

Study: Loan-replacement grants boost low-income students' graduation rates

April 29 2019, by Sharita Forrest



Receiving I-Promise loan-replacement grants influenced low-income students' decision to attend the University of Illinois and boosted their graduation rates, according to a new study led by the program's founding director, Susan Gershenfeld, who completed the research during doctoral studies in social work. Credit: Susan Gershenfeld

Freshmen from low-income families who received Illinois Promise loan-replacement grants at the University of Illinois were significantly more likely to graduate within five years compared with peers of similar family incomes who did not qualify for the program, a new study found.

Susan Gershenfeld, the study's lead author, compared five-year graduation rates among 207 students who received I-Promise grants and an equal number of low-income peers who did not meet the criteria to receive the grants. All of the students initially enrolled as freshmen at the U. of I. in academic years 2007-09.

I-Promise grants are intended to cover the gap between other financial aid and the cost of education—including tuition, fees, room and board, books and supplies—for up to four continuous years.

Students who receive I-Promise grants typically have the greatest financial need of any students on campus. To qualify for the program, among other criteria, students and their parents or legal guardian must be Illinois residents with family incomes at or below the federal poverty level, have an expected family contribution of zero to the child's education and have assets of less than \$50,000, excluding the family home.

The study used institutional data on [full-time](#), first-time students who received I-Promise grants and other low-income students who came close to meeting the criteria but did not qualify for a [grant](#).

Using a statistical technique called propensity score matching, Gershenfeld matched each grant recipient with a peer who did not receive a grant.

"There is no statistical difference between I-Promise students and the comparison group of low-income students based on the financial

eligibility criteria," Gershenfeld said. "The analysis also extensively controlled for various demographic and academic variables."

On average, the largest amount of financial aid awarded to students in both groups was scholarships. About 89% of each I-Promise [student's](#) financial aid package was nonloans, versus 73% for students in the other group.

"It's not like the I-Promise students had full support and the other low-income students had nothing in their financial aid package—they each had quite a lot," Gershenfeld said. "So the real difference was the assurance that if the I-Promise students lived up to their part of the bargain and made satisfactory academic progress, the university would provide the grant for four years. And we found that these students did indeed graduate at higher rates than other low-income students."

The data indicated that 76.3% of the I-Promise students graduated within five years compared with 67.1% of students in the other group—a statistically significant difference, Gershenfeld said.

By contrast, the overall five-year graduation rate at the U. of I. during the same period averaged 81.8%, according to the study.

During the time period studied, base tuition and fees for in-state students ranged from \$11,130 to \$12,528. Including room, board, books, supplies and other expenses, the total cost of attendance was estimated to be \$23,150 to \$25,656.

The I-Promise students had a gap of 13.8% between their [financial aid](#) and college costs, while students in the comparison group had a 24.6% gap.

About 80% of the freshmen, sophomores and juniors surveyed between

2008-12 said obtaining an I-Promise grant was "absolutely essential" or "very important" in their decision to attend Illinois.

While numerous states and localities have implemented varying forms of college promise programs to broaden access to higher education and help students minimize debt, no studies have examined how such programs affect graduation rates among students who come from poverty, Gershenfeld said.

The current study provides evidence that loan-replacement grants significantly boost college completion rates among low-income students, said Gershenfeld, who was the founding director of the I-Promise program.

Illinois was the third public university to implement such a program—after the University of North Carolina, Chapel Hill and the University of Virginia—when it founded the I-Promise program in 2005.

I-Promise is funded by supplemental institutional aid with contributions from foundations, corporations and individual donors.

The paper, published recently in the *Review of Higher Education*, was co-written by social work professor Min Zhan and education policy, organization and leadership professor Denice Ward Hood.

Gershenfeld, who conducted the research for her doctoral degree in social work at Illinois, is establishing a nonprofit called FirstGen Ahead to assist first-generation students in transitioning from college to career.

More information: Susan Gershenfeld et al, The Impact of a Promise: A Loan Replacement Grant, Low-Income Students, and College Graduation, *The Review of Higher Education* (2019). [DOI: 10.1353/rhe.2019.0030](https://doi.org/10.1353/rhe.2019.0030)

Provided by University of Illinois at Urbana-Champaign

Citation: Study: Loan-replacement grants boost low-income students' graduation rates (2019, April 29) retrieved 11 May 2024 from <https://phys.org/news/2019-04-loan-replacement-grants-boost-low-income-students.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.