. That means if you ask people still in the first year of community college (perhaps even in their second semester) whether they plan to return to college the following year, many more will likely say that they will return compared to the number of people who do actually return. One potential solution to this problem suggested by behavioral economics is to use a commitment device, where students are asked to decide in the prior year whether they will return to school the following year, and then once they make the decision to go, the school makes it difficult for them to back out at the last minute. This could be done by offering a 5% or 10% discount if the students reenroll for the following year and pay their tuition in advance during the spring semester before classes are over, and then if they do want to withdraw later they are only given a partial refund. In theory, more people should sign up and pay tuition in advance in the spring semester of their first year (which could make up for the 5% or 10% discount), and then the trick is to make the consequences for withdrawing later strong enough to keep them enrolled, but not seem too punitive and unfair to those who have a legitimate reason for withdrawing.

I would like to follow through on this research idea to see if the commitment device I just described would actually increase retention at community colleges without causing the college to lose too much revenue. Perhaps surveys of community college students currently enrolled could be done to see what

their plans for the future are at various points in time before classes actually start. Then college administrators could see how many more people would likely sign up for a 5% or 10% discount in advance and how many people might want to withdraw at the last minute just before classes start. Ideally, if the surveys yield promising results, then one or two community colleges would actually test this idea by implementing it at their school, and if that goes well, then a randomized controlled trial could be done with a number of community college, where half offer the discount for early enrollment and half change nothing at all.

If the idea does cause retention to increase, then this might increase the graduation rate overall, and if the consequences for withdrawing at the last minute are not too severe, then those who do change their mind might not be negatively impacted too severely. Depending on how the early enrollment discount is designed and how the results turn out, the college might make money or lose money overall, depending on whether the extra revenue from the increased enrollment outweighs the discount colleges need to provide to sign them up early. I think this is an idea worth exploring and if done cautiously and incrementally, researchers and administrators could learn early on if this idea might work at little cost, while the potential benefits from increasing retention at community college could be considerable if applied more widely. There are a lot of community colleges in the country and there would likely be at least one or two willing to experiment, so perhaps this idea might not even be too difficult to get started.