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Leveling Up: Early Results from a Randomized Evaluation of Post-Secondary Aid

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Authors: Josh Angrist, David Autor, Sally Hudson, and Amanda Pallais

Affiliation: MIT School Effectiveness and Inequality Initiative

Experimental Design

This paper reports initial findings from a randomized evaluation of a large, privately-funded scholarship program. The program, run by the Susan Thompson Buffett Foundation (STBF), offers grants to Nebraska high school seniors who express interest in attending the state's public colleges and universities. The largest STBF awards are worth more than \$60,000, covering tuition and fees for up to five years of study at any Nebraska public college. Buffett Scholars who enroll at NU also participate in Learning Communities, a program designed to promote student engagement and retention.

We measured the STBF scholarship program's impact by randomly assigning more than 2,000 scholarships among three cohorts of high school seniors. The results reported here include applicants applying for college entry in the Fall of 2012 and 2013 and cover a follow-up window that extends into sophomore year for the 2012 cohort.

Key Findings

- Scholarship effects on college enrollment were small in the first year of scholarship receipt, as most applicants attended college even when they weren't awarded grants. The STBF awards did modestly increase initial college enrollment, however.
- Students shifted from two- to four-year schools in response to awards.
- Gains in sophomore enrollment were substantial. These gains reflect strong persistence among award winners and higher dropout rates in the control group.
- Both freshmen and sophomore enrollment gains were largest for demographic groups with historically low college attendance, including nonwhite applicants and those with relatively low ACT scores. More generally, scholarships generated the largest gains for students who would otherwise have been predicted to fare poorly.
- These findings highlight the paradox of merit aid: awards based on past achievement are likely to generate smaller gains than awards made to applicants who appear less college-ready.



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Data

Data for this project come from the STBF scholarship application, the administrative records of Nebraska's public colleges and universities, and the National Student Clearinghouse.

Detailed Results

STBF scholarships substantially increased the amount of financial aid award winners received. This result is far from automatic: as a rule, federal and institutional grants fall in response to increased outside financial support, implicitly taxing away the added funds. In this case, agreements between STBF and Nebraska's public colleges minimize institutional reductions of other aid. As a result, STBF award offers increased students' grant aid by about \$6,200 on average in the first year and \$6,400 in the second. This represents a net increase of 91 cents in grant aid for every STBF dollar awarded, with offsetting reductions in government loan and federal work-study aid of 29 cents and six cents per dollar awarded, respectively.

STBF support also changed students' enrollment behavior, though effects on overall freshmen enrollment were small. Aid offers increased the probability that a student enrolled in any college by just two percentage points. There was little room for improvement, however, since 97 percent of control students enrolled in college even without STBF support. STBF aid shifted college choice, boosting the fraction of applicants attending four-year colleges by almost eight points.

Gains in sophomore enrollment were more substantial: aid offers increased overall sophomore enrollment by 7.2 points, with full-time four-year enrollment gains of nearly 14 points. Persistence increased most among groups with historically-low attendance rates: we find a remarkable 29 point gain in four-year enrollment for nonwhite applicants and for those with below-median ACT scores. On balance, STBF scholarships substantially equalized four-year enrollment and persistence rates among moderately and highly-qualified students, in effect enabling the former group to 'level up' with the latter group.

We also document substantial variation in the costs associated with program impacts. In ongoing work, we investigate the implications of these result for the program's cost-effectiveness. Preliminary results find that scholarships offered to students who plan to attend the University of Nebraska Omaha and Nebraska's State Colleges generate the largest enrollment gains per dollar of program spending.