

Executive Summary

DESIGNING SCHOLARSHIPS TO IMPROVE COLLEGE SUCCESS

Final Report on the Performance-Based
Scholarship Demonstration

Alexander K. Mayer
Reshma Patel
Timothy Rudd
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November 2015

THE PERFORMANCE-BASED SCHOLARSHIP DEMONSTRATION

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BUILDING KNOWLEDGE
TO IMPROVE SOCIAL POLICY



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OF THE PERFORMANCE-BASED SCHOLARSHIP DEMONSTRATION

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OVERVIEW

Performance-based scholarships have two main goals: to give students more money for college and to provide incentives for academic progress. They are designed to reduce the financial burden on low-income students and help them progress academically by offering financial aid contingent upon meeting pre-specified academic benchmarks. The scholarships are intended to cover a modest amount of students' educational costs during the semesters they are offered — generally between 15 and 25 percent of students' unmet financial need, the difference between students' calculated financial need to attend college and the financial aid they are awarded. The money is paid directly to students, on top of their existing federal and state need-based financial aid, and the students themselves decide how best to use the funds.

MDRC launched the Performance-Based Scholarship Demonstration in 2008 to evaluate the effectiveness of these scholarships for as broad a range of low-income students as possible, in a variety of settings, and with varying incentive structures. As such, the evaluation includes more than 12,000 students in institutions across six states to test different performance-based scholarship designs. Each program was developed for a different population of students and had a different scholarship structure; the scholarship amounts ranged from a few hundred dollars to \$1,500 per term, depending in part on the benchmarks being tested. Institutions created performance-based scholarship programs tailored to what they perceived to be the specific needs of their students, by targeting the incentive, academic benchmarks, and in some cases additional services to address those needs.

Each of the six programs in the demonstration was evaluated using a randomized controlled trial — the highest standard of evidence for evaluation research. Students were randomly assigned by researchers either to receive only their usual financial aid package and services or to be eligible to receive supplemental financial aid and services in the form of a performance-based scholarship, contingent upon meeting the given academic benchmarks.

The results show that these scholarships improved students' academic progress during the program — effects that remained evident several years after the program ended. The effects on students' academic progress appear generally consistent across the different programs and student subgroups. In addition, one program targeted high school seniors and succeeded in increasing their matriculation in college, and three of the programs reduced students' dependency on loans. Most important, this evaluation finds that the programs modestly increased degree completion, measured after five years.

These results show that even relatively moderate investments in low-income students' education can have modest but long-lasting impacts on their academic outcomes. These findings may be especially relevant to states, institutions, and private scholarship providers seeking purposeful and efficient ways to give low-income students additional financial aid that can also help them succeed academically.

PREFACE

Policymakers in the United States are increasingly focused on expanding the number of college graduates, in addition to ensuring broad and equal access to higher education. Rising tuition costs, however, pose a considerable challenge to these goals, particularly for low-income students, who enroll in and complete college at lower rates than their more affluent peers. Financial aid can help, but often it does not cover the full cost of higher education. Although the Pell Grant is the main source of federal aid, scholarships also play an important role: State and private donors award more than \$20 billion annually to undergraduate students. Yet little rigorous research has been done to test whether and how scholarships increase college completion rates.

More than a decade ago, MDRC began evaluating performance-based scholarships, which are designed to encourage academic progress and are paid only when students achieve key academic benchmarks, such as enrolling in and then earning a pre-specified number of credits. Promising results from an early test of a performance-based scholarship program in Louisiana led to a broad demonstration study — the Performance-Based Scholarship (PBS) Demonstration — to test the effectiveness of this approach, using randomized controlled trials in multiple settings and with varying scholarship durations, amounts, and incentives.

This report marks the culmination of the PBS Demonstration, which included more than 12,000 students in six different states. The PBS programs generally lasted about a year, and the scholarships were designed to cover about 15 to 25 percent of students' remaining financial need exclusive of other aid. The programs produced impacts on academic outcomes that were evident several years after the programs ended, in some cases reduced student loans, increased college matriculation in one program that targeted high school seniors, and increased students' use of support services when the scholarship was conditioned on the use of those services. Perhaps most important, the scholarship programs helped students earn more credits toward their degrees and modestly improved graduation rates — and the effects appear consistent across different programs. A variety of performance-based scholarship programs have now been effectively implemented in multiple, diverse settings, at both the college and the state levels.

As the focus on college completion intensifies, the results of the PBS Demonstration are encouraging: Modest financial award programs aimed at encouraging academic progress can help students advance toward their degrees and can even make the difference in whether some students graduate. Financial aid providers that add to existing federal and state aid programs can build on these results by tying scholarship payments both to key steps that help students academically and to important markers of academic progress toward earning a degree.

Gordon L. Berlin
President, MDRC

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We also thank the colleges that supported the demonstration and the many dedicated staff and administrators at the colleges who participated in it: Borough of Manhattan Community College, Hillsborough Community College, Hostos Community College, Lorain County Community College, Owens Community College, Pima Community College, Sinclair Community College, and the University of New Mexico. Over the course of the PBS Demonstration, a countless list of vice chancellors, vice presidents, deans, tutors, registrars, administrators, presidents, coordinators, advisers, financial aid staff, and institutional research groups contributed to the successful implementation in the colleges involved in this study. Cash for College regional coordinators supported this work in California colleges.

Many MDRC staff members also contributed to this report. On the project team, we would like to recognize Lashawn Richburg-Hayes, Robert Ivry, and Colleen Sommo for their leadership and guidance throughout this project and their feedback on this report, as well as Amanda Grossman for resource management and contributions to numerous other aspects of the project. Margaret Bald, Gordon Berlin, John Hutchins, Cynthia Miller, and Evan Weissman also reviewed drafts of this report and provided valuable feedback. Nikki Gurley and Lisa Ramadhar wrote a portion of the programs to analyze the site-level data sets. Mike Weiss and Dan Cullinan supported work on the impact model. Jonathan Rodriguez provided research assistance for the cost analysis. Anna Marie Ivery coordinated the production of the report and fact-checked the content, with support from Himani Gupta. Rebecca Bender, with Alice Tufel, edited the report, and Carolyn Thomas prepared it for publication.

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Finally, but most important, we would like to thank the thousands of students who participated in this study. We hope that the findings from this demonstration can be used to improve college programs and students' support services, both now and in the future.

The Authors

EXECUTIVE SUMMARY

Performance-based scholarships have two main goals: to give students more money for college and to provide incentives for academic progress. MDRC launched the Performance-Based Scholarship (PBS) Demonstration in 2008 to evaluate the effectiveness of these scholarships in a diverse set of states, institutions, and low-income student populations. The evaluation includes more than 12,000 students in eight institutions and one intermediary across six states to test different performance-based scholarship designs. Each of the programs in the demonstration was evaluated using a randomized controlled trial, widely considered to be the most reliable way to detect the impact of an intervention.¹

THE PERFORMANCE-BASED SCHOLARSHIP DEMONSTRATION

MDRC launched the Performance-Based Scholarship Demonstration in 2008 with anchor funding from the Bill & Melinda Gates Foundation and a consortium of other funders: the Helios Education Foundation, the Institute of Education Sciences in the U.S. Department of Education, the Joyce Foundation, the Kresge Foundation, the NYC Center for Economic Opportunity, the Ohio Department of Job and Family Services through the Ohio Board of Regents, the Open Society Foundations, the Robin Hood Foundation, and the College Access Foundation of California, now the College Futures Foundation.

Table ES.1 presents the design of each program in the PBS Demonstration along with the student population that the program targeted. The Opening Doors Louisiana program, an earlier MDRC study whose results informed the PBS Demonstration, is included in the table for reference. Each program was designed for a different population of students and had a different scholarship structure; the institutions' leaders thought carefully about the needs of their students and designed programs accordingly. Across the demonstration, the scholarship amounts ranged from several hundred dollars to \$1,500 per semester, depending in part on the academic benchmarks being tested and the level of students' financial need. The goal of the evaluation was to test the effectiveness of the programs for as broad a range of low-income students as possible, to see whether performance-based scholarship programs could work in a variety of settings, with a variety of target populations, and with a variety of incentive structures.

While the details differed from state to state, the programs all shared a few key components. Generally, students were offered multiple payments over the course of each semester for meeting a pre-specified academic benchmark. Each semester, the value of the scholarship payment associated with each

1. In a randomized controlled trial, study enrollees are randomly assigned either to a program group that is eligible to participate in the intervention, or to a control group that is not eligible to participate in the intervention. By comparing the outcomes of each group, the impact of the intervention can be estimated.

TABLE ES.1 Design of the Performance-Based Scholarships in Each State
Final Report on the Performance-Based Scholarship Demonstration

CHARACTERISTIC	OPENING DOORS	PERFORMANCE-BASED SCHOLARSHIP DEMONSTRATION					
	LOUISIANA ^a	ARIZONA	CALIFORNIA	FLORIDA	NEW MEXICO	NEW YORK	OHIO
Eligible population	<ul style="list-style-type: none"> • Age 18-34 • Parent • Family income below 200% of poverty level 	<ul style="list-style-type: none"> • Hispanic male • Fewer than 45 credits earned • EFC below 5,273^b 	<ul style="list-style-type: none"> • Age 16-19 • High school seniors applying for financial aid • Below Cal Grant A and C income threshold^c 	<ul style="list-style-type: none"> • Age 18+ • In need of developmental math • EFC below 5,273^b 	<ul style="list-style-type: none"> • Age 17-20 • Freshmen • Pell-eligible 	<ul style="list-style-type: none"> • Age 22-35 • Live away from parents • In need of developmental education • Pell-eligible 	<ul style="list-style-type: none"> • Age 18+ • Parent • Zero EFC
Maximum scholarship amount per term	\$1,000	\$1,500	\$333 (quarter institutions) or \$500 (semester institutions) to \$1,000 ^d	\$600	\$1,000	\$1,300	\$600 (quarter institutions) or \$900 (semester institutions)
Scholarship duration	2 semesters	3 semesters	1 term to 2 years	3 semesters	4 semesters	2 full semesters and 1 summer semester ^e	2 semesters or 3 quarters
Maximum amount	\$2,000	\$4,500	\$1,000 - \$4,000	\$1,800	\$4,000	\$2,600 - \$3,900	\$1,800
Academic benchmarks	Complete 6 credits or more with a "C" average or better	<i>Part-time:</i> Complete 6-11 credits with a "C" or better in each course <i>Full-time:</i> Complete 12 credits or more with a "C" or better in each course	Complete 6 credits or more with a "C" average or better	Complete a sequence of math courses with a "C" or better in each course	Complete 12 credits or more (1st semester) or 15 credits (subsequent semesters) with a "C" average or better	Complete 6 credits or more with a "C" or better in each course	<i>Part-time:</i> Complete 6-11 credits with a "C" or better in each class <i>Full-time:</i> Complete 12 or more credits with a "C" or better in each course

(continued)

TABLE ES.1 (continued)

CHARACTERISTIC	OPENING DOORS	PERFORMANCE-BASED SCHOLARSHIP DEMONSTRATION					
	LOUISIANA ^a	ARIZONA	CALIFORNIA	FLORIDA	NEW MEXICO	NEW YORK	OHIO
Additional service criteria	Meet with adviser	Meet with adviser, complete tutoring and workshop requirements	None	Complete tutoring requirements	Meet with adviser	None	None
Sample size	1,019	1,028	4,921 ^f	1,075	1,081	1,502	2,285

SOURCE: Scholarship designs at each site.

NOTES: ^aOpening Doors Louisiana, an earlier MDRC study of a performance-based scholarship program, is included for comparative purposes.

^bThe EFC (Expected Family Contribution) is a measure of the amount of money that a family is expected to be able to contribute to a student’s education, as calculated according to federal guidelines. Students with an EFC of up to 5,273 during the 2010-2011 year were eligible for federal Pell Grants.

^cCal Grant is a financial aid program funded by the state of California. The awards do not have to be paid back, but to qualify students must fall below certain income and asset ceilings.

^dThe study in California randomly assigned program group members to one of six scholarship types that varied in amount (from \$1,000 total to \$4,000 total) and duration (from one term to two years). Students could take the award to any degree-granting, accredited institution in the country, and payments were adjusted to reflect the institution type (quarter or semester).

^eThe study in New York randomly assigned program group members to one of two scholarship types. One type was offered over two semesters only; the other was offered over two semesters plus one summer semester.

^fAlthough there were 5,160 study participants, undocumented immigrant students were excluded from the analysis because of data reliability concerns. Thus, the analysis sample was 4,921 participants.

benchmark increased over time. Most programs offered a small initial payment and a larger final payment each semester. For instance, students at the University of New Mexico program received a \$250 scholarship payment for registering for the required number of credit-hours, another \$250 scholarship payment for being enrolled in those credit-hours at midterm with a grade point average (GPA) of 2.0 or higher, and a final \$500 payment for earning those credit-hours with a final GPA of 2.0 or higher at the end of the semester. The scholarships were designed so that students who earned them would get additional aid, but students who did not would not be penalized — they would still receive the same amount of Pell Grant and other financial aid that they would have received in the absence of the program.² In addition, students remained eligible for the scholarship throughout the duration of the program. For instance, students who missed a scholarship payment in one semester by falling short of the benchmark were still eligible for scholarship payments in all subsequent semesters during which the scholarship was offered.

The performance-based scholarship programs in the PBS Demonstration were successfully implemented at a variety of institutions, for diverse groups of low-income students. Institutions established processes to monitor students' progress and paid students appropriately. Nearly all students in the PBS programs received at least one scholarship payment, and students at every site earned more financial aid dollars on average because of the programs. In student surveys, moreover, students reported using the money primarily for education-related expenses such as tuition and fees, books, or basic living expenses.

KEY FINDINGS

- **The performance-based scholarship programs produced modest, positive impacts on students' academic progress.** The analyses pool up to five years of follow-up data on academic outcomes from the PBS programs. The programs showed modest, positive, statistically significant impact estimates — the estimated change in outcomes caused by the program, measured by the difference between the program and control group outcomes — on credit accumulation in every year, as shown in Table ES.2.³ After four years, students who were eligible to participate in the PBS program (the program group) had accumulated, on average, a total of 47.2 credits, compared with 45.1 credits earned by students who were not in the PBS program (the control group). The estimated impact on credit accumulation is 2.1 credits.
- **The programs modestly increased degree completion.** Table ES.3 presents impact estimates on degrees earned. After five years, 38.3 percent of students in the program group had completed a degree, compared with about 35.1 percent of students in the control group. The estimated impact on degree completion is 3.3 percentage points.

2. Students' loans were sometimes reduced in order to accommodate the additional aid. However, since the scholarships were typically intended to cover only 15 to 25 percent of students' unmet need, aid displacement other than loans was rarely a concern. Due to the design of the program in California, financial aid package data were not collected to assess whether displacement took place there.

3. A statistically significant impact is one that is unlikely to have occurred by chance alone.

TABLE ES.2 Impacts on Cumulative Credits Earned, Pooled
Final Report on the Performance-Based Scholarship Demonstration

YEAR ^a	SAMPLE SIZE	CUMULATIVE CREDITS EARNED		IMPACT ESTIMATE ^b	STANDARD ERROR	P-VALUE
		PROGRAM GROUP	CONTROL GROUP			
1	6,938	17.5	16.2	1.2***	0.24	0.00
2	6,938	28.6	26.7	1.9***	0.46	0.00
3	6,938	36.4	34.6	1.8***	0.64	0.00
4	4,835	47.2	45.1	2.1**	1.04	0.05

SOURCES: MDRC calculations using transcript data from Pima Community College, Hillsborough Community College, the University of New Mexico, the City University of New York, and the Ohio Board of Regents.

NOTES: A two-tailed t-test was applied to differences between research groups. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Estimates are adjusted by site and research cohort.

Estimates are weighted to account for the different sample sizes and random assignment ratios in each state.

^aYears 1, 2, and 3 each include Arizona, Florida, New Mexico, New York, and Ohio. Year 4 includes New Mexico, New York, and Ohio.

^bThe impact estimate is the estimated change in outcomes caused by the program, measured by the difference between the program and control group outcomes.

- **The programs did not have a substantial impact on persistence (measured each year by whether students enrolled in school).** The programs produced small impacts on enrollment but did not produce the large gains observed in the Opening Doors Louisiana program. For example, in the PBS Demonstration, the programs produced an estimated average impact of 1.5 percentage points on enrollment in Year 2: That year, 79.3 percent of students in the program group and 77.8 percent of students in the control group enrolled. There is no evidence of larger impacts in later years. In contrast, the Louisiana program increased enrollment at the beginning of Year 2 by an estimated 12 percentage points: 49.4 percent of students in the program group and 37.6 percent of students in the control group enrolled at that time.⁴

4. See Table 4.3 in Lashawn Richburg-Hayes, Thomas Brock, Allen LeBlanc, Christina Paxson, Cecilia Elena Rouse, and Lisa Barrow, *Providing More Cash for College: Interim Findings from the Performance-Based Scholarship Demonstration in California* (New York: MDRC, 2009).

TABLE ES.3 Impacts on Degrees Earned, Pooled
Final Report on the Performance-Based Scholarship Demonstration

YEAR ^a	SAMPLE SIZE	PERCENTAGE WHO EARNED A DEGREE		IMPACT ESTIMATE ^b	STANDARD ERROR	P-VALUE
		PROGRAM GROUP	CONTROL GROUP			
1	11,613	2.9	2.8	0.2	0.3	0.61
2	11,613	8.3	7.4	0.9*	0.5	0.07
3	11,613	14.9	13.6	1.4**	0.7	0.04
4	9,510	26.4	25.7	0.7	0.9	0.44
5	4,868	38.3	35.1	3.3**	1.4	0.02

SOURCES: MDRC calculations using transcript data from the National Student Clearinghouse, Pima Community College, Hillsborough Community College, the University of New Mexico, the City University of New York, and the Ohio Board of Regents.

NOTES: A two-tailed t-test was applied to differences between research groups. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Estimates are adjusted by site and research cohort.

Estimates are weighted to account for the different sample sizes and random assignment ratios in each state.

^aYears 1, 2, and 3 each include Arizona, California, Florida, New Mexico, New York, and Ohio. Year 4 includes California, New Mexico, New York, and Ohio. Year 5 includes New Mexico, New York, and Ohio.

^bThe impact estimate is the estimated change in outcomes caused by the program, measured by the difference between the program and control group outcomes.

- **The scholarship programs varied along multiple dimensions, but they appear to consistently help students progress academically.** The PBS programs showed little evidence of variation in impacts across multiple dimensions. The programs appear to work for varying scholarship program designs, in different states and academic settings.
- **The scholarships worked for a variety of low-income students with different characteristics, including at-risk groups that traditionally perform poorly.** The programs were similarly effective for a wide variety of student groups, including younger and older students, men and women, and Hispanic and non-Hispanic students.
- **Evidence from the study in California suggests that offering students a scholarship in their senior year of high school increases enrollment in the first year of college.** The program in California was the only one to offer scholarships to high school students. The evidence suggests that the California program produced the strongest impacts on enrollment in the first semester of college, primarily for students who attended community colleges.

- **In sites where student services accompanied the performance-based scholarship, the use of these services increased markedly as a result of the program.** At Pima Community College in Arizona, Hillsborough Community College in Florida, and the University of New Mexico, student services such as tutoring, advising, and workshops were integrated in various ways with the award. Students' likelihood of using these services increased because of the scholarship program, which offered incentives to do so.
- **The performance-based scholarships increased students' total financial aid, even when helping to reduce their dependency on loans.** The PBS program consistently increased the average amount of financial aid that students in the program group received, ranging from around \$500 (at Lorain County Community College, Owens Community College, and Sinclair Community College in Ohio) to \$2,200 (at Borough of Manhattan Community College and Hostos Community College in New York). Three of the programs also reduced students' loans during the time that they were offered a scholarship, with loan reductions ranging from about \$330 to \$600.
- **The scholarships cost additional money but did not increase the average cost per degree.** After five years of follow-up, the cost per degree for students in the program group and the control group is about the same.

CONCLUSIONS AND LESSONS FROM THIS DEMONSTRATION

This evaluation suggests that the performance-based scholarship programs accomplished their two main goals: The programs helped low-income students pay for college and helped them make greater academic progress toward their degrees. These results are also promising in the context of existing research on financial aid, which generally finds small positive impacts or no evidence of impacts for enrollment or credit accumulation, and less frequently finds impacts on graduation.⁵ A key lesson for scholarship providers and policymakers at the federal, state, and local levels is that these programs did not depend on rigid adherence to a scholarship structure, but instead were guided by three core principles:

1. Scholarship payments were made in increments during a semester and were contingent on behaviors associated with greater academic success, such as enrollment in a certain number of credits and maintaining that course load over the semester.

5. See, for example, Joshua Angrist, Daniel Lang, and Philip Oreopoulos, "Incentives and Services for College Achievement: Evidence from a Randomized Trial," *American Economic Journal: Applied Economics* 1, 1 (2009): 1-28; Melissa Binder, Kate Krause, Cynthia Miller, and Oscar Cerna, "Providing Incentives for Timely Progress Toward Earning a College Degree: Results from a Performance-Based Scholarship Experiment," MDRC Working Paper (New York: MDRC, 2015); Sara Goldrick-Rab, Douglas N. Harris, Robert Kelchen, and James Benson, *Need-Based Financial Aid and College Persistence: Experimental Evidence from Wisconsin* (Madison: Wisconsin Center for Educational Research, 2012); and Judith Scott-Clayton, "On Money and Motivation: A Quasi-Experimental Analysis of Financial Incentives for College Achievement," *The Journal of Human Resources* 46, 3 (2011): 614-646. See Reuben Ford, Douwre Grekou, Isaac Kwakye, and Claudia Nicholson, *Future to Discover: Fourth Year Post-Secondary Impacts Report* (Ottawa, Ontario: Social Research and Demonstration Corporation, 2014), for an example of a related program that shows evidence of graduation impacts in Canada.

2. Scholarship payments that were made at the end of each semester were tied to important benchmarks associated with graduation (such as receiving a minimum grade in a certain number of credits over the semester) while also providing funds to support students' education in the next semester.
3. When program design included additional student support services (such as advising or tutoring), the programs required that students use these services in order to earn the scholarships. This requirement improved participation in these services substantially.

The program designs in each state were created collaboratively with key stakeholders, who provided valuable insights related to the target populations for the scholarships, the benchmarks, and the student services, if any, that should be incorporated into the design. The flexible nature of the programs makes it possible for other scholarship providers — at the state or local level, public or private — to adapt the design to meet their own priorities.⁶

This study does not, however, suggest that all financial aid should be restructured to encourage performance — especially in regard to the federal Pell Grant program. The Pell Grant is generally the foundation of a student's aid package and can be much larger than the scholarship amounts studied here, which were paid to students in addition to any Pell dollars and other financial aid they already received. Changing disbursement criteria for Pell could alter behavior in ways very different from the PBS Demonstration results, and could negatively affect enrollment, since Pell is typically paid at the beginning of the semester and students may anticipate having those funds at the time they enroll in school. Providing students less financial aid up front could reduce their ability to cover tuition and fees at many colleges.⁷

The findings do suggest, however, possibilities for restructuring state and private aid, and any additional federal aid that might be provided in the future. State and private donors contribute more than \$20.1 billion in scholarships to undergraduate students, and some of this aid may be more effectively offered as performance-based scholarships.⁸ For the 2012-2013 academic year, 19 percent of all state-sponsored aid was reported as merit-based — typically based on students' high school performance, not their college performance. Students who receive this aid, however, may be likely

6. For more information on this topic, see Rashida Welbeck, Michelle Ware, Oscar Cerna, and Ireri Valenzuela, *Paying It Forward: A Technical Assistance Guide for Developing and Implementing Performance-Based Scholarships* (New York: MDRC, 2014).

7. In 2010-2011, the maximum Pell Grant amount was \$5,500. That same year, the median tuition and fees for all public institutions was \$4,632. For all public four-year institutions it was \$6,780, and for all public two-year institutions it was \$2,537. These figures represent tuition and fees over a full year; each semester would cost roughly half that. See National Center for Education Statistics, "Average Undergraduate Tuition, Fees, Room, and Board Rates for Full-Time Students in Degree-Granting Postsecondary Institutions, by Percentile, Control and Level of Institution: Selected Years, 2000-01 Through 2012-13" (Washington, DC: NCES, 2011), Table 330.30 (website: <http://nces.ed.gov>).

8. Sandy Baum, Diane Cardenas Elliott, and Jennifer Ma, *Trends in Student Aid 2014* (Washington, DC: The College Board, 2014).

to succeed in college without it.⁹ Reallocating merit-based aid to low-income students through performance-based scholarship programs could be an effective strategy to help these students make greater academic progress. It could also help programs offer money to more students or increase the size of scholarships. This is because students in the programs were offered the opportunity to earn more scholarships, but not all students earned them: The programs did not pay those students the full amount that was offered. Some of this saved money, for example, could be offered to other students.

Some states have also used existing funds creatively to promote greater academic progress through college for low-income populations. Both the original performance-based scholarship program launched in Louisiana as part of the Opening Doors Demonstration and the Ohio PBS program described in this report used state Temporary Assistance for Needy Families (TANF) funds to offer these scholarships to low-income parents who were attending college. More recently, new legislation in Indiana includes provisions to give financial bonuses to some low-income students if they meet certain academic benchmarks. Students in the Frank O'Bannon program, for example — a need-based financial aid program — can earn an additional \$1,300 in aid if they complete 39 credits annually.¹⁰ California is currently considering a similar program.¹¹

The results presented here demonstrate that performance-based scholarship programs have consistently helped students make modest gains in their academic progress and even helped some students graduate. The programs provide a flexible design that can be implemented widely, and they can be structured to meet the needs of diverse student populations. This evaluation shows that performance-based scholarships are an important tool for colleges, states, and scholarship providers who work to improve outcomes for low-income students.

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9. National Association of State Student Grant and Aid Programs (NASSGAP), *44th Annual NASSGAP Survey Report, 2012-2013 Academic Year* (n.d.), website: www.nassgap.org; Sandy Baum, David W. Breneman, Matthew M. Chingos, Ronald G. Ehrenberg, Pamela Fowler, John Hayek, Donald E. Heller, Allison G. Jones, David A. Longanecker, Tim Nesbitt, Judith Scott-Clayton, Sarah E. Turner, Jane V. Wellman, and Grover "Russ" Whitehurst, "Beyond Need and Merit: Strengthening State Grant Programs" (Washington, DC: The Brookings Institute, 2012).
 10. Indiana Commission for Higher Education, *Reforming Student Financial Aid to Increase College Completion: Early Progress Resulting from Indiana House Enrolled Act 1348* (Indianapolis: Indiana Commission for Higher Education, 2015).
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Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

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- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.