

Closing the Gap: The Effect of Reducing Complexity and Uncertainty in College Pricing on the Choices of Low-Income Students[†]

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High-achieving, low-income students attend selective colleges at far lower rates than upper-income students with similar achievement. Behavioral biases, intensified by complexity and uncertainty in the admissions and aid process, may explain this gap. In a large-scale experiment we test an early commitment of free tuition at a flagship university. The intervention did not increase aid: rather, students were guaranteed before application the same grant aid that they would qualify for in expectation if admitted. The offer substantially increased application (68 percent versus 26 percent) and enrollment rates (27 percent versus 12 percent). The results suggest that uncertainty, present bias, and loss aversion loom large in students' college decisions. (JEL I22, I23, I24, D31, I28)