

## Completion Grants: A College Affordability Innovation Worthy of Public Investment?

**Bottom Line:** Completion grants are an increasingly popular practice in higher education, but there is not yet any rigorous evidence that they are effective or equitable. A large randomized controlled trial funded by the U.S. Department of Education's Institute of Education Sciences is currently underway to estimate the impact of completion grants and will produce results in late 2020. While descriptive research indicates completion grants are a promising practice<sup>1</sup>, policy makers would benefit from forthcoming comprehensive and rigorous research regarding the short and long-term impact of this kind of financial aid.

### Background

Colleges and universities are working to increase college completion rates; however, with the price of college higher than ever, many students find that as they advance towards a college degree they fall short of the funds required to reach graduation. Unmet financial need in students' last year or two, often created by escalating costs and/or declining financial aid, leads even hard-working and talented students to exit.<sup>2</sup> This problem is exacerbated in states where financial aid programs include performance requirements that some students struggle to meet, causing a loss of financial support as academic work becomes more advanced in higher-level courses.<sup>3</sup>

Originally coined by the Association of Public & Land-grant Universities (APLU) and the Coalition of Urban Serving Universities (USU), and based upon similar programs at Georgia State University, IUPUI and others, "completion" grants are delivered to students who have made substantial progress in college but still face financial hurdles to degree completion. In some cases, these grants are available to cover a balance on the students' college account (e.g., for tuition and fees), and in other cases they are also available to cover additional expenses of attending college (e.g., living costs or books). Many institutions delivering completion grants report high rates of graduation among students receiving the additional support. This may mean that completion grants are effective, boosting outcomes and generating a positive return on investment. Alternatively, it may mean that institutions are providing completion grants to students who, even absent the new support, have a strong likelihood of graduation. After all, these students have already made substantial progress in school, likely indicating resilience and academic strength.

A simple comparison of financial aid and graduation rates will not suffice. For example, a university might observe that an average of 80% of its students awarded completion grants graduate in four years, compared to 70% of students not awarded those grants. This might lead to the conclusion that completion grants boost odds of on-time graduation, even though there may well be other causes.

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<sup>1</sup>Association of Public and Land-Grant Universities & Coalition of Urban Serving Universities. (2018). Foiling the drop-out trap: Completion grant practices for retaining and graduating students. Washington DC: APLU & USU.

<sup>2</sup>Goldrick-Rab, S. (2016). Paying the price: College costs, financial aid, and the betrayal of the American dream. University of Chicago Press.

<sup>3</sup>Scott-Clayton, J., & Schudde, L. (2019). The consequences of performance standards in need based aid: Evidence from community colleges; Journal of Human Resources, (717-8961r2).

Cost-effective investments are critical for sustainable financial aid practice. Grants must be deployed to change the odds of graduation, not simply reward those already likely to graduate. To do that, the independent contribution of completion rates to the attainment agenda must be clearly identified. This is best accomplished with a rigorous study comparing the graduation rates (and other academic outcomes) of students awarded completion grants to a randomized control group. This study is now underway at 11 universities across the nation, with support from the U.S. Department of Education's Institute of Education Sciences.

## What We Know So Far

During the 2017-2018 academic year, we studied the implementation of completion grants at a diverse set of broad- and open-access public universities. The project expands on pilot started by APLU USU in 2016 where nine institutions awarded 1,213 students with completion grants, 93% of the grantees were retained or graduated within a year of the program. We explored how they were implementing completion grants, what successes and challenges they encountered, and how institutional contexts affected their use. We found widespread concern with the financial gaps in students' aid packages, and universities noted that in some cases those gaps were created by federal financial aid requirements (e.g. Satisfactory Academic Progress), state financial aid requirements, and institutional practice (e.g. front-loaded scholarships).

We also learned that: the implementation of completion grants varied a good deal across universities; program costs were tied to institutional structures used to identify eligible students; and students with pre-existing advantages (e.g., stronger academic performance and a propensity to accept debt) were more likely to receive support. Furthermore, we learned:

- Some universities only deployed completion grants to clear students' account balances, while others allowed funds to be used for living expenses.
- While all universities targeted the grants to students "near completion," they had difficulty predicting which students were truly close to graduation. Institutions often used the number of credits earned and grade point average as a proxy, but as the completion of specific course sequences was hard to assess, proxies were often inaccurate.
- In many cases, universities targeted completion grants to students who had already exhausted available student loans and still had remaining unmet need.
- Many universities devoted considerable staff time to determining which students receive support.

## What We Still Need to Know

During the 2018-2019 academic year, we engaged 11 universities in a randomized controlled trial to examine the changes in graduation rates when students are awarded completion grants of \$1,000 to \$2,000. Funds were distributed beginning in fall 2018, and we will produce a report on impacts by the end of 2020.

In the meantime, policymakers interested in promoting graduation with financial aid might consider the following actions: Examine whether financial aid policy is inadvertently creating financial shortfalls that completion grants aim to solve. For example, are there unintended consequences of state requirements conflicting with federal requirements?

- Invest in emergency aid, a non-traditional form of support, which can be used to address financial shortfalls for all types of students, irrespective of their year in college. Emergency aid has the added advantage of being much more flexible than traditional aid, though it can be costly to administer if distribution is not streamlined.
- Stay tuned for our upcoming findings to learn more about how completion grants may work for your institution.
- There is little question that financial shortfalls impede student success in college. Informed policymakers can make efficient use of limited state funds by aligning their dollars with evidence-based practice.

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<sup>4</sup> Association of Public & Land-grant Universities and the Coalition of Urban Serving Universities. (2017). Completion Grants: Lessons from a pilot program. Washington DC: APLU & USU. Available at: <https://www.aplu.org/library/completion-grants-lessons-from-a-pilot-program/File>

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