**Merit Aid, College Quality and College Completion:**

**Massachusetts’ Adams Scholarship as an In-Kind Subsidy**

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# Key Findings

The Adams Scholarship is a program that awards high-scoring students in Massachusetts tuition waivers at in-state public universities and colleges. We studied the effect of this program on students’ college choices and rates of college completion. We find that:

* The Adams Scholarship is successful at convincing 6.6% of students near the threshold to attend in-state public colleges, even though the tuition subsidy is relatively small.
* Three-fourths of the estimated $13 million the state spends annually on these tuition waivers flows to students who would have attended in-state public colleges anyway.
* Most students who switch into in-state public colleges as a result of the Adams Scholarship would otherwise have enrolled in private colleges, so that the scholarship does not increase overall college enrollment rates.
* The private colleges these students are forgoing have, on average, substantially higher graduation rates than the in-state public colleges they attend as a result of the scholarship.
* Winning the Adams Scholarship *reduces* the rate at which students graduate from college. A third of the students induced by the program to attend in-state public colleges do not graduate in 6 years, but would have in absence of the scholarship.
* We conclude that college quality, as measured by a college’s overall graduation rate, has a substantial impact on the college completion rates of even high-achieving students.

# Research Questions

The Adams Scholarship program awards high-scoring students in Massachusetts tuition waivers at in-state public universities and colleges. To evaluate this program we ask three questions:

* Does receipt of the Adams Scholarship influence students’ choice of college? In other words, is the program successful at inducing students to attend public colleges in MA?
* Does receipt of the Adams Scholarship influence a student’s likelihood of graduating from college within four or six years?
* What does this imply for the role of college quality in influencing a student’s likelihood of college graduation?

# Data

We study the graduating high school classes of 2005-08, all of whom are old enough that we can observe them at least four years after high school graduation. We can observe the classes of 2005-06 for six years after high school graduation. We use MCAS data to determine how close students were to qualifying for the Adams Scholarship, based on their 10th grade test scores. We use SIMS data to gather background characteristics of students. We use the merged National Student Clearinghouse data to observe which colleges students enrolled in and graduated from.

# Research Methods

We use a regression discontinuity design to compare students just above the threshold for receipt of the scholarship to those just below the threshold. This method relies on the fact that students just above and just below these thresholds should be similar to each other, in terms of academic skill and other dimensions, except for receipt of the scholarship. The threshold for receiving the scholarship depends on three dimensions: scoring at least advanced on the 10th grade MCAS exam in either math or reading, scoring at least proficient in the other subject, and scoring in the top 25% of district test-takers.

# Detailed Results

Based on results from the high school classes of 2005 and 2006, the Adams Scholarship changes the enrollment decisions of students in Massachusetts:

* 6.6% of students at the threshold are induced to attend in-state public four-year colleges.
* Most of these students forgo other four-year colleges, so that the scholarship raises overall enrollment rates by only a statistically insignificant 0.9%.

The Adams Scholarship changes the likelihood of graduation for students in Massachusetts:

* 2.2% of students near the eligibility threshold fail to graduate from college in six years but would have if not for the Adams Scholarship. This means that a third of the students induced by the program to attend in-state public colleges do not graduate, but would have otherwise.
* Results are similar for 4-year graduation rates using the high school classes of 2005-08.

# Implications for Policy and Practice

College quality is a potentially under-emphasized variable that is of great import in the likelihood of a student successfully graduating. Students should be encouraged to take into account the likelihood of graduation when making enrollment decisions. The Commonwealth of Massachusetts may want to consider whether the Adams Scholarship is the best use of limited funds to support students at public universities. The U. Mass. system’s recent decision to focus on further improving graduation rates should be beneficial for Massachusetts students.