

# Money Alone Is not Enough A New Study Looks at What May Encourage High School Graduates to Choose College

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More than one in two high school students in Germany today earn either a general university entrance qualification (*Abitur*) or a university of applied sciences entrance qualification (*Fachabitur*). And while the majority of these college-eligible school leavers actually enroll in college, not all of them do so. To many of these college-eligible school leavers, Germany's vocational education and training system offers an attractive alternative. Although the vocational training rate—that is, the proportion of college-eligible school leavers who started vocational education and training six months after high school graduation, or who have firm plans to do so eventually—has gone down since the late 1990s, the 2014 German National Education Report reveals that it is still at nearly 25 percent. The report also highlights differences depending on students' educational family background: college-eligible high school graduates from families where neither parent has a college degree are much less likely to pursue a college education (61%) than those from families with at least one college-educated parent (82%). Likewise, in the *Berliner-Studienberechtigten-Panel* (Best Up), 25 percent of high school seniors from non-academic backgrounds working towards a college entrance qualification reported their intention to start vocational education and training after high school graduation, compared to only 12 percent of their peers from academic backgrounds.

The *Berliner-Studienberechtigten-Panel* (Best Up), a project funded by the Einstein Foundation between 2012 and 2016, can provide insights into the factors that drive these decisions. For the Best Up study, approximately 1,500 students at 27 Berlin high schools with a college-preparatory track were surveyed five times, beginning in their penultimate school year in May/June 2013. The final survey took place between January and March 2016. The data was collected by the German Institute for Economic Research (DIW Berlin) and the WZB, in cooperation with TNS Infratest Sozialforschung in Munich. The 27 Berlin high schools were selected from a population of high schools with a college-preparatory track situated in districts with a higher share of non-college-educated residents than other districts. In other words, the selection was intentionally biased towards schools that tend to enroll more students from families without an academic background. When interpreting the results, therefore, it is important to note that respondents from families with at least one college-educated parent attend a school with a comparatively low share of students with an academic background (for details on the design of the study, see the DIW Wochenbericht 26/2016).

But why do relatively large numbers of high school graduates choose not to pursue a college education even though they are eligible for it, and why are there differences by educational family background? Young people should choose the educational pathway that best fits their interests—and of course, vocational education and training (VET) may well be the best fit. However, the decision to choose vocational training over college should not be driven by financial concerns. Yet the latter frequently seems to be the case—especially among young people from a non-academic background. The Best Up data confirm earlier studies, such as the one conducted by Barbara Franke and Heidrun Schneider, who found that financial considerations are especially important in the college decisions of high school graduates from families without an academic background. For example, more than half of all high

**Summary:** Why do not all high school graduates enroll in college, and why do differences exist depending on educational family background? Results of the *Berliner-Studienberechtigten-Panel* (Best Up) show that high school graduates from non-academic family backgrounds often perceive difficulties to finance college. This, among other reasons, increases their likelihood to enroll in apprenticeships rather than college. A monthly financial stipend of 300 euros provided during the first academic year, however, does not increase college applications of high school graduates with apprenticeship intentions.

school seniors with VET-intentions said that pursuing a college degree would place a financial burden on them and their families (53%). Among their classmates with college-going intentions, financial concerns were mentioned by only one third (36%). Furthermore, the majority of high school seniors with VET-intentions named the costs arising from attending college as one, or even the most important, reason against a college education (69%). When completing a vocational training program, by contrast, they not only face lower direct costs but may also earn a training allowance, for instance in the dual system.

For educational policy makers seeking to enable young people to be guided by their interests when making career choices and not by their parents' financial resources the question arises: Which policy measures can help young people make educational choices primarily based on their interests? To answer this question, the Best Up study investigated whether providing a financial subsidy might encourage college-eligible high school graduates with VET-intentions to choose college after all. These students were offered a monthly subsidy of €300 during their first year of study—money that would not depend on their academic performance and would not have to be repaid.

The design of our study allows us to examine the effect of this measure. Of the 27 participating schools, 9 were randomly selected for this financial measure. Here we offered the subsidy to those 81 students who at the beginning of their senior year had reported their intention to start vocational education and training after graduation. We offered this subsidy if they enrolled in college no later than the 2015/16 winter semester (enrollment in dual study programs, which combine vocational education with higher education, was also possible). The subsidy would be paid only if the student had not previously started or completed a VET program. The amount of €300 was based on the *Deutschlandstipendium*, which, however, unlike the Best Up subsidy, is merit-based and designed to potentially support students throughout the standard time needed to complete a college degree. In addition, these 81 students, like all Best Up participants, received a two-page flyer containing information on, among other things, college funding opportunities (such as BAföG).

More specifically, our research question was to find out whether among college-eligible students with VET-intentions those who received the offer of financial support would actually choose college more often than students without such an offer. Information on their decision to enroll in college was measured via their college applications or, in the case of open admissions programs, via their plans to enroll for the respective program of study. In other words, what mattered was whether students *applied* to college, not whether they actually enrolled. Applying precedes enrollment and hence captures better students' interest because it is less influenced by external factors, such as college admissions procedures, than the actual transition into college.

The random selection of our two groups (those with and without an offer of financial support) was done at school-level, not individual-level. It is not surprising, therefore, that the student groups are not completely identical but show some differences. For example, the students to whom we offered the Best Up subsidy more often did not have a migration background and more often belonged to the group of those obtaining their *Abitur* or *Fachabitur* in 2015. If these and other factors in group composition (e.g., differences in difficulties financing college, educational aspirations, the perceived educational aspirations of parents, risk attitudes, or parental employment) that might interfere with the results are taken into account in the analysis, we find no differences in the application behavior between the two groups. In other words, the Best Up offer of financial support during the first year of college did not influence the educational choices of the college-eligible high school graduates with VET-intentions: Those who received the offer did not apply, or plan to apply, to college more often than those who did not receive the offer. This finding applies to both the total group of college-eligible high school graduates with VET-intentions and to the subgroup from families without an academic background.



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This suggests the following conclusion: Even though there is evidence both in our Best Up study and in other studies that young people frequently choose vocational education and training over college because the costs of a college education are considered, or in fact are, too high for them, a monthly subsidy of €300 does not seem to be sufficient to encourage college-eligible students to pursue a college degree—even if a college education would fit their interests. That is not to say, however, that any kind of scholarship or other college funding program would generally be ineffective. But our study suggests that such measures should at least be available for more than one year and/or be higher than €300 per month—whether it is the funding term or the funding amount that is more important cannot be determined by our study.

Finally, it is worth mentioning that the Best Up study also looked at another measure designed to help college-eligible school leavers make educational choices that are in line with their interests; namely, actively providing them with information about funding opportunities and the benefits of earning a college degree as compared to a VET degree (for details, see the DIW Wochenbericht). In another set of randomly selected schools we provided such information in an about 20-minute long workshop. Here, significant effects emerge regarding the intended college enrollment and the application behavior of college-eligible high school graduates. The workshop encouraged especially young people with no or only one college-educated parent to actually apply for college given their existing college intentions. Our analyses so far suggest that neither providing additional information nor offering financial support increases the college applications of college-eligible students with VET-intentions.

### References

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*(Photo: David Ausserhofer)*

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