WSLS

Wisconsin Scholars Longitudinal Study

RESEARCH UPDATE

New Experimental Evidence on the Impacts of the Need-Based Wisconsin Scholars Grant on College Persistence

Sara Goldrick-Rab and Robert Kelchen
University of Wisconsin-Madison

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National college attainment goals coupled with tight financial conditions have led some to question whether need-based financial aid programs are effectively supporting undergraduates to persist toward college completion. Last year, our research team issued some of the most rigorous evidence to date on the causal impacts of need-based grants on college persistence, leveraging a Wisconsin-based program distributing additional grant aid among Pell Grant recipients using random assignment. *This research update provides new information suggesting that the program's estimated effects are modest but clearly positive, and are strongest for students attending less-selective universities.*

Design of the Wisconsin Grant Program

The Fund for Wisconsin Scholars is a private nonprofit program providing need-based grants to Pell Grant recipients attending Wisconsin's 13 public universities.[i] The program began in fall 2008, and continues to award grants today.

Like the federal Pell Grant program, Wisconsin Scholars Grants have income, enrollment, and very modest grade requirements for renewal. However, unlike Pell Grants, Wisconsin Scholars Grants are first awarded after students enroll in college and thus are exclusively focused on increasing the number of students from low-income families earning college credits and degrees. As long as students remain Pell-eligible, enroll full-time, and make satisfactory academic progress at a public university in Wisconsin, they may receive an additional $3,500 grant each year for up to 10 semesters.

This financial grant is intended to support economically needy students as they progress through college, reducing their need to work for pay, and thus providing more time and opportunity for learning. By lowering the annual costs associated with each year of attendance and requiring full-time attendance, the program also hopes to reduce students' debt burden, and shorten their time to degree.

Our study sought: to answer three questions:

1. What is the program's impact on short-term outcomes, such as credit completion and grade point average?

2. What is the program's longer-term impact on college persistence (and eventual degree completion)?

3. For which types of students does the program appear to be most effective?

Study Methodology

We estimated the effects of the Wisconsin Scholars Grant program by comparing the college outcomes of students who were eligible to receive the Grant and were *offered it* to students who were eligible but were *not* offered it.[ii] Since the members of both groups have the same characteristics (e.g., family background and academic preparation) before being offered the grant, and *random assignment* determined the offer, all differences in subsequent outcomes are appropriately attributed to the grant offer itself.

We have previously reported on the estimated effects for the first cohort of students served by the program—students who entered college in 2008.[iii] However, implementation research conducted over the last four years strongly suggested that it took time for universities and students to know and trust the program and understand its rules, and as a result we suspected that program impacts could have also changed over time. *Replication of the experimental evaluation, therefore, was essential to gaining an accurate understanding of program effects.*

This summer we worked with state and university partners to obtain a limited set of administrative data that made it possible to analyze program impacts for the subsequent three cohorts of students offered the grant (2009, 2010, and 2011). Thus, in this update we describe impacts across four student cohorts—a total of almost 15,000 undergraduates. Beginning in September, we will embark on a more comprehensive evaluation of the fifth cohort, the entering class of 2012.

Latest Findings

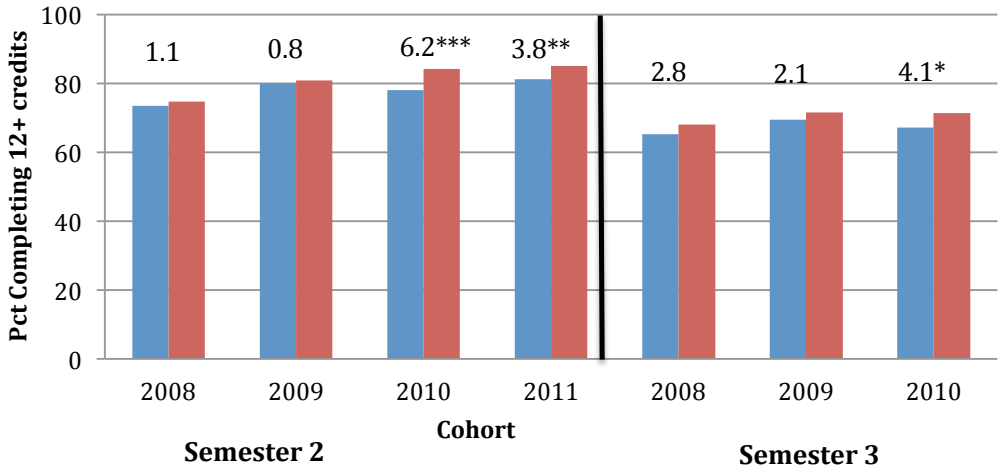
Since real-life programs often diverge from their hypothetical plans, evaluations of financial aid programs must document how much additional aid students actual receive from the program. Given the complex legal and administrative system through which financial aid is processed, it is common for the dollar value of private grants to effectively diminish as they offset other forms of financial aid, including loans and work-study. As a result of this supplanting, the actual net benefit of the grant is often less than the intended amount.

The Wisconsin Scholars Grant program offered students a grant of $3,500. After financial aid officers integrated that grant into students' aid packages in accordance with federal and state law, our estimate based on the 2008 cohort is that the *average annual increase in students' total financial aid package (including all sources) was $1,400.*[iv] This was mainly due to the reduction in students' subsidized loans and work-study allocations. While it is likely that lessening students' debt burden had some positive implications for their stress and later economic well-being, it also means that the additional amount of money available from the grant to cover the short-term costs of college attendance ($1,400) was usually much smaller than the stated amount ($3,500).

The data we have obtained for four cohorts of students indicate the following impacts on educational outcomes.

- **Increases in completion of a full-time (12) credit load** (see Figure 1). The grant required students to enroll for at least 12 credits per term. It was offered to students in their first semester of college, and thus we examined impacts of completing a full-time load in the second semester, and then in the first semester of the second year of college. Interviews and surveys with students in the first cohort suggest that many students failed to understand this requirement. However, *the completion of a full-time load increased among WSG students across cohorts, supporting the hypothesis that as students and universities became better acquainted with the program, it grew more effective.* Impacts on full-time credit completion in the second semester of college were negligible for the 2008 and 2009 cohorts, but grew to 6.8 percentage points for the 2010 cohort, and were 3.8 percentage points for the 2011 cohort. The last estimate is statistically significant, meaning that the differences reported are likely to be caused by the program rather than by chance.[v]

Figure 1: Full-Time Credit Completion by Semester and Cohort



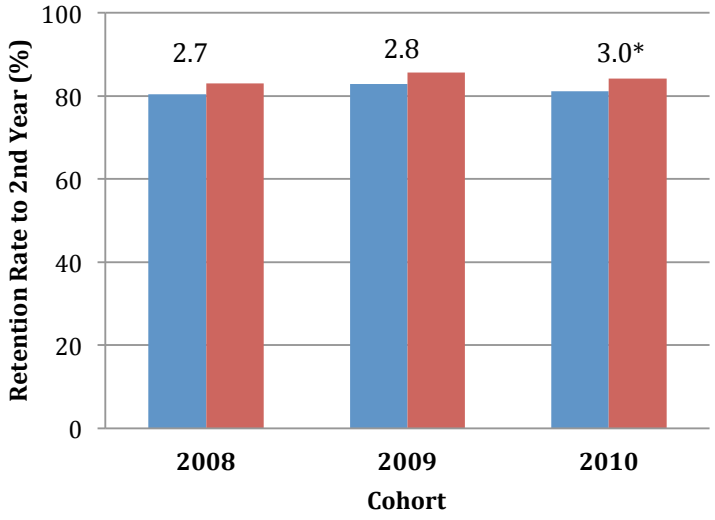
Control Group

Program Group

NOTES: This graph measures completing at least 12 GPA-bearing credits by semester within the University of Wisconsin System. Program impacts are shown above the bars, with * representing p<.10, ** representing p<.05, and *** representing p<.01.

- **Increases in retention to the second year of college** (see Figure 2). On average, the Wisconsin Scholars Grant program saw modest, positive impacts on second year college enrollment for each of three cohorts (2008, 2009, and 2010) with estimated impacts reaching statistical significance for the third program cohort. *For the entering cohort of 2010, being offered the Wisconsin Scholar Grant increased second-year retention rates by 3 percentage points.*[vi]

Figure 2: 2nd Year Retention by Cohort



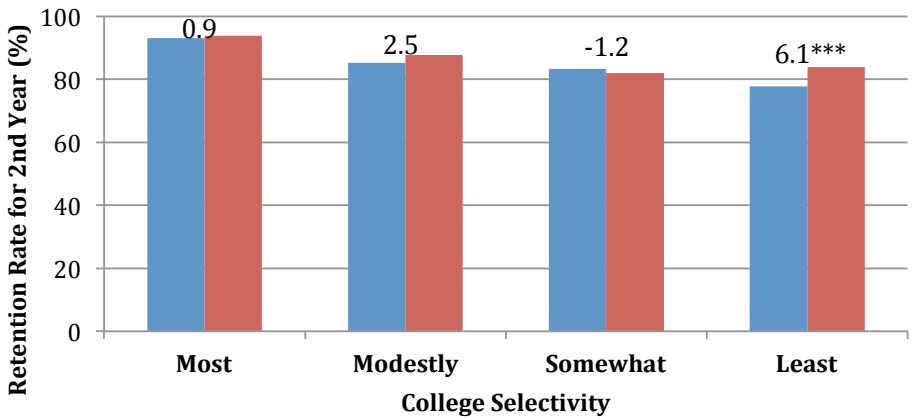
Control Group

Program Group

NOTES: The retention rate measures any enrollment within the University of Wisconsin System during the second year of eligibility. Program impacts are shown above the bars, with * representing p<.10, ** representing p<.05, and *** representing p<.01.

- **Greater impacts for students at less-selective institutions** (see Figures 3 and 4). Given clear institutional variation in Pell Grant recipient graduation rates, variation, we considered the possibility that effects of the grant offer would vary by college selectivity. *Dividing the 13 Wisconsin public universities into four groups based on selectivity level (as determined by median ACT score and admit rate) we found that the most robust, statistically significant impacts on both full-time credit completion and annual enrollment rates accrued to students attending the least selective universities.* The median ACT score at those institutions was between 20 and 21 and the average six-year graduation rate was 42%. At those three universities the Wisconsin Scholars Grant program is estimated to have increased second-year retention rates by 6.1 percentage points, and increased rates of full-time credit completion that semester by 7.4 percentage points. Impacts were smaller and non-significant for students at more selective institutions.[vii]

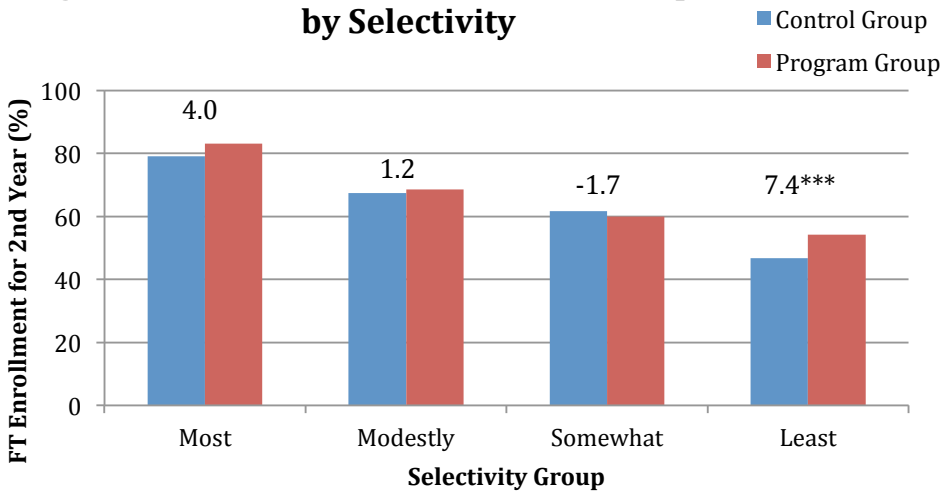
Figure 3: 2nd Year Retention by Selectivity



Control Group
Program Group

NOTES: The retention rate measures any enrollment within the University of Wisconsin System during the second year of eligibility. Program impacts are shown above the bars, with * representing p<.10, ** representing p<.05, and *** representing p<.01.

Figure 4: 2nd Year Full-Time Credit Completion by Selectivity



Control Group
Program Group

NOTES: This graph measures completing 24+ GPA-bearing credits in the second year of eligibility within the University of Wisconsin System. Program impacts are shown above the bars, with * representing p<.10, ** representing p<.05, and *** representing p<.01.

- **Debt reduction.** Analyses of the 2008 cohort (the only one for which we have detailed financial aid information over time) indicate that the program had the intended effect of reducing student debt burden by about $1,500 per year. This likely has some positive benefits and is consistent with the program's mission.

Next Steps

At this point we can only observe retention to the third year of college for two cohorts of students: 2008 and 2009. Analyses of the 2008 cohort suggest that the program's impacts faded after the second year (when they were not statistically significant, either) partly because some students lost the grant as they lost Pell eligibility. The Fund for Wisconsin Scholars recently removed the requirement for continued Pell eligibility, increasing the potential for longer-lasting impacts in future cohorts. We will examine this possibility with the entering cohort of 2012.

Improvements in the efficacy of the Wisconsin Scholars Grant program over time indicate the potentially important role that program implementation plays in the effectiveness of need-based financial aid. Surveys and interviews with students indicate that the lack of results for the 2008 cohort may be attributed to misunderstandings and inadequate trust in the program, issues that seem to be resolving over time. We will continue to examine these issues in greater detail by evaluating a more advanced version of the program as it serves a 5th cohort of students, beginning this fall.

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[i] The program also makes grants to 2-year college students, and a report on the impacts of those grants is forthcoming.

[ii] We estimated the impact of offering rather than receiving the aid, since only the former was assigned at random (in other words we estimate the effect of being assigned to treatment). The effect of receiving the grant was very similar to the effect of being offered the grant because take-up of the grant was very high (over 90%).

[iii] See Goldrick-Rab, S., Harris, D, Benson, J, & Kelchen, R. 2011. *Conditional Cash Transfers and College Persistence: Evidence from a Randomized Need-Based Grant Program.* Social Science Research Network, wp 1887826. A revision of this paper is forthcoming.

[iv] It is common for philanthropic aid to supplant need-based government aid when the total aid received by a student exceeds the cost of attendance at the institution. The process through which this occurs is subject to federal and state law. The Fund for Wisconsin Scholars has a supplement rather than supplant condition with regard to institutional aid, maximizing the extent to which it can reduce student loans, but it is not able to implement this condition with respect to federal or state aid.

[v] Using a two-tailed t-test applied to differences between research groups, all p-values are less than or equal to 0.10.

[vi] Retention is calculated as continued enrollment anywhere in the University of Wisconsin System. Analysis of the cohort for which we have the most detailed data (2008) indicate that there were no treatment impacts on transfer, either within or outside the System, as assessed using data from the National Student Clearinghouse.

[vii] These results hold even if we instead use the Barron's measure of selectivity, which reclassifies two institutions.

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All institutions in the University of Wisconsin System Administration (UWSA) and the Wisconsin Technical College System (WTCS) provide data and other information for the study—their administrations and staff are crucial to our success.

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Our research is a team effort and we thank all of our members of our staff, past and present, our co-investigators, and our advisory board.

Finally, to the student participants in the Wisconsin Scholars Longitudinal Study: thank you for volunteering to share your experiences. The lessons we learn from you are invaluable.

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WISCONSIN SCHOLARS LONGITUDINAL STUDY
Sara Goldrick-Rab, Director
Wisconsin Center for Education Research, University of Wisconsin-Madison
1025 West Johnson Street, Madison, Wisconsin 53706

www.finaidstudy.org