

ECONOMICS

A little cash can go a long wayQ. J. Econ. <https://doi.org/10.1093/qje/qjz018>

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Jobs in public service, such as teaching, require qualified and motivated individuals. However, it is often hard to attract these individuals, as these jobs normally do not offer signing bonuses and therefore can be difficult to transition into, especially if applicants come straight from college and do not have many savings.

Coffman, Conlon, Featherstone and Kessler decided to test whether offering people additional cash would influence their decision to join or not to join Teach for America, a prestigious teacher-placement program. This program requires teachers to take a summer training program and offers transitional grants and loans to help applicants pay their bills during this transition period. Coffman and colleagues

randomly offered an additional \$600 in loans or grants to some of the 7,295 individuals who applied for transitional funding to help them start teaching in the fall of 2015, 2016 or 2017. While this additional \$600 did not influence the decision as to whether to join Teach for America or not for the majority of the applicants, it did for the 10% of applicants in the 'highest financial need' category. In fact, providing an extra \$600 in loans, \$600 in grants, or \$1,200 in grants increased the likelihood that such high-need applicants would become teachers by 20% for the first wave, 18.7% for the second and 28.1% for the third wave of the study. Since these effects were similar for loans and for grants, the authors suggest that these results are due to the increased liquidity that these amounts offered applicants.

Together, these results show that increasing the cash available to high financial need, motivated, qualified individuals can allow them to take important public service jobs. A survey of these individuals showed that they would have otherwise ended up in private sector jobs, highlighting the potential for small bridge loans to increase the number of people who work in public service.

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