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HEADLINE: State-Funded Merit Scholarships Shown to Improve College Completion Rates

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BODY:

States that offer broad-based merit scholarships appear to raise their residents' college-completion rates significantly, an economist has reported in a working paper.

Previous studies have demonstrated that such programs can increase a state's college-attendance rate, but this appears to be the first study that measures the actual completion of degrees.

Susan M. **Dynarski**, an associate professor of public policy at Harvard University's John F. Kennedy School of Government, used data from the 2000 census to estimate the effects of publicly financed scholarship programs in Arkansas and Georgia.

Ms. **Dynarski** estimated that, on average, when a state introduces such programs, the proportion of its young people who complete an associate or bachelor's degree will rise by three percentage points.

For example, people born in Arkansas who were between 28 and 34 years old at the time of the 2000 census — that is, people who would have graduated from high school before the state's merit-aid program began — earned college degrees at much lower rates than the national cohort of 28- to 34-year-olds.

But Arkansas-born people who were between 22 and 27 at the time of the 2000 census — those who might have been eligible for the merit-aid program — earned college degrees at rates that were much closer to the national average (although still lower).

Although Ms. **Dynarski** said that the merit-aid programs appear to be cost-effective, she emphasized their limits, noting that many students continue to drop out of college in states with broad-based merit aid.

Ms. **Dynarski's** paper, "Building the Stock of College-Educated Labor," is available on the Web site of the Social Science Research Network (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=800124).