

Performance-based aid, enhanced advising, and the income gap in college graduation: evidence from a randomized controlled trial

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Motivation

- Large income gap in college graduation in the US
 - Dynarski (2008):
 - 29% of 19-year-olds from the lowest income quartile enroll in college, but only 9% graduate by age 25
 - 80% of 19-year-olds from the highest income quartile enroll in college, and 54% graduate by age 25
- Income gaps in enrollment, persistence, and graduation raise concerns for equal opportunity in higher education
- Does providing low-income students with additional merit-based tied to modest academic benchmarks reduce the income gap in college graduation?

Experimental Design

- Vision Inspired Scholarship through Academic Achievement (VISTA)
- Randomly assigned treatment to all 1,081 low-income (Pell-eligible) incoming freshmen aged 17-20
- Maximum \$1,000 in additional aid available per semester for first two years (\$4,000 max. total)
 - Directly to students; neither first- nor last-dollar, used at student's discretion
 - \$250 for registering for at least 12 credits in 1st term, 15 credits in 2nd, 3rd, and 4th term
 - \$250 for earning at least a 2.0 GPA (C) at mid-term with minimum credits
 - \$500 for completing minimum credits with at least 2.0 GPA
 - Registration and mid-term payments only made after verification from advisor
- Advising was “enhanced”
 - Dedicated, high-frequency, prioritized, and more “holistic” using specially-trained team

outcome	control mean	ATE (SE)
<u>credits earned (%):</u>		
27+ in year 1	.589	.086*** (.028)
30+ in year 2	.353	.131*** (.028)
30+ in year 3	.361	-.010 (.028)
30+ in year 4	.306	.008 (.028)
30+ in year 5	.148	-.001 (.021)
<u>earned degree by end of semester (%):</u>		
7	.018	.002 (.008)
8	.125	.025 (.021)
9	.225	.054** (.025)
10	.332	.051* (.029)
11	.375	.042 (.030)
12	.432	.034 (.030)
13	.448	.036 (.030)
14	.470	.034 (.031)
<u>student loans received in year (\$ USD):</u>		
1	1,565	-329** (144.4)
2	1,449	-265* (146.2)
3	1,651	112 (179.7)
4	2,027	-211 (202.1)
<u>follow-up survey</u>		
-number of student activity types joined	.6	-.2* (.1)
-joined two or more student activity types	.165	-.079** (.039)
-I was satisfied with the overall experience with my advisor	.726	.120** (.047)