Using Financial Aid to Speed Degree Completion: A Look at MDRC’s Research

Financial aid has long been used to increase access to postsecondary education, particularly for underrepresented students. Given the size of the financial aid system and the widespread use of aid, it should also be thought of as a tool to improve academic success and postsecondary completion. Evidence suggests that using additional financial aid to increase the number of credits students take may accelerate their academic progress. There are two ways for students to increase their “enrollment intensity” (the total number of credits they take during an academic year): Increase the number of credits taken during the traditional fall and spring semesters, or enroll in school year-round and use the summer or winter intersession (or both) to earn additional credits.

The Obama administration recently released two proposals that would provide students with supplemental Pell Grant funds to encourage timely degree completion. The On-Track Pell Bonus would provide an annual bonus of $300 to students who enroll in 15 credits each semester. Pell for Accelerated Completion would allow full-time students to earn a Pell Grant for a third semester. Some states already use financial aid dollars to encourage students to increase the number of credits they take. Minnesota, for example, provides additional aid to students who enroll in 15 credits, and Pennsylvania provides financial aid to students in the summer.

Several MDRC studies suggest that providing students with additional financial support to increase their enrollment intensity — either by increasing the number of credits earned per semester or by enrolling in courses during the summer — can lead to increased credit accumulation over time and may help them complete their degrees faster. All of these studies were conducted using a random assignment design, the highest standard of evidence for evaluation research.

FINANCIAL INCENTIVES TO INCREASE THE CREDITS STUDENTS TAKE EACH SEMESTER

MDRC’s six-state Performance-Based Scholarship Demonstration evaluated the impact of providing low-income students with scholarships that were contingent on meeting certain academic benchmarks, such as completing a certain number of credits with a “C” average or better. The scholarships were provided to students on top of their existing financial aid and ranged from a few hundred dollars to $1,500 each term, depending on the state the program was operating in and the academic benchmark being tested. Overall, the program resulted in modest but long-lasting improvements in students’ academic progress: The scholarships increased credit accumulation, improved graduation rates by 3.3 percentage points, and in some cases reduced students’ loan debt.

While most colleges in the project required a grade of “C” or better in at least 6 credits to earn the scholarship, the University of New Mexico (UNM) structured its scholarship program so that students had to take 12 credits in their first semester and 15 credits in each subsequent semester. (The scholarship program lasted for a total of four semesters.) UNM’s program led to small increases in credit accumulation, which translated into notable increases in graduation rates after five years — an increase of 4.5 percentage points, from 33.2 percent to 37.7 percent. These results suggest that policies that provide additional financial aid to students to encourage them to take more credits could accelerate academic progress and lead to faster degree completion. As with any policy or program, though, it is important to monitor it closely and provide evidence on its effectiveness to inform decisions going forward.

1Under current law, full-time students exhaust their Pell Grant eligibility after two semesters. As a result, full-time students who attend school during the traditional fall and spring semesters cannot use a Pell Grant to attend school during the summer.
FINANCIAL AID TO BOOST ENROLLMENT AND CREDIT ACCUMULATION IN THE SUMMER

Summer sessions provide a good opportunity for students to earn additional credits and catch up or move ahead in their studies. In addition, summer enrollment keeps students connected to college without a large break, which may boost reenrollment the following academic year. One study, for example, found evidence that summer coursework after a student’s freshman year was associated with higher graduation rates. MDRC has evaluated efforts that encourage students to enroll in summer and winter intersessions and provide them with financial support to do so. Findings from these studies suggest that financial aid for summer and winter intersessions is linked to increased intersession enrollment and greater credit accumulation over time.

- MDRC’s evaluation of the City University of New York’s Accelerated Study in Associate Programs (ASAP), a comprehensive program for low-income students with developmental education needs, found that the program nearly doubled graduation rates after three years — the largest impact MDRC has found in a decade of higher education research. Much of the impact could be traced to ASAP’s outsized effect on students’ performance during summer and winter intersessions. During the main sessions of the second through sixth semesters after students joined the study, ASAP boosted enrollment by between 4.6 and 9.6 percentage points. Yet ASAP’s effects on intersession enrollment were far more dramatic, peaking at 25.2 percentage points during the second semester. The rise in winter and summer intersession enrollment is responsible for the program group earning on average 2.4 more cumulative total credits over six semesters — about a quarter of the program’s total impact on credits earned.

- The Opening Doors Learning Communities demonstration at Kingsborough Community College put freshmen in small groups who took three classes together during their first semester, and provided them with enhanced counseling and tutoring as well as textbook vouchers. Students were encouraged to enroll in the summer or winter intersession following the main program session, and received an additional textbook voucher of $75 if they did. MDRC’s evaluation found that on average, program group students enrolled in more intersessions than control group students and earned more credits during intersessions. Credits earned during intersessions accounted for about a quarter of the program’s overall impact on credit accumulation.

- MDRC’s study of performance-based scholarships in New Orleans provided low-income community college students with scholarships contingent on enrolling at least half time and earning a “C” average or better during the semester. The scholarships — which were offered to students for a total of two semesters — increased students’ credit accumulation and persistence (that is, reenrollment in the second semester). The impact on enrollment and persistence was particularly large for students who enrolled in spring — and whose second semester occurred during the summer. For that group, the program increased summer enrollment by 25 percentage points. The program increased second-semester enrollment for the groups whose second semesters were in the fall and spring, too, but the effect was much more moderate.

Taken together, these studies provide evidence to suggest that financial incentives that encourage students to enroll during the summer can increase credit accumulation and help students make faster progress toward their degrees. If year-round Pell is reinstated in some form — a policy change that has bipartisan support in Congress — it should include a plan for evaluation to provide evidence on its impact.

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