



Two New Experimental Studies from the Wisconsin HOPE Lab Demonstrate the Efficacy of Financial Aid

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Students often say that the price of higher education prevents them from completing degrees. Does reducing the price by providing more grant aid increase their rate of success? Two new peer-reviewed studies from researchers at the Wisconsin HOPE Lab say “yes.”

The first-ever randomized experiment of a private program examined the impact of offering a \$3,500 per year need-based grant to students enrolled in Wisconsin’s 42 public two-year and four-year colleges and universities. Students in the study were from lower-income families and already receiving the federal Pell Grant, and just 16% could expect to finish a bachelor’s degree in four years. A new paper published in the [*American Journal of Sociology*](#), one of the premier venues in the discipline, finds that offering them the additional grant boosted that degree completion rate to 21%, reducing the size of the gap in completion rates between Pell recipients and other students. The impacts might have been even larger, the study suggests, if the \$3,500 offered had resulted in students’ receiving more cash in hand, rather than reducing loans they had already accepted. Also, while many grant programs target aid to students with stronger academic preparation, these grants seemed to be more effective for students who were less prepared, perhaps because they benefitted from working fewer hours and focusing on school.

Indeed, the second paper, which was published in the top journal [*Educational Evaluation and Policy Analysis*](#), find that the grants did exactly that. Students offered additional grant aid were almost 6 percentage-points less likely to work and worked 1.69 fewer hours per week than their peers, an 8.56% and 14.35% reduction, respectively. Students offered the grant were also less likely to work more than 20 hours per week, or during the third shift. Grant aid thus appears to partially offset student employment, improving prospects for academic achievement and attainment.