

Abstract

A large privately-funded scholarship program randomized 'full-freight' financial aid awards to entering students at Nebraska's public colleges and universities. Scholarship awards increased four-year college attendance among recipients but had little effect on two-year or overall attendance. Awards granted to students targeting four-year colleges boosted six-year graduation rates by 8.5 percentage points, with gains unevenly distributed, ranging from a high of 15 - 20 points among minority program applicants and those with low ACT scores, to zero for well-prepared program applicants. Roughly 92% of the scholarship aid went to students who would have graduated without scholarship aid. Average scholarship costs were \$43,000 per additional college year completed and \$425,000 per additional four-year degree obtained, but this falls to \$230,000 for nonwhite students. Costs were high in part because scholarship awards lengthened time to degree among recipients. Nevertheless, the bulk of scholarship expenditures reflect transfers from scholarship sponsors to scholarship recipients rather than incremental expenditures on post-secondary education.