

Examining Grade Cutoffs in State Merit Aid Programs

Idea for Future Research

By James Sly

Many states have offered generous merit aid programs designed to encourage high performing students to attend college and help them pay for it. By linking the benefit to how well you do in high school, merit aid programs might have an important side benefit because they motivate students to study harder and perform better in high school. Most states have an abrupt high school grade cutoff where students above the cutoff get a large benefit and students below the cutoff get no benefit at all. Kentucky's merit aid program gradually ramps up the benefit over a wider range of student GPAs, and one important question is whether the abrupt high stakes grade cutoff does more to motivate a student's academic performance in high school compared to the gradual phase in. The abrupt grade cutoff will likely provide a larger incentive to a smaller group of students with grades just around the cutoff, while a gradual phase in will provide a smaller incentive to larger group of students. In a recent policy memo, I provide a more detailed description of how Kentucky structures their merit aid program and how Minnesota might benefit from enacting a similar program in their state (Sly 2020).

As a research study, I would like to get access to data on student grades in high school and analyze the variation in GPAs across semesters to see how much students would be able to improve their performance if they put in more effort. If it is possible for students to achieve large improvements in academic performance in high school, then a high stakes abrupt cutoff might be preferred because it provides a stronger, more salient incentive to achieve those dramatic improvements. If students are only able to achieve modest improvements in their GPA, then an abrupt cutoff might only have a limited effect on those students who already earn grades close to the cutoff and might have little effect on others since there is little chance that they will ever be able to qualify for the big merit aid scholarship designed for well performing students. As part of this research study, I would like to compare the improvement in high school graduation rates between states that offer an abrupt cutoff in their merit aid program and Kentucky who uses a gradual phase in, to see which one has the strongest impact on student performance in high school, as measured by a state's high school graduation rate. Perhaps if states adopted best practices when designing their merit aid program, it might improve the positive impact of those programs on high school graduation rates, which is a potential benefit that often gets overlooked in the literature on merit aid programs.

Reference

Sly, James. 2020. "State Merit Based Scholarships for Minnesota." Unpublished policy memo. June.