



Promise Programs: An Effective Tuition Solution for Low-Income, In-State Transfer Students?

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The Badger Promise Program

- The Badger Promise was introduced in 2018 to support **first generation, Wisconsin-resident, transfer (from select locations)** students who wanted to complete their four-year degree at the University of Wisconsin-Madison
- All recipients are eligible for 2 semesters of full tuition support, and for Pell-eligible students, the Badger Promise provides up to four semesters of full tuition support
- Effectively removes a significant barrier (high tuition costs) for first generation students in the state of Wisconsin.
- But there are still many costs associated with being a full-time, resident student that individuals must manage on their own.
- It is also not a stand alone program – there are a number of tuition support programs that students may be eligible for

Demographic Data

Table 1:

Number of Badger Promise Students by Entry Cohort and Entry Term

Admission Term	Aid Year		
	2017-2018	2018-2019	2019-2020
Summer/Fall	138	131	97
Spring	11	44	32
Total	149	175	129

Note: Total Number of Transfer students was 694 (17-18), 659 (18-19), and 558 (19-20); Number of Pell eligible students was 236 (17-18), 239 (19-20), and 191 (19-20)

Aggregate Data from Office of Student Financial Aid

- Average Tuition Net of Gift Aid 2021 (All transfer): \$8,197
 - Average Tuition Net of Gift Aid 2021 (BP): \$5,915
 - Average Cost of Attendance Net of Gift Aid 2021 (All): \$15,468
 - Average Cost of Attendance Net of Gift Aid 2021 (BP): \$8,783
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- Other Observations from Admin Data:
 - 1: Tuition net of gift aid is lower for BP students compared to other transfers and has declined over time
 - 2: Steady decline in the number of transfer students between 2015 and 2021 (-18%); this is steady (does not appear to be a short-term response to COVID)
 - 3: Decline in BP recipients between 2020 and 2021 (Net Transfer enrollment rose slightly, but BP % went from about 15% to about 9%)

Thinking Broadly About Financial Wellness

- Financial Markets are complex and require consumers to make a number of decisions (often with limited to no support)
- Longstanding view that Financial Literacy can lead to improved outcomes for consumers
- Researchers have established a clear, positive relationship between financial education and financial knowledge (Popovich et al., 2020; LaBorde & Mottner, 2016; Borden et al., 2008).
- Increasingly, research supports the argument that improved financial knowledge leads to better financial behavior (Kaiser et al., 2020; Stoddard & Urban, 2020; Harvey, 2019; Mangrum, 2019; Urban et al., 2018).
- Thus: Financial Education → Knowledge → Behavior
- In recent years, more attention has been given to the concept of financial well-being (FWB)

Financial Well-Being (FWB)

- Ultimate goal of many support programs is to enhance well-being of recipients
- Consumer Financial Protection Bureau (CFPB) Definition:
- “[A] state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life”. (CFPB, 2015, pg. 18)
- Elements of this **Subjective** Measure:
 - 1) having control over day-to-day, month-to-month finances,
 - 2) having the capacity to handle a financial shock,
 - 3) following through with individual’s financial goals, and
 - 4) having the financial freedom to make decisions that allow you to enjoy life
- 10-Item Measure

FWB Measure

- **How well does this statement describe our situation: (Completely, Very well, Somewhat, Very little, Not at all)**
- I could handle a major unexpected expense
- I am securing my financial future
- Because of my money situation, I feel like I will never have the things I want in life
- I can enjoy life because of the way I am managing my money
- I am just getting by financially
- I am concerned that the money I have or will save won't last
- Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month
- I have money left over at the end of the month
- I am behind with my finances
- My finances control my life
- **Higher Scores = Greater Well-Being**
- *underlined items may be used to create a short-form measure

Subjective Well-Being (SWB)

- Broader measure (not purely based on finances)
- Satisfaction with Life Scale (SWLS; Pavot & Diener, 1993)
- **5-Point, Likert-Type Scale with responses ranging from Strongly Agree to Strongly Disagree**
- In most ways, my life is close to my ideal.
- The conditions of my life are excellent.
- I am satisfied with my life.
- So far I have gotten the important things I want in life.
- If I could live my life over, I would change almost nothing.
- **Higher Scores = Greater Well-being**

Financial Stress Scale- College Student Version (FSS)

- **Asks respondents how often they think about various financial events (1 = Never to 4 = All of the time)**
- 18-items (examples include):
 - Being behind on payments
 - Living paycheck to paycheck
 - Being in a job where work is not steady/predictable
 - Having large debt
 - Having to borrow money from family/friends/financial institution
- **Higher Scores = More Stress**

Family Financial Socialization (FFS)

- Sum of 7 items scored as 0 if “no” and 1 if “yes”
- **While growing up at home did your family...**
- Discuss family financial matters with you?
- Speak to you about the importance of saving?
- Discuss how to establish a good credit rating?
- Teach you how to be a smart shopper?
- Teach you that your actions determine your success in life?
- Provide you with a regular allowance?
- Provide you with a savings account?
- **Higher Score = Higher amount of financial socialization factors or interactions**

Other Important Factors

- Self-Reported Mental Health (1 = very poor, 5 = very good)
- Self-Reported Physical Health (1 = very poor, 5 = very good)
- Financial Support from Parent/Guardian: Full, Partial, None
- Difficulty Meeting Expenses (0/1)
- Financial Independence/Dependent Status (0/1)
- Elective Financial Education Exposure (0/1)
- Budget/Spending Plan (0/1)
- Federal Student Loans (0/1)
- Work (Prior to COVID 19) (0/1)

Base Sample Statistics (N = 657)

Variable	Mean	Standard Deviation	Minimum	Maximum	Cronbach's Alpha
FWB	45.12	5.17	31	59	.56
SWB	16.07	4.08	5	25	.84
FSS	30.05	9.56	18	72	.91
FFS	4.63	1.87	0	7	.70
Self-Reported Mental Health	2.36	1.12	1	5	N/A
Self-Reported Physical Health	3.21	1.13	1	5	N/A

Base Sample Statistics Continued (N = 657)

Variable	Frequency	Percentage
Parent Financial Support		
Full	177	26.94%
Partial	182	27.70%
None	288	43.84%
Not Difficult to Meet Expenses	351	53.67%
Independent	246	37.67%
Financial Education Course in College	153	23.32%
Budget or Spending Plan	401	61.13%
Federal Student Loans	244	37.25%
Work Pre-COVID	508	77.32%

Sample Statistics Comparing Badger Promise Recipients to other Transfer Students (Sample T-tests)

Variable	Badger Promise Recipient (86)	Non-Recipient Transfer Student (571)	Significance
FWB	44.23	45.25	.08
SWB	15.1	16.2	.01*
FSS	31.67	29.80	.09
FFS	3.56	4.80	<.0001***
Physical Health (1-5)	2.82	3.26	.0007**
Mental Health (1-5)	2.10	2.40	.02*
Parent Financial Support			
Full	.03	.30	<.0001***
Partial	.11	.30	.0003**
None	.83	.37	<.0001***
Not Difficult to Meet Expenses	.37	.56	<.0001***
Financially Independent	.62	.34	<.0001***
Financial Education	.22	.23	NS
Budget	.58	.61	NS
Federal Student Loan	.32	.38	NS
Work Pre-Covid	.93	.74	.0002**

Intro to COVID Discussion

- UW Model and Response
- March of 2020, UW-Madison suspended all in-person classes
- Fall 2020 courses were predominantly online, with some hybrid offerings (i.e. courses could have some limited live engagement if the course were small enough and all complied with mask mandate)
- Aggressive campus testing program was enacted, and a clear Badger Badge was required for building access
- Spring 2021 courses remained largely online, although hybrid offerings were a bit more common
- Needless to say, this is a weird time to be a new transfer

Questions Related to Covid-19

Variable	Badger Promise Recipient (86)	Non-Recipient Transfer Student (571)	Significance
Test Positive for Covid	.12	.18	NS
Provide Care for Someone with Covid	.32	.33	NS
Give Financial Assistance to Someone during the Pandemic	.25	.17	.05*
Work Currently	.66	.53	.02*

Sample Comparisons and Discussion

- Very similar in terms of the core metrics: FWB, FSS
- This could be a strong sign that the supports offered to BP students are beneficial
- Why we might think this?
 - A greater percentage of BP students are financially independent
 - Large majority of BP students receive no financial support from parents
 - Larger percentage of BP students have difficulty making ends meet
- Other confounding factors:
- Larger percentage of BP students work (both before and after COVID) so this may be a counter to the above differences)

Sample Comparisons and Discussion

- Other Important Differences for BP Students
- Lower Mental Health Scores (Low scores in general)
- Lower Physical Health Scores
- Lower scores on our measure of financial socialization
- Lower percentage received extra financial support during the pandemic
- At the same time, a greater percentage of BP students are providing some financial support to others during the pandemic

PREVIEW OF QUALITATIVE

- Students were asked about their decision to return to campus for the Spring 2021 semester (given the largely remote campus learning model).
- Open-ended responses (N = 153) to this question provided a number of themes:
 - 1: Challenges of online learning (27%)
 - 2: COVID concerns/safety (26%)
 - 3: Financial Challenges (21.5%)
 - 4: Mental health concerns (10%)
 - 5: Same tuition for different experience (10%)
 - 6: Stress (8.5%)
 - 7: International student challenges (4.5%)

Objective Financial Knowledge (Knoll and Houts, 2012)

- 1. Considering a long time period (for example 10 or 20 years), which asset described below normally gives the highest return? **Savings Account, Bonds, Stocks**
 - **50% correctly selected Stocks**
- 2. Normally, which asset described below displays the highest fluctuations over time? **Savings Account, Bonds, Stocks**
 - **89% correctly selected Stocks**
- 3. When an investor spreads his or her money among different assets, does the risk of losing a lot of money increase, decrease, or stay the same? **Increase, Decrease, Stay the Same**
 - **80% correctly selected Decrease**
- 4. Do you think the following statement is **true or false**? “If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw your money.”
 - **83.7% correctly selected True**

Objective Financial Knowledge Cont.

- 5. Do you think the following statement is **true or false**?
“Whole life’ insurance has a saving feature while ‘term’ insurance does not.”
 - **50.8% correctly selected True**
- 6. Do you think the following statement is **true or false**?
“Housing prices in the US can never go down.”
 - **90.7% correctly selected False**
- 7. Suppose you owe \$3,000 on your credit card. You pay a minimum payment of \$30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges? **Less than 5 years, 5 to 10 years, 10 to 15 years, Never**
 - **31.5% correctly selected Never**

Measuring Financial Knowledge

- Real challenges to relatively simple models like this one
- Numeracy versus product knowledge
- I would be less concerned about insurance knowledge than the credit card interest rate question

Sample Statistics for Financial Knowledge

- Objective Financial Knowledge: Sum of correct responses
- Sample Mean: 4.76 (Stdev = 1.31)
- Subjective (self-assessed) Financial Knowledge: “On a scale of 1 to 7, where 1 means very low and 7 means very high, how would you assess your overall financial knowledge?”
- Sample Mean: 4.28 (Stdev = 1.30)

Variable	Badger Promise Recipient (86)	Non-Recipient Transfer Student (571)	Significance
Objective FK	4.9	4.7	NS
Subjective FK	4.5	4.2	.06

Questions

- Thank you for your time and I am happy to answer any questions that I can
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