

Do Merit Scholarships Promote College Access?

Evidence From Two States

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Introduction

Publicly-funded scholarships in the United States historically have been awarded based on the financial need of the student and his or her family, and with the goal of increasing access to college. Beginning with passage of the Higher Education Act of 1965, and in particular, establishment of Basic Educational Opportunity Grants in the 1972 Amendments, federally-funded student aid has been used in order to help achieve equality of postsecondary educational opportunity (Mumper, 1996). The State Student Incentive Grant program, also part of Title IV student aid programs, encouraged the development of state-funded scholarships. These state programs historically also used financial need as the primary criterion for awarding grants, and have grown to the extent that they now award almost \$1 in aid for every \$2 awarded in the federal Pell Grant program.

Since the 1980s, however, the use of financial need as the basis for awarding scholarships by the states has been eroding. Between 1982 and 2000 spending on need-based scholarships for undergraduates by the states increased 7.4 percent annually, while spending on merit programs increased at a 13.6 percent annual rate. The proportion of state grants awarded based on merit has risen from 9 percent to 22 percent during this period (Heller, in press, 2002; National Association of State Student Grant & Aid Programs, 2001).

TABLE 4
Scholarship Rates by High School Free Lunch Quintile

Quintile	Florida	Michigan
1 st quintile (schools with fewest students receiving free lunch)	28.4%	45.6%
2 nd quintile	24.1	43.7
3 rd quintile	20.3	38.9
4 th quintile	19.1	30.2
5 th quintile (schools with most students receiving free lunch)	11.1	16.4
Correlation of school free lunch percentage and school scholarship rate	-0.58 (p<.001)	-0.54 (p<.001)

Note: The analyses were weighted by the number of graduating seniors in each high school.

Data on the number of students who continued on to postsecondary education after graduating from high school were used to estimate the postsecondary attendance rate in each public high school for the academic year before implementation of the merit scholarship program (1995-96 in Florida, averages of the 1996-97 through 1998-99 rates in Michigan).

To further explore this relationship, we divided the high schools into quintiles, based on their college attendance rates before implementation of the merit scholarship programs. We then compared the scholarship rates of the schools in each group. Table 5 presents the scholarship rates for the high schools in each state, arranged by the high school's college participation quintile.⁵ Schools with the highest proportion of students attending college (before implementation of the

⁵ The Michigan data are based on high schools' report of their graduates status in the fall following graduation from high school. Because the high schools do not report the data every year, we took the average rate from a three-year period. The Florida data are based on student-level enrollment

state's merit scholarship program) had the highest percentage of students receiving a scholarship.

TABLE 5
Scholarship Rates by High School College Participation Rate Quintile

Quintile	Florida	Michigan
1 st quintile (highest college participation rate)	26.1%	44.0%
2 nd quintile	20.4	37.5
3 rd quintile	17.4	39.1
4 th quintile	9.6	34.7
5 th quintile (lowest college participation rate)	5.2	25.4
Correlation of school free lunch percentage and school scholarship rate	0.58 (p<.001)	0.34 (p<.001)

Note: The analyses were weighted by the number of graduating seniors in each high school.

Discussion

The data presented here demonstrate that a very strong relationship exists between socioeconomic characteristics and the rate at which students qualify for merit scholarships in Florida and Michigan. In both states, African Americans and Hispanics qualify for the scholarships at rates well below those of White and Asian American students. There is also a strong relationship between the income levels in the communities in which students attend school, as measured by the proportion of students who qualify for free lunch, and the probability that a student would earn a scholarship.

records in public and private universities in Florida, and thus exclude students attending college outside of the state.

The groups of students least likely to be awarded these scholarships are the populations who have traditionally been under-represented in higher education. Data on college participation rates by race indicate a large disparity between White and Asian American students, who have higher college-going rates, and African Americans and Hispanics, who attend college at lower rates (Heller, 1999b; Koretz, 1990). Other studies have demonstrated the gap in college participation by income level (Advisory Committee on Student Financial Assistance, 2001; Ellwood & Kane, 1999; Mortenson, 2000).

There do not appear to be large differences in the criteria used for awarding the scholarships in the two states, and the resulting distribution of the awards. Overall, a higher percentage of students in Michigan than in Florida were awarded scholarships, but the distributional effects within the two states were very similar. The difference between the use of a statewide criterion-referenced test (in Michigan) and the use of high school grades and national standardized tests (in Florida) was negligible.

Our final research question asked about the relationship between the distribution of scholarship awards and the college attendance patterns of high schools in the state. This question addresses the core issue of whether these programs are likely to have much impact on college access in each state. Because the greater proportion of the awards have been distributed to students in high schools with higher college-participation rates (before implementation of the merit scholarship programs), we conclude that the impact is likely to be much less than

those scholarship programs that target their awards to students based on financial need.

A few sample high schools can help to illustrate this conclusion. Table 5 shows the college participation rates for Michigan high schools (before implementation of the Michigan Merit Award Scholarship Program), and the scholarship award rates for those schools. For example, Grosse Ile High School, located in a wealthy suburb of Detroit, sent 94 percent of its students on to some form of postsecondary education before the scholarship program was implemented. Thus, the scholarship program could have induced at *most* the remaining 6 percent of the graduates in that school to attend college.⁶ However, 64 percent of the students in this school qualified for scholarships, indicating that at *least* 58 percent of the scholarships went to students who would likely have been college-bound anyway.⁷

⁶ This assumes, of course, no large behavioral changes in the college-going patterns of the students in this school due to other factors in the first year the program was implemented.

⁷ It should be noted here the possibility that the scholarships could have had some impact on college choice among these students. For example, the \$2,500 award may have induced a student who otherwise would have enrolled in a community college to enroll instead in a 4-year institution. But increasing college *choice* was not a legislated goal of the program; increasing college access was.