



# STATEWIDE AID POLICIES TO IMPROVE COLLEGE ACCESS AND SUCCESS

PREPARED FOR THE MASSACHUSETTS WORKING GROUP ON GRADUATION AND STUDENT SUCCESS RATES

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**Jobs for the Future** identifies, develops, and promotes education and workforce strategies that expand opportunity for youth and adults who are struggling to advance in America today. In more than 200 communities across 43 states, JFF improves the pathways leading from high school to college to family-sustaining careers.

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# PREFACE

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As participants in numerous state policy initiatives to support higher rates of college retention and completion, Jobs for the Future is pleased to publish *Statewide Aid Policies to Improve College Access and Success*. In this era of increasingly constrained financial resources, Jodut Hashmi's report holds substantial interest for any state that seeks effective ways to use financial incentives to encourage students to complete a postsecondary credential. The report, commissioned by the Massachusetts Department of Higher Education's Vision Project, has provided valuable background for a subcommittee I chair of the project's Working Group on Graduation and Student Success Rates. Through this subcommittee, a small group of financial aid officers, academic officers, and citizen experts are meeting to consider new approaches to financial aid for college students.

Particularly useful in our discussions have been the thought-provoking questions at the end of the report—questions that any state should take into consideration in developing plans to revamp financial aid. In Massachusetts, we are using elements of the newer approaches Hashmi describes and tailoring them to our state's goals: to increase the number of low-income students completing a credential; and to close the racial achievement gap in postsecondary attainment. Hashmi provides a well-argued rationale for this dual focus.

The ideas in this report are directly relevant to a national trend toward funding higher education based on the completion of degrees or other valuable credentials rather than on enrollment. This trend is exemplified both by state or system-level performance-based funding for institutions and by performance-based scholarships for students. Thus, some of the approaches outlined here reward students for meeting key milestones; these approaches emphasize seeing the journey through to the final destination. Other approaches meet students where they are, seeking to supplement their incomes with funding for child care, books, transportation, or other living expenses. And some approaches start as early as middle school, committing aid early and promising it through postsecondary education as long as students meet certain academic and behavioral standards.

One observation precipitated by my engagement with the issues in this paper, as well as with JFF's work with performance funding as a policy lever to incentivize institutions to focus on completion of credentials, is that no state yet marries incentive-based financial aid for students with performance funding. In other words, no state rewards colleges and students simultaneously for contributing to the state's goals for increasing rates of degree completion. Hashmi's report will stimulate thinking about this potentially valuable option for state policy.

Nancy Hoffman

Vice President and Senior Advisor, Jobs for the Future  
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# EXECUTIVE SUMMARY

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Through its Vision Project, the Massachusetts Board of Higher Education in collaboration with the University of Massachusetts has established a goal to produce the best-educated citizenry and workforce in the nation. Toward achieving this leadership status, the project has identified five key educational outcomes for the Massachusetts public higher education system:

- > **College Participation:** Increasing the college-going rates and college readiness of high school graduates;
- > **College Completion:** Raising graduation and success rates of students;
- > **Student Learning:** Enhancing student academic achievements as measured by campus-based and national assessments;
- > **Workforce Alignment:** Aligning degree programs with workforce needs of the state's economy; and
- > **Elimination of Disparities:** Achieving comparable results among ethnic, racial, economic, and gender groups for the preceding four outcomes.

This paper focuses on three of those outcomes: college participation; college completion; and the elimination of disparities in outcomes between different groups of students. It provides background information for developing and implementing state financial aid policy to achieve the goals identified within the key outcomes for the Vision Project. Other initiatives in the Vision Project are addressing the student learning and workforce alignment aspects.

Financial aid has a significant impact on student access to college and success in degree attainment, although its role is often debated and the topic of much research. As financial aid resources decline nationally, states are focusing more attention on the best use of these resources in promoting student success. Intended outcomes and how programs are administered have become central to the development of effective financial aid policy. These components are especially critical in the debates over financial aid policy, given the complexity of and increased demand for resources at the state and federal levels.

Historically, financial aid has been awarded on the basis of academic scholarship (merit) or financial need. More recently, incentive-based programs have become popular in several states. Such programs are intended to assure students, especially those who come from low-income backgrounds, that resources are available for them to go to college. Many states provide assistance to students on the basis of financial need, with very modest standards for continued participation, while other states offer incentives for students who achieve defined academic goals before entering and during college. Of significance for Massachusetts' Vision Project is the extent to which the state should use financial aid to promote college participation and success. That is, should students be awarded financial aid based solely on financial need, or should students also be rewarded for achieving academic goals and exhibiting behaviors that are known to be consistent with degree completion within defined timeframes?

This paper provides an overview and analysis of existing financial aid policies that various states have adopted to improve college access and success. These policies can be categorized into three distinct models: entitlement programs; programs targeted to low-income students; and programs that reward certain behaviors.

**Entitlement programs** provide financial aid based on high school and college academic criteria, regardless of income background.

**Programs targeted to low-income students** include:

- > Programs that provide financial aid only for low-income students meeting certain academic criteria;
- > Programs that provide financial aid to encourage students to pursue college preparation in high school (also referred to as early commitment programs); and
- > Programs that target financial aid to low-income communities, neighborhoods, or schools through early commitment programs.

**Programs that reward certain behaviors** include:

- > Programs that provide performance-based scholarships to encourage persistence and graduation in college, especially for students who start in two-year institutions; and
- > Programs that provide financial aid to encourage student “responsibility,” such as requiring students to take on a large portion of their own college costs.

While each state policy highlighted in this report emerged within the context of the specific conditions and challenges of a particular state, all seek to address both the academic and financial barriers that students face in attending and succeeding in college. They also seek to enhance the students’ knowledge about postsecondary education by bringing to the forefront the goal of attending and completing college.

The highlighted state policies provide financial aid to students by incentivizing academic preparation and scholarship before students enter higher education, while students are in college, or both. They usually provide financial aid if students meet certain academic criteria. Some have substantial income criteria to ensure that the aid specifically reaches low-income students. To align the state higher education system with state workforce needs, many policies require students to pursue higher education within the state to enhance the probability that students will pursue job opportunities within the state after college graduation. Some programs provide extra support services to students and parents, including mentoring, college workshops, and assistance with completing college and financial aid applications.

Massachusetts has its own set of challenges to consider in developing new or revising existing financial aid policy. While it may choose to adopt one state’s approach over another, Massachusetts may also elect to invent a hybrid, incorporating the most effective elements of several state financial aid policies.

In conclusion, Massachusetts must consider a series of questions as it defines the role of financial aid in improving college success and degree completion:

- > What is the purpose of financial aid in Massachusetts?
- > What group of students is the policy designed to assist?
- > What academic preparation or behavior benchmarks should the state require of students?
- > Should financial aid differ based on student behavior related to college preparation and participation?

Each question comes with a sequence of related issues that state leaders must contemplate, based on existing models, available research, and the desired outcomes for Massachusetts. Most important, Massachusetts must consider who the targeted population will be in framing the policy, and which cost-effective requirements and provisions in its policy specifically support that group and speak to the challenges they face in entering and completing a college education.

Finally, the policy of choice must be sustainable to meet the increasingly diverse needs of the Massachusetts population. It must be clearly designed and communicated to be most effective for students who face significant academic, financial, and informational barriers to accessing a higher education.

# INTRODUCTION

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The Vision Project of the Massachusetts Department of Higher Education is committed to minimizing unequal outcomes for students as they enroll in, persist in, and complete college in Massachusetts. It also aims to align the state's higher education objectives with its workforce needs. As Massachusetts develops policies to address these objectives, it must do so with the intention of eliminating disparities between income groups in accessing and completing postsecondary education. It must consider the barriers low-income and minority students face in their academic readiness, their ability to afford college, and their lack of information about higher education. All three barriers affect the educational outcomes of low-income students; all three must be addressed for a specific policy to be effective for low-income students and to eliminate educational and economic disparities within Massachusetts.

As the Vision Project develops a financial aid policy that addresses the main barriers to postsecondary access, persistence, and completion, it will be important to keep certain factors about Massachusetts at the forefront of the discussion.

First, Massachusetts has the third highest college enrollment rate in the nation and the second highest enrollment rate in the Northeast. Nevertheless, disparities in college-going rates exist among minority, black, Hispanic, and white students. Less than 40 percent of black students and less than 30 percent of Hispanic students attend college compared with 50 percent of white students (Massachusetts Department of Higher Education 2010). This indicates that a policy that directs its efforts at enhancing the college enrollment rates of certain groups may have tremendous implications on job market outcomes and minimizing educational disparities.

Second, 70 percent of Massachusetts residents who enroll as first-time students stay within the Commonwealth after graduating from college, and two-thirds of Massachusetts residents who enroll in postsecondary education in state attend public institutions (Massachusetts Department of Higher Education 2010). Furthermore, close to 90 percent of

low-income students who do enroll in college (less than 60 percent do so) attend in-state institutions, meaning that access and success policies targeted at students who plan to attend or are attending public institutions may help minimize future economic disparities between groups and strengthen the state's economy.

Finally, over two-thirds of low-income students (69 percent) enroll in two-year institutions, with less than one-third (31 percent) attending four-year institutions (Massachusetts Department of Higher Education 2010). Similarly, 75 percent of Hispanic students and 67 percent of black students attend two-year institutions.

Many students who enroll in two-year institutions do so for a variety of reasons. First, they may lack the academic preparation necessary to enroll in a four-year institution (Bailey & Morest 2006). Second, two-year colleges are more affordable for low- and moderate-income students (Bailey & Morest 2006). Third, many students require the developmental courses that are offered only at two-year colleges before they can enroll in college-level courses (Bailey & Morest 2006). These students also face a variety of barriers when transferring from a two-year to a four-year institution (ACSFA 2008c). For these reasons, those who enroll in two-year institutions have difficulty completing their Bachelor's degrees (ACSFA 2008b). This has important implications for their success in the job market. Therefore, any access and success policy must seek to encourage students to persist in and transfer to four-year institutions through minimizing the cost and ensuring that students are prepared to do so.

This paper highlights financial aid policies intended to address the three main barriers to college access and success: academic preparation; the cost of attendance; and the lack of information about college. Several states have implemented different types of programs that have incentivized student preparation, awareness, and responsibility to improve the probability that students will enroll, persist, and complete a postsecondary education. Some target low-income groups, while others are more broad-based to ensure access for

everyone. Certain programs require that students fulfill a pledge to meet program criteria in order to receive funding. Some programs focus less on individual students across a state than on certain communities or schools. And many programs are exclusively for helping high school students prepare, while others incentivize academic performance in college to improve retention. Massachusetts can choose to adopt a program entirely from another state, or it may find that a hybrid program that incorporates elements of various existing policies best serves its interests in enhancing the college access and success of low-income students.



# WHY INCENTIVIZE COLLEGE PREPARATION AND SUCCESS?

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Numerous theories about college choice have informed policies that encourage academic preparation through a promise of aid. Don Hossler and Karen Gallagher's (1987) three-phase college enrollment model demonstrates the importance of incentivizing academic preparation early in students' education, when they first consider college enrollment as an option after high school. Further, Alberto Cabrera and Steven La Nasa (2000) found that students have already developed educational and occupational aspirations by the ninth grade. These findings support the value of providing early information to students about college choice, preparation, and financial aid.

Because students start considering college enrollment early, early outreach regarding their academic preparation and information about available financial aid, along with continued support and encouragement throughout the college decision process, is necessary for improvement in college enrollment and success rates (ACSFA 2008a). The greatest loss of potential college graduates occurs in the tenth grade, when many students have lost aspirations to enroll in college and earn a Bachelor's degree, usually due to poor academic preparation and misperceptions about available financial aid (Choy et al. 2000). An early and continued intervention that promises students financial aid if they pursue college preparation can help to minimize this loss. Upward Bound, a federally funded early intervention program, has experienced great success with its college-going rates due to its focus on financial aid and its long-term investments in students (Gullatt & Jan 2003).

Recent reports have shown that maintaining financial access to college for college-qualified, low-income high school graduates is of urgent importance in ensuring that low-income students can access and graduate from college (ACSFA 2010). Strategies that focus on only academic preparation, only financial aid, or only college persistence are limited in their capacity to improve the number of students who enter college and complete Bachelor's degrees (ACSFA 2010). Upon this basis, numerous programs and policies have been implemented to provide high school and college students with

financial incentives to perform well and prepare for college success. These programs both reduce the cost of college for students and induce student effort (Scott-Clayton 2009). Lowering the cost of college through financial aid incentives also reduces student employment through college (unless the incentive requires that students work), allowing students more time for coursework and lessening the amount of time it may take to obtain a degree. Furthermore, opinion polls have often found that the public favors funding for financial (grant) aid when it requires some level of responsibility or service from its recipients (Immerwahr 2002).

Many states and districts have adopted early commitment programs, like Indiana's 21st Century Scholars program. These programs promise full tuition for all low-income students who meet a certain GPA threshold (or other eligibility criteria) and pursue in-state postsecondary education. Rigorous evaluations have shown promising results for college enrollment rates among low-income students in states that have implemented such programs. At the college level, MDRC is involved in random-assignment pilot studies in six states that provide performance-based scholarships for low-income college students to attend two- and four-year colleges, looking at different junctures throughout the students' education. One random assignment study conducted in the New Orleans area found that when working mothers received \$1,000 per semester over two semesters for maintaining half-time enrollment and at least a 2.0 GPA, more of them enrolled in college full time. They passed more courses, earned more college credits, and improved their semester-to-semester retention (Brock & Richburg-Hayes 2006).

Financial aid programs are used in a variety of ways to incentivize academic preparation through high school and through college. Cheryl Blanco (2005) has offered six key principles that policymakers should take into account when considering financial aid incentive policies:

- > Articulate the goals and expectations of the policy to ensure the program design clearly describes the target audience, the guarantee of aid, the steps students/families

need to take, and an appropriate timeline for students that would incentivize preparation effectively.

- > Link early notification and qualification to other federal programs (e.g., Medicaid, Temporary Assistance to Needy Families, free and reduced-fee school lunch programs) to ensure aid reaches low-income students.
- > Consider fiscal sustainability for the policy through forecasting future demand.
- > Periodically measure the impact of the program.
- > Provide support and outreach programs known to be effective, including academic and general college preparation, marketing, parent participation, and other support services.
- > Develop (or incentivize) public-private partnerships for cosponsoring initiatives by government, businesses, foundations, and communities.

# ENTITLEMENT PROGRAMS

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## PROVIDING FINANCIAL AID FOR HIGH SCHOOL AND COLLEGE ACADEMIC SUCCESS

Merit-based financial aid programs, one type of state program that provides financial incentives for academic preparation, have become increasingly popular over the last two decades. States that have adopted merit-based policies usually offer full tuition for attending an in-state public college, whether it is a two-year or a four-year college. Most of these policies are based purely on the academic performance of students in high school, college, or both. The policies exclude no students and are usually available for all income levels.

Merit-based aid has become popular mostly due to its political viability. It is a broad-based program, where students “earn” their aid. Families feel a connection to the program because no one is excluded; all are potential recipients (Dynarski 2004). Rigorous research on these policies has found that it has strong effects on improving college enrollment, persistence, and completion rates.

Merit-aid financial aid policies suffer from two key challenges.

First, they seem to do little to improve the college enrollment and persistence outcomes of low-income students. They tend to attract high-achieving students into in-state institutions, and those who are high achieving tend to come from families of higher incomes. Students who benefit from merit aid attend better-resourced high schools and, on average, come from families with higher levels of education, meaning that merit aid tends to reward students who can afford and will most likely attend college anyway (Longanecker 2008). The policy does not incentivize college enrollment for diverse populations. In fact, Susan Dynarski (2004) found that some merit-based policies increase racial disparities in enrollment.

Second, it is still questionable whether these untargeted programs efficiently distribute limited public funds (Longanecker 2008). Many states that have implemented merit-based aid policies are reexamining scholarship criteria, altering the target audience for the scholarships, and

minimizing the amount of funding they provide to respond to declining state budgets (GSFC 2011; Haughney 2010).

One frequently cited merit-based program is the Georgia HOPE scholarship, funded entirely by the Georgia Lottery for Education. Georgia started the HOPE scholarship in 1993, and 13 other states have introduced large merit programs since then. The scholarship pays for full tuition, mandatory fees, and a book allowance for full-time and part-time Georgia residents who attend a public or private university within the state. Low-income students can receive full benefits of both the HOPE scholarship and, if they qualify, a Pell Grant, providing them with more funds toward college. In exchange, students must have a 3.0 grade point average when graduating high school and maintain a 3.0 GPA in college.

Dynarski (2004) found that the HOPE scholarship increased the probability of attendance at four-year public institutions by a range of 4.5 percentage points to 8.4 percentage points (7.0 to 7.9 percentage points for 18- and 19-year olds). There was a drop in the probability of attendance at two-year public institutions, which was expected because the policy encouraged many who would otherwise attend two-year public schools into four-year public schools. Dynarski also found a similar trend in other Southern states that had implemented similar statewide policies. The probability of attendance at four-year public institutions in these other Southern states rose by 4.4 percentage points. Both the Georgia HOPE scholarship and a similar program called the Arkansas HOPE scholarship that required a 2.5 minimum GPA requirement and a minimum ACT score had positive effects on college completion. They increased the probability of completion for recipients by 3 percentage points, and effects were strongest for women (Dynarski 2004). This indicates that merit-based policies may have strong positive effects on the probability of college attendance and completion.

However, HOPE’s benefits tended to flow to white, non-Hispanic, upper-income students. It increased white attendance from 9.6 to 14.0 percentage points, while it increased attendance for black and Hispanic students by a

range of -0.7 to 6.6 percentage points. These results indicate that HOPE has increased racial and ethnic gaps in college attendance in Georgia (Dynarski 2004). This is most likely because minorities and low-income students were less likely to receive the awards: poor academic performance excluded them from eligibility. Additionally, until 2001, HOPE awards were offset by other sources of aid, so students who received the maximum Pell award received no HOPE scholarship except for the yearly book allowance. Finally, low-income students faced a more complex application for HOPE than other students to establish their credibility for aid and therefore may have been less likely to apply (Dynarski 2004).

Although the HOPE scholarship has been shown to have some positive impact on college completion, Chris Cornwell, Kyung Hee Lee, and David Mustard (2005) found that HOPE recipients at the Georgia flagship university were 9.3 percentage points less likely to complete a full-time course load in their freshman year. It may be that students take lighter course loads to meet the GPA requirements for the HOPE scholarship, indicating that a simple GPA requirement may not be sufficient for a state policy to encourage persistence and completion.

For this reason, when West Virginia implemented its PROMISE scholarship program, funded by the state lottery and a variety of other state funds, it decided to require students to maintain a 3.0 GPA in high school and college, a minimum ACT score of 21, and completion of a minimum of 30 credits within each year of college. (Several states have adopted similar programs.) This would encourage students to complete a Bachelor's degree within four years. The scholarship requires that students fill out a state financial aid application form in addition to the FAFSA, so students can receive federal financial aid in addition to the PROMISE scholarship if they qualify. The awards are up to \$4,750 each year toward the cost of in-state tuition and mandatory fees.

Research by Judith Scott-Clayton (2009) found that the scholarship improved five-year graduation rates by 3.7 percentage points (from a baseline of 51 percent) and improved four-year graduation rates by 7 percentage points (from a baseline of 26 percent). Additionally, the PROMISE scholarship improved credit accumulation. PROMISE recipients were 11 percentage points more likely to have completed the minimum 120 credits required for graduation. There was a 25-percentage point increase in the proportion of students completing a 30-credit course load within the first year. The impact of the PROMISE scholarship on credit accumulation may be attributed to the credit requirements of the policy.

Despite the positive impact of the PROMISE scholarship on college completion and credit accumulation, only 30 percent of PROMISE recipients were Pell Grant recipients. The program, like the Georgia HOPE scholarship, helped to enhance college success for middle- and high-income students but may have had little effect on outcomes for low-income students.

The Florida Bright Futures Scholarship, another merit-based scholarship, serves as an interesting hybrid of the Georgia and West Virginia scholarships. The Bright Futures Scholarship is divided into three categories: Florida Academic Scholars; Florida Medallion Scholars; and Florida Golden Seal Vocational Scholars. The amount of financial aid students receive is contingent upon their high school GPA. Florida Academic Scholars must hold a 3.5 GPA, while the other two categories require a 3.0 GPA. Florida Academic Scholars must maintain a 3.0 GPA in college, while students in the remaining two categories must maintain a 2.5 GPA in college. Florida Academic Scholars must also meet SAT or ACT score criteria, take a rigorous college preparatory curriculum, complete community service hours while in high school, and maintain a certain number of credits through college. In turn, Florida Academic Scholars receive funding for 100 percent of their in-state public tuition, while the remaining two groups of scholars have 75 percent of their in-state public tuition funded. As with other merit aid programs, the Florida Bright Futures Scholarship is available to both full-time and part-time students, and there are no income criteria. The scholarship does not require that students fill out the FAFSA, but they can receive other need-based aid, such as a Pell Grant, in addition to the scholarship. The state funds the scholarships; therefore, the amount and criteria for the Bright Futures Scholarship vary from year to year depending on the state budget.

A descriptive analysis (Harkreader et al. 2008) examining college entrance examination scores found that Bright Futures Scholars were more prepared for college than non-Scholars. The rate at which recipients attended college also increased from 44 percent to 55 percent between 1996-97 and 2000-01 when compared with students who met college prep course criteria but did not meet the GPA and college entrance examination score requirements. Although researchers also found positive college attendance effects for low-income and minority students, high school graduates who were low-income and minority students were less likely to be eligible for the scholarship.

One key issue that states adopting merit-based financial aid policies have had to address is the cost of such programs. Merit aid tends to be broad based and offer a substantial

amount of assistance for any student meeting the academic criteria, and so costs are large. Since the Georgia HOPE scholarship was introduced in 1993, the state has awarded over \$5.8 billion to 1.4 million students attending Georgia colleges, universities, and technical colleges (GSFC 2011). However, the program faced a \$244 million shortfall in 2010 because spending on gambling fell as the economy faltered and tuition prices rose. The shortfall is expected to rise to \$371 million by the end of 2012. The program has reserves to cover shortfalls until the end of 2012 (Diamond 2010).

As a result, the state senate overhauled the program in 2011, tying the amount of funding students would receive to lottery revenue, which can vary from year to year. Students who earn a 3.0 in high school will still receive the HOPE scholarship, but it will not cover full tuition. The new bill also eliminated funding for books and mandatory fees (Diamond 2011).

The Florida Bright Futures Scholarship is experiencing similar funding challenges. The scholarship cost Florida \$75 million for the first year (in 1997), and the amount rose to \$435 million in 2008-09. It is likely to cost \$480 million to sustain the scholarship. In 2010, to address this funding gap, Florida decided to increase the eligibility standards and permanently take the scholarship away from students who could not keep up their grades. It is considering altering the scholarship to be both need-based and merit-based if budget shortfalls continue, restricting the program to low-income students (Haughney 2010).

# TARGETING LOW-INCOME STUDENTS

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## ENCOURAGING ACADEMIC SUCCESS THROUGH FINANCIAL AID INCENTIVES

A few states provide financial aid to students based upon a combination of merit and need, using both academic criteria and family income to award funds to students. Unlike merit-based financial aid policies, these programs target lower-income groups and do not always require that students meet certain academic criteria in college to continue receiving aid. These policies, which usually require a minimum high school GPA, are fairly easy to implement: they simply require that students fill out the FAFSA and that their schools directly provide transcript information. Research has shown that policies geared toward certain income groups with minimum academic (GPA) criteria tend to have positive effects on college enrollment (Kane 2003). As with most aid programs that offer incentives for college preparation, such policies are effective only if they also make students and parents aware of the available financial aid and that the process to apply for and receive funding is simple and clear.

One such program is the Cal Grant, funded primarily by the state of California and administered by the California Student Aid Commission. A small portion of its funding comes from the federal government through the Leveraging Educational Assistance Partnership Program. The Cal Grant is divided into three different categories—Cal Grant A, Cal Grant B, and Cal Grant C—each with its own set of academic and income criteria. However, the application process is the same for all. Students must fill out the FAFSA and have their school submit a GPA verification form. Cal Grants A and B are for students planning to attend two- or four-year colleges; Cal Grant C is for students planning to attend occupational or career technical schools. Students must meet certain income requirements to obtain the Cal Grant, but those with very low income and assets qualify for Cal Grant B awards. GPA criteria vary from year to year depending on the number of students who apply for the grant and the annual state budget. Cal Grant A covers tuition and fees up to \$4,884 at the California State University and

\$11,124 at the University of California (California Student Aid Commission 2008). Cal Grant B provides low-income students with a living allowance as well as assistance with tuition and fees. Cal Grant C offers about \$500 toward book or equipment expenses and an additional \$2,500 toward tuition. Students may also receive other need-based financial aid, such as Pell Grants, to meet their cost of attendance. Thomas Kane (2003) found that Cal Grant recipients were 3 to 4 percentage points more likely to enroll in college as a result of receiving Cal Grant A. There was a large impact on the choices that students made. Since the Cal Grant could be used toward any four-year institution in the state, many more students who were eligible for the grant chose to attend private four-year colleges compared to similar students who were not eligible in California (Kane 2003).

Another advantage of the Cal Grant, aside from its simplicity, is that financial aid awards can be altered yearly to fall within the state budget, since the grant is largely dependent on these funds. However, this also means that the GPA requirement varies yearly, making it more difficult for students and families to count on receiving a certain amount of funding. It also means that the grant is susceptible to sudden and drastic changes in funding due to budget shortfalls. In early 2011, California faced a \$27 billion budget shortfall. There was an increase of \$147.2 million in Cal Grant costs for 2010-11, reflecting a 5 percent fee increase by California State University. An increase of \$369.5 million for the Cal Grant is estimated for 2011-2012 because of higher participation rates and fee increases (Governor's Budget Summary 2011-12). The state hopes to save \$27 million a year by denying state financial aid to applicants with high student loan default rates.

Another statewide program that incorporates characteristics of both merit- and need-based scholarships is the Virginia Guaranteed Assistance Program. Students must have a minimum high school GPA of 2.5, earn a minimum score on SAT or ACT examination, be enrolled full time at a two-year or four-year institution, and demonstrate need by filing the FAFSA. Virginia seeks to ensure that those with the most need receive the largest awards: the neediest students receive at

least full tuition to a public college or university in the state. The federal Pell Grant and other need-based programs that the student may qualify for by filling out the FAFSA are factored in to ensure that the cost of tuition is met. The maximum award includes the cost of tuition, fees, and books (SCHEV 2011). This program, which has not yet been evaluated, provides an interesting model in that its goal is that low-income students receive a substantial amount of aid by meeting academic criteria that they can reasonably fulfill.

A more competitive state policy combining merit and need is the Texas Top Ten Percent Scholarship Program. Students in Texas who rank among the top 10 percent of their high school class are automatically admitted to a University of Texas school of their choice. A scholarship tied to the Top Ten Percent program provides up to \$2,000 to students who are among the top 10 percent in their high schools and who demonstrate financial need by filing a FAFSA. The scholarship is separate from other need-based aid that students may receive. It requires that students enroll full-time in a Texas public college or university. A key advantage to the Texas Top Ten Percent Scholarship program is that it strengthens college ties with elementary and secondary schools while broadening access to the state's most competitive universities. The scholarship program has not been formally evaluated (Tienda, Alon, & Niu 2008).

## EARLY COMMITMENT PROGRAMS: PROMISED FINANCIAL AID FOR COLLEGE PREPARATION

Early commitment programs are one of the most promising policies states have adopted to help students battle poor academic preparation and financial barriers to college. These programs provide low-income students during their middle school and early high school years with a guarantee of financial aid if they satisfy certain academic requirements, such as completing a rigorous high school curriculum. Such programs often promise to cover any remaining tuition costs after considering other need-based aid (e.g., Pell Grants).

Considering that financial aid and academic preparation are two of the greatest barriers to college for low-income students, early commitment programs are often used as a solution for both problems (Blanco 2005). These programs often combine merit and need, using financial aid to encourage low-income students to prepare academically for college (Longanecker 2008). Blanco (2005) specifies three core criteria of early commitment programs:

- > Guarantee financial aid;
- > Specify for a particular audience (e.g., low-income students); and
- > Identify students in elementary, middle, or early high school years.

Policies that guarantee financial aid for students who prepare academically address two key challenges. First, low-income students often do not think they can afford college and abandon plans for it for fear of the costs. Second, many students have not been prepared with a rigorous curriculum in high school. Early commitment programs have the potential to address both of these challenges by making college more affordable and encouraging students to prepare early to more easily gain admission to college. (Longanecker 2008). However, they do not address the needs of either older students returning to college or current college students who face financial barriers in completing their degrees (Longanecker 2008).

The United States General Accounting Office (USGAO 1990) has organized early commitment programs into four main categories based upon the source of funding, the target audience, and the extent of funding provided:

- > **Sponsorship:** Individuals or organizations select one or more classes of students at elementary or junior high levels and guarantee postsecondary tuition to those students. Individual sponsors may also serve as mentors and decide to pay for support staff and services.
- > **Last-dollar:** Students in high school are promised help in applying for aid and are guaranteed the remaining assistance after receiving federal financial aid.

- > **College-based:** Specific postsecondary institutions develop programs with tutoring, mentoring, and other educational support that may include summer enrichment, with a tuition guarantee that can only be used at that institution or at an institution of a student's choosing.
- > **Pay-for-grades:** Tuition funds are "earned" if a student receives specified grades in high school subjects. The funds are placed in a special account during the school years and are paid out in increments after graduation.

One of the first early commitment programs, and one that has been extensively researched, is the Indiana Twenty-first Century Scholars Program. It began in 1990 as a way to enhance the college aspirations of Indiana students from low- and moderate-income families by guaranteeing eight semesters of public college tuition within Indiana or the equivalent at a private institution. It is a last-dollar financial aid policy: all other grants and scholarships (e.g., Pell Grants; Indiana Higher Education Grants) that students receive are applied first, and then the Twenty-first Century Scholarship fills any unmet need. To qualify for the scholarship, students must qualify for free and reduced-priced lunch and take a pledge in the eighth grade to:

- > Graduate from an Indiana high school with a high school diploma;
- > Earn a high school GPA of at least a 2.0;
- > Refrain from using drugs and alcohol and from committing a crime;
- > Apply for admission to an Indiana college, university, or trade school in their senior year; and
- > Apply on time for state and federal student financial aid.

The program includes regional support programs throughout the state that offer tutoring, mentoring, and college visits. It also includes annual monthly regional parent meetings and regional newsletters that highlight Scholar activities. Edward St. John and his colleagues at the University of Michigan conducted eight quantitative studies of four cohorts of Indiana Twenty-first Century Scholars (1999, 2000, 2004, and 2005). Their evaluation looked at six academic outcomes (Lumina Foundation 2009):

- > Academic preparation, as measured by advanced mathematics and earning college preparatory diplomas;
- > Whether students applied for financial aid and took the SAT;
- > How students chose between two- and four-year colleges (public, private, in-state, and out-of-state);

- > Whether students enrolled in college;
- > Whether students remained enrolled through the first year; and
- > Whether student persisted to graduation within six years.

The studies found that being a Scholar improved the odds of graduating high school with academic honors by 37 percent (Lumina Foundation 2009). The program was particularly effective in helping African-American students to earn high school diplomas. Scholars had a 29 percent greater likelihood of taking calculus instead of stopping at trigonometry in high school, making them more likely than others with limited financial means to prepare for science, technology, engineering, and mathematics (STEM) fields. Additionally, Scholars were more likely to: take the SAT examination; apply to college; enroll in research universities or four-year colleges; and enroll in college the fall after graduating from high school. The study also found that 85 percent of Scholars went on to college versus 65 percent of non-Scholars. Overall, the study indicated that early commitment programs have the potential to help low-income students overcome key barriers and improve their likelihood of college enrollment. However, there was no evidence that participation in the Twenty-first Century Scholars program improved college persistence to graduation.

Funding for the Twenty-first Century Scholarship comes from Indiana General Assembly and a federal Gear Up grant. The program currently costs \$45 million annually, fitting within a \$250 million state financial aid budget. Nearly 13,000 students received the scholarship in 2010, up 44 percent since 2006 (Kelly, 2011). Due to the increase in the number of scholarships awarded, and a 39 percent jump in overall applications for financial aid, the Indiana legislature is considering increasing the GPA requirement from 2.0 to 2.5 (starting in 2015) to reduce costs (Kelly, 2011). Changes are likely to have a largely negative impact for males and African-American and Hispanic students: these groups tend to earn lower grades than their counterparts (Davies 2011).

Other states have emulated Indiana's Twenty-first Century Scholarship, with similar effects on college access rates for low-income students. Programs in both Wisconsin and Oklahoma promise aid to students who meet certain academic and income criteria. While Wisconsin's Covenant Program sent its first cohort to college in fall 2011, Oklahoma started its Promise Program in 1992. It requires that students have a minimum high school GPA of 2.5, successfully complete certain high school courses, and promise to refrain from drugs, alcohol, and crime (Blanco 2005).



Oklahoma's program differs from Indiana's in several ways. First, to qualify for the last-dollar scholarship, Oklahoma students must have family incomes less than \$50,000 in the eighth, ninth, or tenth grades. And by the time these students reach twelfth grade and meet the Oklahoma Promise academic guidelines, their family income must be less than \$100,000. This way, the program does not penalize low- and moderate-income students whose families attempt to earn greater income over the course of their time in high school. Second, the program pays only for tuition, not for books or other fees. Third, in addition to tuition support, Oklahoma provides support services (e.g., tutoring) to enhance student success in high school. It also requires that students complete certain high school courses to maintain their qualification for the scholarship.

A study by the Oklahoma State Regents for Higher Education found that 81 percent of high school graduates who received the Promise Scholarship in 2003 went to college, compared to 56 percent of all Oklahoma graduates (Blanco 2005). Additionally, college persistence rates were higher for Promise recipients: 90.5 percent of Promise recipients versus 78.4 percent of all Oklahoma college students persisted from the first year to the second year of college (Blanco 2005). The Promise Scholarship cost Oklahoma about \$54 million in state funds in 2009-10 (Oklahoma State Regents 2009).

## **TARGETED EARLY COMMITMENT PROGRAMS: A FOCUS ON LOW-INCOME COMMUNITIES, NEIGHBORHOODS, AND SCHOOLS**

Several early commitment programs target financial aid not at particular students but at entire communities to develop a college-bound culture. Although there is little research evaluating these types of programs, descriptive studies indicate they may be effective at improving the college aspirations of students within communities that have low college-enrollment rates.

The Rhode Island Children Crusade Scholarship is a public-private hybrid that limits enrollment into its scholarship program to 500 to 600 elementary school students in partner elementary schools within cities that have the highest concentrations of low-income and immigrant populations. The program not only provides scholarships but also offers programs and services targeting students in four groups:

elementary school; middle school; ninth and tenth grades; and eleventh and twelfth grades (Blanco 2005).

The program starts when third graders and their parents pledge to fulfill the requirements for the Crusade Scholarship. They are counseled on how they can potentially receive financial assistance through a scholarship. At that point, income eligibility is determined, but families are told that their students must complete the FAFSA in twelfth grade. Parents and students are also required to fulfill College Crusade Core Requirements in grades 6 through 12; these include middle school orientation, advisor services, summer reading programs, and other such requirements. The scholarship is contingent on family income, college costs, and the financial aid policies of the postsecondary institution that the student decides to attend (Blanco 2005). Students must apply for all other financial aid, live in Rhode Island in the twelfth grade, graduate from high school or receive the GED, and earn admission to a two-year or four-year college. Scholarship amounts tend to vary as they may depend on family income, college costs, and the financial aid policies at particular institutions.

One key advantage to this program is that it starts very early, before students make college enrollment choices. It also includes requirements for students to start preparing in middle school and requires parental involvement in the pledge, which ensures greater academic success for the student. However, the program is not a last-dollar scholarship and has yet to be evaluated. It is funded in part through a Gear Up grant, with private donors matching that federal funding.

Similarly, the Washington State Achievers Program serves certain schools within Washington State that serve large low-income populations. The program was developed through a partnership among the Bill & Melinda Gates Foundation, the College Success Foundation, and 16 high schools in Washington. Funded by the Bill & Melinda Gates Foundation, it is potentially more financially stable than programs that respond to the ups and downs of state budgets. Like the Rhode Island Crusaders Scholarship, the program offers a mix of support services and financial aid to ensure that low-income groups can access in-state higher education.

The Washington program uses high school redesign, mentoring, and scholarships to help low-income students overcome barriers to college (IHEP 2010). It selects high school juniors for the scholarship, creates small learning communities that encourage high academic achievement and college enrollment, provides last-dollar funding for up to five years, offers mentoring once students enroll in college, and

effectively creates a group of college-educated citizens and leaders within the state (IHEP 2010). It provides funding for 500 students each year, covering tuition and fees at public institutions in Washington (or a considerable amount toward the same costs at private universities in the state).

Descriptive findings suggest that Achievers had improved enrollment and persistence rates compared to non-Achievers. Achievers also took more rigorous coursework and were more likely to attend four-year colleges. There were also positive impacts on the college aspirations of students (IHEP 2010). As with the Rhode Island Crusade Scholarship, Washington State Achievers offers numerous support systems to ensure academic support for students through high school. It addresses several barriers by, one, redesigning the high schools that low-income students attend to make coursework more rigorous and, two, by providing additional support systems in college to ensure student success.

# PROGRAMS THAT REWARD CERTAIN BEHAVIORS

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## USING PERFORMANCE-BASED SCHOLARSHIPS TO STUDENTS IN COLLEGE TO ENCOURAGE PERSISTENCE AND GRADUATION

To improve college graduation rates significantly, it is imperative to improve student persistence. While many programs offer incentives for academic preparation through financial aid in high school, many focus solely on improving access without considering the unique barriers that students face once they reach college. Although college retention and transfer are a challenge at many four-year institutions, they are particularly difficult for students who wish to transition from two-year to four-year institutions. Many of the barriers to retention and transfer have been attributed to poor academic preparation, high costs, and part-time enrollment (Bailey et al. 2004). Although few college retention programs have been extensively evaluated, those that are most successful have incorporated features that address these barriers.

According to Denise Myers (2003), many comprehensive college retention programs include all or most of the following components: centralized academic support, peer mentoring, personal counseling, internships, learning communities, parent/family orientation, assessment tools, academic skills training, summer bridge programs, research opportunities, freshman seminar courses, group learning, faculty mentoring, early academic progress/warning, transfer services, tutoring, time management workshops, and other support systems. Myers highlights “front loading” such services to students early in the freshman year to achieve desired results in student persistence rates. These services can be combined with financial incentives in college to improve student success and retention rates.

Two large-scale programs tie financial incentives to student support services, and both have undergone randomized studies that found positive academic impacts for students.

Opening Doors was a random assignment pilot study undertaken by MDRC in 2004-05 at Delgado Community

College and Louisiana Technical College. It has been one of the strongest evaluations of a performance scholarship program, effectively demonstrating the power of financial incentives on college persistence (Brock & Richburg-Hayes 2006). Performance-based scholarships were offered to working mothers who were recipients of the Temporary Assistance to Needy Families. The women received \$1,000 for each of two semesters if they met two conditions. They had to enroll at least half time and maintain an average grade of “C” or better (equivalent to a 2.0 GPA). The mothers also received counseling throughout the study. Recipients were more likely to enroll in college full time, pass more courses, earn more course credits, and register in college in the second and third semesters after random assignment. The success of the Opening Doors study demonstrated the potential of combining financial incentives with academic goals for populations who are extremely sensitive to the costs of college. MDRC is replicating the study at colleges (both two-year and four-year) in five other states, although such a program has not yet been implemented or tested at a grander scale. Its success indicates that it may be worthwhile to implement and test at the state level to most efficiently gain graduates who are already enrolled in college but are struggling to complete a Bachelor’s degree due to the cost, part-time status due to work and other responsibilities, or academic challenges.

Canada’s Opportunity Knocks program also tested the impact of combining financial incentives with meeting certain academic benchmarks in helping students succeed in college. The OK program was a random assignment pilot study offered to first- and second-year students at a Canadian commuter college. The students in the study, who were similar to U.S. college students, had access to peer advising from upper-class students trained to provide advice about time management, study strategies, and university bureaucracy. In addition, students received \$100 for each class in which they earned above 70 percent, and an additional \$20 for each percentage point above 70. Students could earn about \$2,000 over the course of the school year if they had a 75 percent in every class.

The largest academic impacts were found for students who received both financial rewards and peer advising (Angrist, Oreopoulos, & Williams 2009). Second-year students who were offered incentives earned about 13 percent more than the control group. The strongest effect on grades was observed for students around the award threshold (e.g., pushing students from 69 to 70), but this did not translate to higher GPAs. Additionally, there was little evidence that the program had an impact on academic outcomes one year later. Although the program had an effect on academic outcomes, it is unclear to what extent the effects are long lasting, and completion rates have not yet been examined.

Opening Doors and Opportunity Knocks show the potential power of combining financial rewards with incremental progress in postsecondary education, especially for students attending two-year colleges and commuter schools. However, their successes have yet to be seen on a broad scale at the state level. No state provides such incremental financial incentives and support services to low-income or underachieving students to aid them in their persistence toward a degree.

## **PROVIDING FINANCIAL AID TO ENCOURAGE STUDENT RESPONSIBILITY**

Using financial incentives to foster student responsibility in college is a politically viable option that more states could consider to improve student success in college. One proposed approach is to transform the federal work-study program, which only 14 states have adopted, into a policy that can contribute to student success (Longanecker 2008). Although work-study is not considered financial assistance from a student's perspective, it is a steppingstone to academic success and keeps students connected to postsecondary education. Research by the American Council on Education shows that students who work less than 15 hours each week through on-campus work-study jobs are more likely to complete a college degree than are students who have off-campus jobs (Choy 2002). David Longanecker (2008) suggests that states could adopt cooperative work-study (co-op) programs, a popular option on many campuses: students have work-study jobs within their chosen fields while they take coursework during the summer or through extra semesters planned out by the college.

No state has a co-op program, although Washington allows students to participate in co-op jobs while receiving work-study funding, and some institutions (e.g., the University of Massachusetts-Lowell, Northeastern University, Drexel University, Stevens Institute of Technology) make co-op programs available to students to help them gain job experience in their fields, build their resumes, and supplement their academic experiences. Such programs could benefit states, employers, and students (Longanecker 2008). Students tend to have a strong work ethic in college and need the financial assistance. For a modest subsidy, the state would receive substantial private investment in funding a student's education. From a state's perspective, students gain local experience and therefore may be less likely to move away once they graduate. Employers benefit, getting highly capable individuals with whom they can build relationships.

For such a program to succeed, the state must ensure that its other financial aid programs operate alongside co-op work-study and that efforts are not duplicated. Additionally, they must ensure the transferability of co-op credits across two- and four-year institutions. States could offer incentives for higher educational institutions to develop such programs and improve the state's economic stability and future.

Oregon has created a model that is similar to a work program in that students share the responsibility of their financial assistance by working for it. The Shared Responsibility Model incorporates student responsibility within each financial aid package. Oregon developed the model when its Opportunity Grant was falling short of meeting the needs of students, many of whom did not apply for financial aid. Opportunity Grants covered only about 11 percent of the cost of attending college (Goldschmidt & Longanecker 2007).

Realizing that most students held jobs that helped them pay for college, Oregon changed its financial aid policy to emphasize that all students needed to invest in their futures, regardless of family income. Under the new Shared Responsibility Model, the student share is largest. Students are expected to contribute to the cost of college themselves through saving for college, working, taking out loans, and earning scholarships. In terms of the amount each is expected to contribute, the student share comes first, then the family share, then the federal share, and then the state share (Longanecker 2008). The state's financial contribution comes from the state's General Fund, interest earnings from the Education Stability Fund, and federal funds from the LEAP program.

The Shared Responsibility Model has expanded equity among middle-income students and yielded new enrollments. It resonates with Oregon families and has tripled state need-based grants. In its first year, enrollment jumped 17 percent in the Oregon University System (Longanecker 2008). The model has been effective at obtaining the attention of students and families; previously, the state lacked a transparent philosophy to support its investment in financial aid, specifically one that would “fit” Oregon (Longanecker 2008).

The same policy may not be as politically viable in every state. A relatively conservative state might find the policy appealing because it places less reliance on public funding and it emphasizes personal responsibility. However, the policy ignores low-income students who already work and still find college unaffordable. Moreover, the number of hours students might be expected to work in high school or college may be a barrier to academic success. Additionally, expecting students to take out a high amount in loans may disrupt their education and their financial future. Simply, work and loan burdens may cause problems in some states unless a shared responsibility model caps the burden for low-income students.

# QUESTIONS TO CONSIDER

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As Massachusetts considers policies that would provide financial aid incentives to students to prepare for and succeed in college, it should consider key lessons from states and studies that have implemented such programs. Massachusetts could model its policy directly after another state's if it seeks to target a similar audience, reaches the same objectives, has the funds available, provides clear benchmarks for the students within the state, and follows through with the implementation of the program in a similar fashion as another state.

However, Massachusetts, like every state, also brings a unique set of challenges. For one, Massachusetts has an extensive higher education system with numerous financial aid policies at play for each network of institutions. Second, Massachusetts, like many other states, struggles with a variety of challenges in increasing graduation and student success rates at community colleges. Third, Massachusetts needs to consider the political viability of possible policies.

Regardless of the avenue Massachusetts chooses, Longanecker (2008) suggests three key considerations for states as they pursue new financial aid policies:

- > First, the program needs to be based on an effective prototype. The state should know that a similar policy somewhere else has achieved its goals.
- > Second, the program must be easily administered. The policy needs to be extremely clear, primarily at the implementation level.
- > The program must have support within the state, especially from the legislature or the governor.

With those considerations in mind, Massachusetts should consider a series of questions as it develops its own financial aid policy to incentivize college preparation and success.

## OBJECTIVES

- > What is the purpose of the financial aid policy or program?

- » Is it to enhance student access or to improve student success in higher education? Is it both?
- » Is the purpose to enhance student diversity or to attract high-achieving students to public higher education? Or both?
- » Is the goal to ensure that students enroll in any form of postsecondary education or to enroll in a four-year baccalaureate-degree institution? Is the goal to improve student transfer rates from two-year to four-year institutions?
- » How will the program serve the needs of different students? Low-income, middle-income, nontraditional, older?
- > What is the target audience for the financial aid policy?
  - » Are students or institutions the focus of the policy?
  - » What groups/income levels should the policy work to serve? If low-income students are the targets, how is the threshold determined (e.g., free and reduced-priced lunch recipients; an income threshold)?

## BENCHMARKS/GOALS FOR STUDENTS/FAMILIES/SCHOOLS

- > What academic preparation or behavior benchmarks should the state require of students?
- > At what grade levels should students be made aware of potential financial incentives?
- > With which graduating class will the policy begin?
- > Should the incentive be part of an early commitment program?
  - » Should students, parents, or both take part in an early commitment pledge?
  - » How will students and parents be made aware of their progress in fulfilling early commitment program criteria?

- > Should students meet specific academic or behavior goals at the high school level or the college level? Or both?
- > Would the policy require students to work or fulfill community service obligations (or participate in a work-study program)?
- > Will students be provided with other support services along the way (e.g., mentoring, peer counseling, tutoring, workshops, learning communities)? How will the state ensure these support services are offered?

## FINANCIAL AID AWARD

- > How much financial aid should be provided to students? Will the award vary based on type of institution (e.g., two-year vs. four-year; public, private)?
- > Will aid be provided only for specific years of postsecondary education?
- > Is aid a last-dollar scholarship or a set amount?
- > Will aid differ based on achievement levels?
- > Toward what components will aid be applied (e.g., tuition, fees, books)?
- > Will students have an opportunity to obtain aid again if they are disqualified from the program once?

## AWARENESS/INFORMATION

- > How will the state communicate and promote awareness of programs to students and parents?
- > How will all parties understand how they will benefit from the policy?
- > How will the state ensure that students and parents are made aware whether they qualify for aid? Will the state provide yearly updates?
- > How will the state ensure that the policy is transparent to all parties involved (students, parents, schools, and postsecondary institutions)?
- > If the policy requires meeting specific academic/behavior criteria, how will the state receive this information from schools, institutions, or students? Are these processes in place?
- > What marketing strategies would best help all parties involved understand the policy's purpose, criteria, and process?

## INTERACTIONS WITH OTHER FINANCIAL ASSISTANCE

- > Is the state financial aid policy aligned with other state policies concerning tuition and fees?
- > How does the policy build on federal financial aid policy?

## EVALUATION

- > How will each desired outcome be measured (e.g., college enrollment, college success, persistence)?
- > What data systems should the state implement to measure the policy's impact?

These questions can help to shape the state's ideal financial aid policy and guide it toward paths that have been shown to be effective in other states, though Massachusetts needs to construct a policy that is effective for its particular population. Perhaps an early commitment program is most appropriate if the state is most concerned with academic preparation for college; alternatively, a co-operative work-study program might be better if Massachusetts wants to provide work experience and invest in the labor market outcomes of its graduates. The state could also develop a hybrid program that improves both preparation for college and college retention rates, incorporating elements of several state policies that have been effective in addressing college access and success for low-income students.

# APPENDIX: THE PROS AND CONS OF STATE AID POLICIES TO IMPROVE COLLEGE ACCESS AND SUCCESS

INDIANA 21ST CENTURY SCHOLARSHIP	
Pro	Con
The program assists low-income students in paying for college.	An ever larger share of state financial aid dollars are being committed to this program to the detriment of other state-based aid programs.
Financial aid is promised early in the program to help alleviate concerns about paying for college.	Budget constraints have shrunk the number of support centers assisting students throughout their high school years.
The program stresses academic achievement in high school by requiring that participants enroll in a rigorous high school curriculum and meet a minimum GPA requirement.	Early commitment of aid dollars fails to take into consideration changes in family income during program participation.
The program commits resources to fund support agencies throughout the state for participants.	Participation in the program does not significantly improve college persistence or graduation rates.
College attendance is set as a goal at an early age by targeting middle school students.	College support programs associated with the 21st Century Scholarship have had varied success.
Participation in the 21st Century program has been shown to improve the odds of earning an Indiana academic honors diploma.	Budget issues may force Indiana to make changes in minimum GPA for participants.
Program participants were more likely to be enrolled in college after graduation compared with their peers.	There are few academic requirements that students need to meet while in college.
The program encourages parental involvement in the college preparation and application process through community-based engagement centers.	The program does not address the needs of older students seeking to enroll in college.

OKLAHOMA'S PROMISE	
Pro	Con
The program assists low-income families in paying for college.	A growing number of program participants has resulted in a demand on the state budget allocation for the program.
The program combines early awareness of the benefits of college with a commitment of financial aid dollars upon completion of the program.	Participation in the program showed no significant improvement in high school graduation levels.
The program encourages students to enroll in a rigorous high school curriculum and meet minimum GPA requirements.	There are few outside studies on the effectiveness of the program, which makes it difficult to analyze.
Participants in the program have been shown to have a higher cumulative GPA than non-participants.	The program does not address the needs of older low-income students seeking to enroll in college.
Oklahoma's Promise students are more likely to attend college after high school graduation.	
Participating students are more likely than their non-participating peers to enroll full-time and graduate from college after six years.	
The program has a means test in 8th grade and another in 12th grade, taking into consideration changes in family income during program participation.	



Further Questions
Why does the program succeed in improving college access but not college graduation?
How does the pledge required of all participants in middle and high school influence student success in college?
Should the program include a separate means test for students in the senior year (similar to Oklahoma's Promise program)?
How can campus-based support programs be better designed to assist participants once they get to their respective colleges?
How can the state make the program more sustainable so that criteria do not vary when Indiana faces budget constraints?

Further Questions
How does the pledge required of all participants influence student success?
How long will the Oklahoma Legislature continue to set aside funds for this program outside of the general higher education budget?
Why is the overall high school graduation rate not significantly improved by enrolling in the required high school curriculum?
How can the program be improved to include older students seeking financial aid?

FLORIDA'S BRIGHT FUTURES	
Pro	Con
The program has resulted in improved college readiness and high school GPAs.	The program has grown faster than the state's ability to pay for it. Florida used \$50 million in stimulus funds to fund it fully in 2010.
Recipients are more prepared for college and attend in greater numbers.	The program is funded by lottery revenue and thought to have a regressive impact.
More high school graduates are attending college in Florida.	The program may encourage students to tackle less demanding curricula once enrolled in college to maintain GPA requirements.
The program provides aid for students who have different higher education goals, as it is divided into three categories, each with its own criteria.	The program forces tuition to remain artificially low due to concerns over rising costs to the Bright Futures program.
	It is questionable whether the program has a positive impact on access and persistence for low-income students.

GEORGIA HOPE	
Pro	Con
HOPE pays almost full tuition if students qualify for the program.	The program is funded by the lottery and found to have a regressive impact the program mostly benefits the wealthy and is funded by lottery ticket purchasers, who tend to be low income.
More high-achieving Georgia students are staying in Georgia to attend college.	The program is expensive, and the state is having difficulty meeting the costs. The state dipped into reserve funds to meet this year's demand, and a number of proposed changes are on the table.
Selectivity has improved at major Georgia institutions (UGA, Georgia Tech).	There are concerns that many students awarded the scholarship do not need it. Research has shown an insignificant impact on access.
Overall, freshmen enrollment rates have increased by 8%. Researchers attribute two-thirds of this increase to HOPE.	The program has such a strong and popular legacy that Georgians feel a very strong entitlement. Changes are likely to be unpopular.
Research has shown that borderline students who just qualify for HOPE earn better grades, complete more credit hours, and graduate at higher rates.	HOPE recipients are less likely to take a full-time course load in order to meet GPA requirement of scholarship.
Very high rates of public support exist for HOPE.	The program does not include a minimum credit requirement, which may negatively affect persistence rates and time-to-degree of scholarship recipients.
It is the nation's largest merit-based program, and it has inspired many similar programs in other states.	It has not been shown to have a positive impact on college access for minorities underrepresented in higher education.

**Further Questions**

Does Bright Futures cause grade inflation?
Does it unfairly benefit the wealthy because of the test-score requirement? Is there a regressive effect because it is funded by the lottery?
Will recent changes by the state legislature cut costs enough to sustain the program?
Do students who receive the scholarship and do not complete a FAFSA demonstrate need? Is the program rewarding students who do not really need it?

**Further Questions**

How can HOPE be adjusted to address the needs of low-income students while remaining politically viable?
Will the proposed changes to HOPE (which will no longer cover full tuition) be enough to sustain the cost? Will they diminish the positive results on access and enrollment?
Should there be an income cap? A previous \$60,000 income cap was later raised to \$100,000. Today, there is no cap.

**CAL GRANT**

Pro	Con
The Cal Grant is specifically geared to students with lower incomes and seems to benefit them most in their access to college.	GPA requirements and funding allocation could be more transparent to students and families so that they can properly plan for college.
It is divided into three categories: Cal Grant A, B, or C. Each has its own set of financial aid benefits and criteria to provide aid for students who choose to attend different types of institutions and who have separate needs.	Annual changes in the grant due to yearly change in the state budget make it difficult for students and families to plan their college savings years in advance.
The application for the Cal Grant requires only that students fill out the FAFSA and provide GPA verification. The simple process makes it efficient and clear for students to apply. The state decides what criteria will be used each year.	California faces a budget shortfall and is considering changing the grant requirements in response.
It is a broad-based program that benefits all. Low-income students can benefit from Cal Grants A and B.	
Students who receive Cal Grants are more likely to enroll in college.	
Cal Grants can be used toward any four-year institution in the state. The aid has an effect on more students choosing to attend private four-year colleges in California.	

**WASHINGTON STATE ACHIEVERS**

Pro	Con
The program is funded primarily by the Bill & Melinda Gates Foundation, making funding fairly consistent from year to year.	The program is not statewide, so it is not broad-based, and it has limited impact on the number of students it affects.
The foundation works with 16 high schools that serve low-income students. It redesigns the schools, provides mentoring services, and creates small learning communities that foster academic achievement and college enrollment.	No rigorous research has been done to determine a causal effect on college access and success.
The program offers full scholarships to 500 students, selected in their junior year.	
Achievers took more rigorous coursework and had greater college aspirations.	
Achievers were more likely to attend four-year colleges and had greater persistence rates.	
Program addresses access by targeting high schools that primarily educate low-income students and addresses academic and financial barriers that students face.	

Further Questions
What other sources of funding could be used to maintain the aid the Cal Grant offers?
Is the program sustainable considering the fiscal crisis that California faces? Will changes diminish the positive results on access and enrollment?
How can California make Cal Grant amounts and GPA criteria more transparent when it faces budgetary changes that force the state to limit who benefits and how much they benefit?

Further Questions
What would a program like Washington State Achievers look like if implemented at the state level? Could a state intensively redesign high schools as effectively as the Gates Foundation?
Can a state bear the cost of a program with many support systems and financial aid mechanisms built into it?
What elements of the that are most effective at improving student access and success?

## OPENING DOORS STUDY

Pro	Con
Performance-based scholarships were offered in increments to low-income working mothers who attended community college at least half time and maintained a C average.	The program is not broad-based, so effects may be different if it were expanded to include more students in different colleges and states.
Program counselors monitored student progress and physically handed checks to mothers, in contrast to financial aid that goes directly to the school. Students could use the scholarship toward meeting their personal needs, child care, educational expenses, or living expenses.	The effects of a performance-based scholarship to enhance access and success for different demographics are still being evaluated.
The program was designed and studied using random assignment, the gold standard in educational research.	The study was cut short by Hurricane Katrina, so long-term effects such as college completion could not be evaluated.
Opening Doors encouraged more students to register for college and enhanced persistence. Students were more likely to enroll up to four semesters after the study.	
The program resulted in students taking a greater number of credits, since it required recipients to enroll at least half time.	
There were positive impacts on a range of social and psychological outcomes for students receiving the scholarship.	

## OREGON'S SHARED RESPONSIBILITY / EARNED OPPORTUNITY GRANT

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Students learn responsibility through the expectation they will contribute a substantial portion of their college expenses through jobs and loans, with parents, the federal government, and the state paying the remaining costs.	Students are expected to take on a loan burden and to work to pay their portion of college expenses, which may affect their persistence and their probability of loan default after college.
This program lessens the burden on the state for funding, making it more sustainable from a budgetary standpoint.	It is debatable as to how effective this approach may be in enhancing access for low-income students, many of whom already rely on loans and work to pay for college.
It expands equity for middle-income students.	The program has not been rigorously evaluated to determine its impact on low-income students, students on the margin of enrolling in college, and student persistence.
The program has a transparent philosophy that has been effective at obtaining the attention of students and families in Oregon.	The program may encourage students to pursue professions that provide greater earnings instead of high-need professions (e.g., teaching, nursing).
The program has the potential to work well for a state with a declining pool of funds for grant aid.	
The program has the potential to work well for older students who work while in school or attend part time.	

<p>The program is being replicated at two-year and four-year colleges to study the effect of a performance-based scholarship in different environments and with different groups of students.</p>	
<p><b>Further Questions</b></p>	
<p>What would be the effect of such a performance-based scholarship on transfer and graduation?</p>	
<p>Which components of the program were critical to its success (e.g., counseling, the amount of the scholarship, the target audience)?</p>	
<p>Could a program like Opening Doors encourage college preparation in high school and affect students' decisions about enrolling in college right after high school graduation?</p>	

<p>The program encourages students to complete a degree and pursue immediate job opportunities after graduation to pay off student loans.</p>	
<p><b>Further Questions</b></p>	
<p>How could the Shared Responsibility model be improved to ensure that students take on jobs that provide them with experience in their fields?</p>	
<p>Could the model incorporate the needs of low-income students by decreasing the student contribution according to family income?</p>	
<p>To decrease reliance on loans, could more scholarship opportunities be made available to students to meet their student contribution expectations if they reach rigorous academic benchmarks while in college?</p>	

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