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7/7/11

NEW EXPERIMENTAL STUDY SUGGESTS FINANCIAL AID ENHANCES COLLEGE SUCCESS AMONG THE MOST UNLIKELY GRADUATES

MADISON –Results from an ongoing random assignment study of a private grant program in Wisconsin indicate that low-income students who receive Pell Grants and are unlikely to finish college get a sizeable boost in college persistence from additional financial aid. The findings suggest that directing aid to serve the neediest students may be the most equitable and cost-effective approach.

Researchers with the Wisconsin Scholars Longitudinal Study (WSLS) at the University of Wisconsin–Madison have been examining the impact of the Fund for Wisconsin Scholars (FFWS) need-based grant program on the educational attainment of its recipients since 2008. FFWS provides \$3,500 per year to full-time, federal Pell Grant recipients enrolled at University of Wisconsin System institutions. WSLS researchers have collected survey and interview data on 1,500 students, including 600 grant recipients and a random sample of 900 eligible non-recipients who serve as a control group.

“Our findings suggest that making college more affordable for students who were initially unlikely to succeed in college increased their college persistence rates over the first three years of college by about 17 percentage points,” says Sara Goldrick-Rab, WSLS co-director and associate professor of educational policy studies and sociology.

However, since financial aid programs usually do not explicitly target this particular group of students, prior research has found that the average effects of need-based grants are often modest. “It’s common to focus only on the average effects of financial aid programs, but it’s clear that often policies work better for some people than others,” says Goldrick-Rab. “In this case, the Wisconsin grant really helped some students, didn’t help others, and may even have had adverse consequences for another group.”

While policy discussions about targeting financial aid often focus on financial need, the WSLS researchers also considered challenges faced by first-generation students and those with inadequate academic preparation. According to the study, students without college-educated parents and those with lower test scores were initially much less likely to persist in college, while students with high test scores and whose parents held bachelor’s degrees began with a high probability of finishing. The effects of the additional financial aid provided by the Wisconsin grant were very different for those two groups.

Initial findings indicate the program has a moderate positive impact, on average, on the educational attainment of grant recipients. “Enrollment rates didn’t improve much over three years. But the good news is that some students who were awarded the grant were 28 percent more likely to finish 60 credits over two years, increasing the chances that they will earn a bachelor’s degree on time,” says Doug Harris, WSLS co-director and associate professor of educational policy studies and public affairs.

Given the WSLS is the first random assignment study of a program with a similar structure to the federal Pell Grant, it may have important implications for that program, one of the nation’s largest in the education sector. According to Michael McPherson, President of the Spencer Foundation and noted scholar of higher education policy, “This study is the result of an extraordinary opportunity to bring high-quality experimental research to a vitally important question: the effect of changes in need-based grant aid on outcomes for students already enrolled in college.”

Goldrick-Rab, Harris, and co-authors James Benson and Robert Kelchen present and discuss additional findings in a working paper issued by the Institute for Research on Poverty entitled “Conditional Cash Transfers and College Persistence: Evidence from a Randomized Need-Based Grant Program.” It can be downloaded, along with an executive summary, at: <http://www.finaidstudy.org>

The authors will discuss their results at 8 a.m. on Friday, July 8 in room 159 of the Education Building of the University of Wisconsin-Madison as part of a WSLs-sponsored conference entitled “Affordability and College Attainment in Wisconsin Public Higher Education.” More information is available at: <http://www.finaidstudy.org/conference.html>

The WSLs is a collaborative effort among the University of Wisconsin System, the Wisconsin Technical College System, and the Wisconsin Higher Educational Aids Board. The study is also supported by UW-Madison's Wisconsin Center for Educational Research, Wisconsin Center for the Advancement of Postsecondary Education, and Institute for Research on Poverty. The Bill and Melinda Gates Foundation, the William T. Grant Foundation, and the Spencer Foundation provided funding for the research.

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