EFP Takeaways
The Effects of Financial Aid Loss on Persistence and Graduation: A Dimensional Regression Discontinuity Approach

Background
The Georgia HOPE Scholarship program was created to provide full-tuition scholarship to high-achieving Georgia students. However, state budgetary shortfalls changed the scholarship in 2011, limiting the full scholarship to students meeting more rigorous requirements and reducing the aid by about 15 percent for other students. Todd R. Jones, Daniel Kreisman, Ross Rubenstein, Cynthia Searcy, and Rachana Bhatt examine the effect of this change on the characteristics of the students receiving, as well as persistence and graduation rates. Their work is published in vol. 17 issue 2 of EFP.

The Study
Using a regression discontinuity design, the authors compare outcomes for Georgia students who lost or did not lose partial merit-based tuition aid while in college. The data come from the Georgia Board of Regents and contain information on each student enrolled in Georgia’s four-year college system for the entering cohorts of 2009 and 2010.

Findings
The authors find no evidence that losing partial merit aid affected persistence or graduation across the eligibility threshold. This may be because students affected by the loss were higher-performing students who had already completed some college. Additionally, the affected students were relatively wealthier and may have faced lower financial constraints.

These findings suggest that merit aid targeted to the highest performing students may have little impact on overall college graduation rates.

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