

State financial aid doesn't keep students in state, report finds

January 22 2013, by Susan Kelley

(Phys.org)—State scholarships that aim to keep the best and brightest students in state during and after college don't convince them to stay put, according to a new study by a Cornell economist.

More than 30 percent of [high school graduates](#) were offered state financial aid if they went to [college](#) in state, but less than 3 percent changed their decisions about where to go to school or where to live once they graduated, the researchers said.

"Essentially a lot of the money—about \$2,200 per recipient per year—is being spent on those whose behavior you don't change: either people who would have gone to college in the state anyway, or who go to college in state but move away after graduating. We're saying these policies don't change where that many people live long term," said lead author Maria Fitzpatrick, assistant professor of policy analysis and management at Cornell.

"If other factors, like employment opportunities or [family obligations](#), are what really drive residential migration decisions, then it may be that these merit aid policies are weak tools to intervene," Fitzpatrick added.

The study—the first study to look at the long-term effectiveness of merit-based scholarship programs on residency choices—was conducted with Damon Jones of the University of Chicago and published in the *National Bureau of Economic Research* in November.

Merit-based scholarships given to residents who go to college in state have become increasingly popular since the early 1990s. Dozens of [states](#) now offer these programs on a large scale, spending a total of \$3.9 billion in the 2010-11 [academic year](#).

Depending on the state, the programs have various aims, such as making college more accessible for those who wouldn't go to college otherwise, or relieving the [financial burden](#) on those who would have gone to college anyway. However, the policies could be working in terms of goals other than the ones assessed in this study, she cautioned.

The researchers looked at whether students moved and the degree of education they attained in states with and without programs and before and after these programs were instituted. They did this by incorporating data on the introduction of broad-based merit aid programs for 15 states and Census data on all 24-to-32-year-olds in the United States from 1990 to 2010.

The findings have implications for states that have or are contemplating instituting these types of [financial aid](#) policies, Fitzpatrick said. "If the main goal is attracting college-educated workers to stay in state, states should be trying to think about other, more efficient ways to do that."

Provided by Cornell University

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