

## **An Evaluation of the Idaho Opportunity Scholarship**

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In 2013, the Idaho Legislature expanded the existing Idaho Opportunity Scholarship by directing money from other scholarship programs into the Opportunity Scholarship. Funding for the Opportunity Scholarship increased from approximately \$1.045 million in FY2014 to approximately \$5.127 million in FY2015 and \$5.191 million in FY2016. The legislation that expanded the Opportunity Scholarship also directed the Idaho State Board of Education to evaluate the program on a regular basis. This paper serves as the first step in that evaluation.

### The Idaho Opportunity Scholarship

The Idaho Opportunity Scholarship is awarded to Idaho residents who graduate from Idaho high schools and enroll in an Idaho postsecondary educational institution in order to pursue their first undergraduate degree or certificate. In addition to traditional high school graduates, both home-schooled students and students who obtain a General Equivalency Diploma (GED) are eligible for the scholarship. Students can initially receive the scholarship either as a high school senior or as an undergraduate attending an eligible Idaho postsecondary educational institution. Students who initially receive the scholarship as an undergraduate must have graduated from an Idaho high school and be making satisfactory academic progress. Students apply electronically.<sup>2</sup> In addition to the application, students must complete the Free Application for Federal Student Aid (FAFSA).

A student must have an unweighted cumulative GPA of 3.0 in order to be eligible for the scholarship.<sup>3</sup> High school GPAs are used for students who have not yet graduated from high school while college GPAs are used for students who apply as undergraduates. After initial receipt of the scholarship, students can renew their scholarship for up to four years if they continue to meet the eligibility requirements. These requirements include maintaining a 3.0 GPA during college and maintaining satisfactory academic progress. There are also eligibility requirements with regard to the number of postsecondary academic credit hours attempted/completed. Students who have attempted or completed 100 credits must identify a major and submit an academic transcript to the Board Office. A student will not be eligible for renewal of the Opportunity Scholarship if they cannot complete their degree in the major identified in 2 semesters. Finally, if students interrupt their enrollment for more than 4 months but less than 2 years, then they must file a request for an extension of the scholarship.

The maximum amount of the scholarship is set by the State Board of Education annually based on the educational costs for attending an eligible Idaho postsecondary educational institution. Scholarship

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<sup>2</sup> Students are able to request paper applications if they are unable to complete the application electronically.

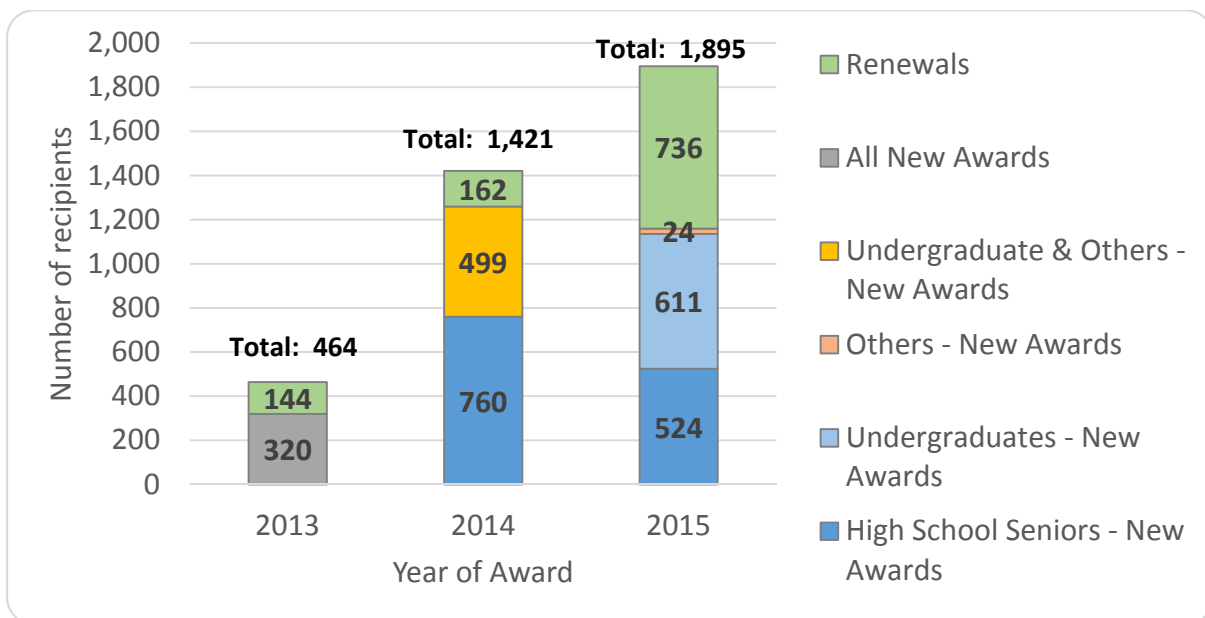
<sup>3</sup> Students who receive a GED must receive their GED in Idaho and take either the ACT or SAT to be eligible for the scholarship. GED students must receive a score of at least 20 on the ACT or receive a score of at least 950 on the SAT.

renewals are funded at the current level of the scholarship and receive funding priority. After all renewals are funded, scholarships are awarded to first-time applicants. First-time applicants receive a score which is a weighted average of financial need (70 percent) and academic eligibility (30 percent). First-time applicants are then ranked according to that score. Awards are given to the highest ranking applicants until all funds are disbursed. Not all recipients receive the same scholarship amount. A recipient will receive less than the maximum amount if they have other financial aid and receipt of the full scholarship would cause their total financial aid package to be greater than the cost of college.

The number of students who receive a scholarship depends on the degree to which the Idaho Legislature funds the Idaho Opportunity Scholarship. As funding has increased, the number of students who received the award has increased (see Figure 1). In 2013, 464 students were awarded an Opportunity Scholarship. By 2015, the number of recipients had increased to 1,895.

In 2013, there were only 320 new awards and 144 renewals. By the next year, the number of new awards had almost quadrupled. The year after that, the number of new awards had decreased from 1,259 to 1,159 but the number of renewals had increased from 162 to 736. It is likely that next year, the number of renewals will increase as some renewals from this year will renew again and some first time recipients from this year will renew for the first time.

Figure 1: Number of students receiving Opportunity Scholarship, 2013 through 2015 award years



### Evaluating the Idaho Opportunity Scholarship

There are several dimensions on which to evaluate the effectiveness of a scholarship. This paper will evaluate the Idaho Opportunity Scholarship using the following questions.

- First, is the scholarship process functional? Do applicants face unnecessary barriers in the application or renewal process?

- Second, is the scholarship serving its intended population? The Idaho Opportunity Scholarship is focused on helping economically disadvantaged students who show academic promise. Is this the population actually served?
- Third, is the Idaho Opportunity Scholarship effective in changing behavior? Are recipients more likely to go on to college than similar non-recipients? Are recipients more likely to stay in state than similar non-recipients? Are recipients are more likely to complete college than similar non-recipients?
- Fourth, are there any unintended consequences of the Idaho Opportunity Scholarship? Students will lose their Opportunity Scholarship if they do not maintain a 3.0 GPA in college. Does this affect which major they choose or which major they ultimately graduate with? Do students who become ineligible to renew their scholarships still complete college?

Not all of these questions will be completely answered in this paper due to data limitations. As the data becomes available, all of the above questions will be examined.

Data Note

Applications for the Idaho Opportunity Scholarship are due in the spring and the recipients are announced in the late spring/early summer. Funds are then disbursed the following academic year. Therefore, one can refer to any particular scholarship year by the year it was awarded or the year in which funds were disbursed. Throughout this paper, we use years to refer to the year the scholarship was awarded. Table 1 shows the relationship between the year of award, the graduating class who would have received the scholarship, and the year when the funds were actually disbursed.

Table 1: Relationship of scholarship years

Year of Award	High School Graduating Class Receiving Award	Fiscal year of disbursement	Academic year of disbursement	Type of Opportunity Scholarship
2013	2013	FY2014	2013-2014	Old
2014	2014	FY2015	2014-2015	New
2015	2015	FY2016	2015-2016	New

How well does the Idaho Opportunity Scholarship function?

This section examines if students face any obstacles in applying for or renewing the Idaho Opportunity Scholarship. In 2015, there were 5,824 initial applications for Idaho scholarships (see Figure 2). About half of those applications were from high school seniors and about half were from college undergraduates. In prior years, there appeared to be an obstacle in terms of awareness of the Idaho Opportunity Scholarship especially among undergraduates. While there is no advertising budget for the Idaho Opportunity Scholarship, OSBE staff initiated two different awareness campaigns for the 2015 award year. First, the Scholarship Director personally emailed all the financial aid offices at the colleges/universities and made it clear that this scholarship was open to undergraduates. Second, the Scholarship Program Manager coordinated with the College Access Challenge Grant (CACG) Manager so that the Idaho Opportunity Scholarship was mentioned in CACG publicity campaigns.

As mentioned earlier, Opportunity Scholarships are awarded based on a score. The score has two components: financial need and academic accomplishment. After each application is scored, they are ranked and scholarships are awarded by this ranking. However, not all applications are actually scored and ranked. Figure 3 shows the share of applications received for the Idaho Opportunity Scholarship that were actually ranked. Applications would not be ranked if the applicant did not have a qualifying GPA (a GPA of 3.0), if the applicant did not submit a FAFSA, or if the application was otherwise incomplete. As can be seen, 80 percent of applications submitted by high school seniors were ranked while less than 60 percent of those submitted by college undergraduates were ranked.

Figure 2: Number of applications in 2015 award year

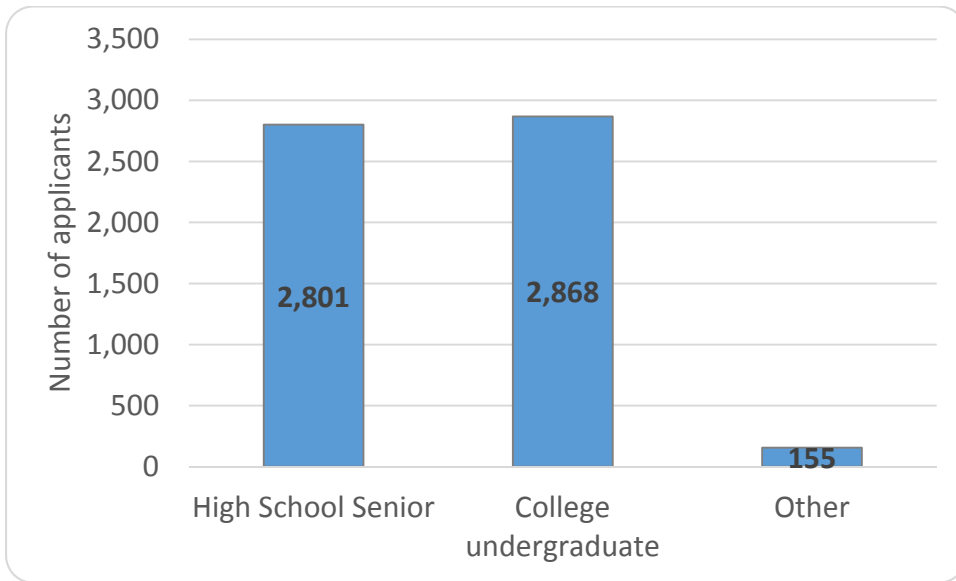


Figure 3: Share of Idaho Opportunity Scholarships that were ranked in 2015 award year

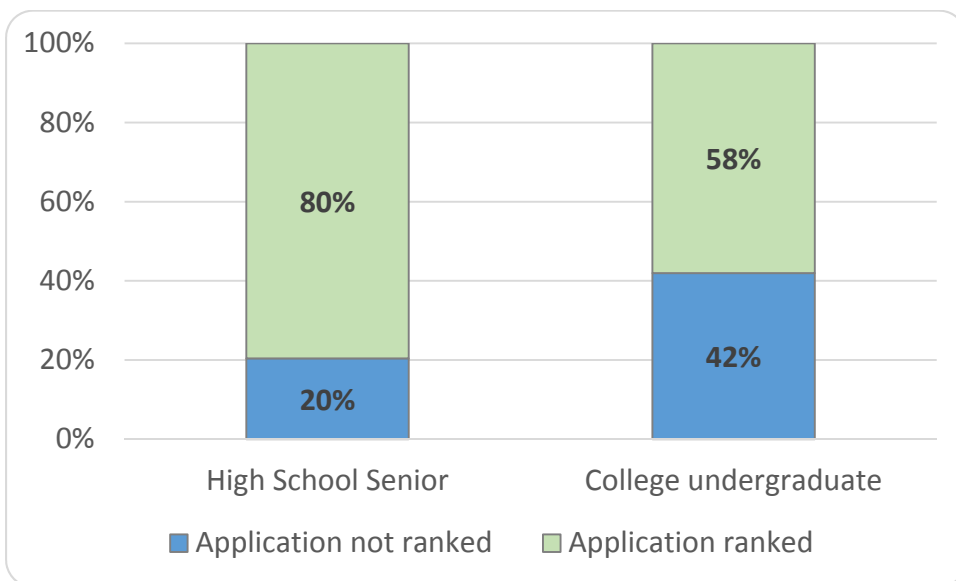
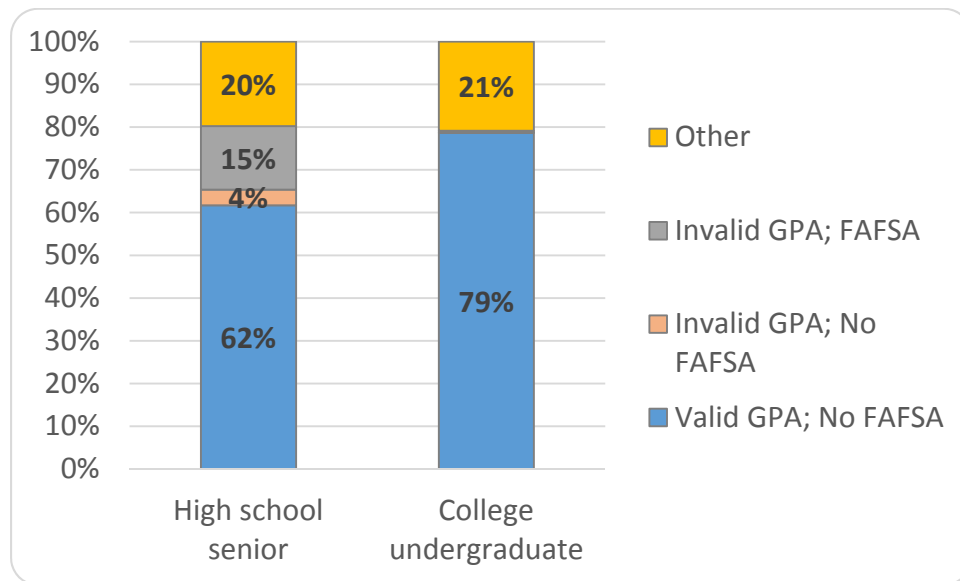


Figure 4 shows what was deficient in applications that were not ranked. The most common deficiency for both high school seniors and college undergraduates was lack of a FAFSA. Almost 80 percent of undergraduates and 66 percent of high school students who were not ranked did not file a FAFSA. The vast majority of those students who did not file a FAFSA did have an eligible GPA. Therefore, filing a FAFSA did turn out to be a roadblock for many students who otherwise would have qualified for the scholarship. This estimate could be understated as the “Other” category includes students who filed the FAFSA after the deadline.<sup>4</sup>

Figure 4: Reasons applications were incomplete for award year 2015



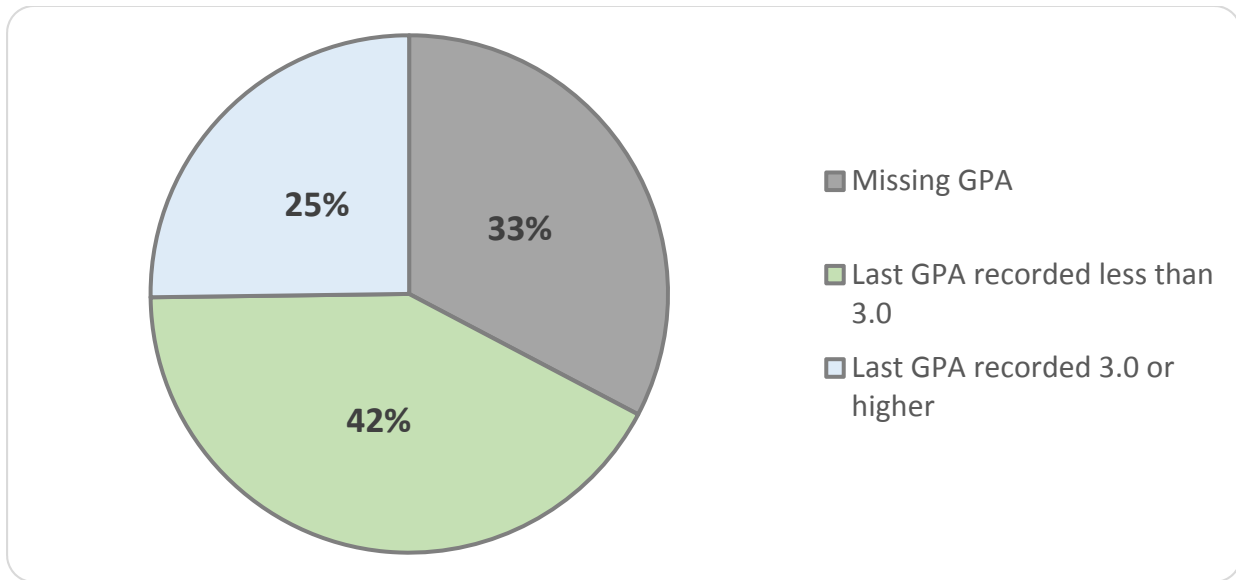
The FAFSA is an important part of the application process. It is the only way in which the State Board can actually verify a student’s financial need. Therefore, it is likely it will remain a necessary part of the application. OSBE staff believes completion of the FAFSA will become less of an issue for students as the FAFSA transitions to being based on income from two years ago rather than last year’s income. In 2017, students will be able to complete both their application for the Idaho Opportunity Scholarship and their FAFSA during College Application Week.

Fifteen percent of high school seniors who applied and were not ranked did not have an eligible GPA. The Opportunity Scholarship is based on a student’s *unweighted* GPA. Students may apply without being eligible if they do not properly understand the difference between their unweighted and their weighted GPA.

Students must meet several requirements in order to renew. One of the requirements is that they maintain a 3.0 GPA in college. In Figure 5, we show the share of high school seniors who received the scholarship in award year 2014 and did not renew due to the GPA requirement.

<sup>4</sup> It also includes students who indicated they no longer wished to be considered for the scholarship and renewal students who were initially misclassified as first time applicants.

Figure 5: College GPA for high school senior recipients in award year 2014 who did not renew



We did not have GPAs for all students who did not renew. We would not have the college GPA for any recipients who attended a private institution in Idaho. We would also not have the college GPA for any student who did not complete at least one semester of college. Of those who did not renew, 42 percent did not have an eligible GPA. One-quarter of the students who did not renew *did* have an eligible GPA. Some of those students were not retained in college and some of those students left Idaho to attend an out-of-state college. However, approximately two-thirds of the students who did not renew and had a 3.0 GPA were retained in Idaho colleges in their second year. It is not clear why these students did not renew. It is possible they did not understand they had to complete a renewal application and complete the FAFSA. It will be important to continue to monitor this number in order to understand if some sort of out-reach program to current recipients is needed.

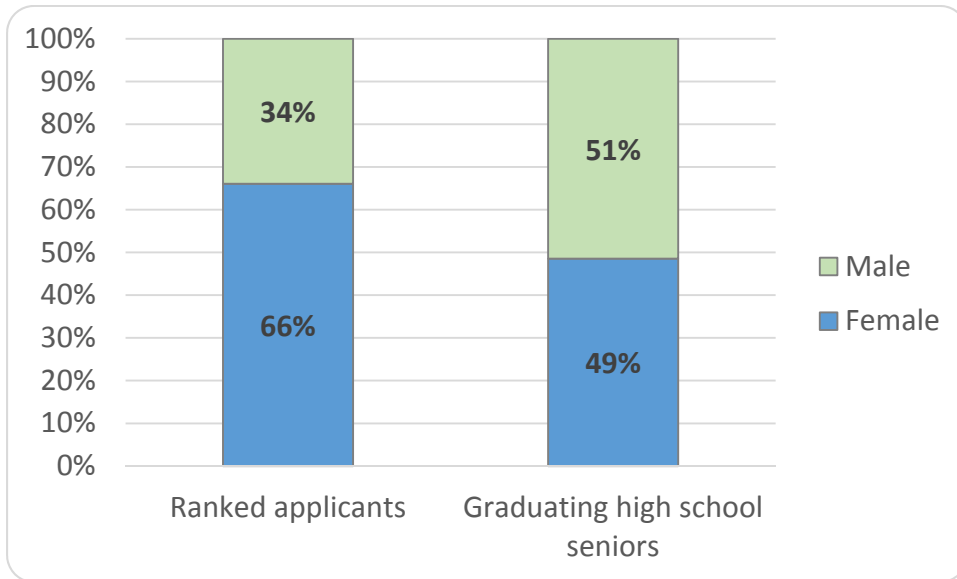
A student cannot renew if they have 100 credits and cannot complete their major in two semesters. In the future, we will examine how many students will be affected by this requirement due to the accumulation of dual credits.

Above we identified barriers to students who started the application process. There may also exist barriers to students even beginning the application process. It would be extremely difficult to identify barriers to even starting the application process. However, one can examine whether or not the applicant pool mirrors the underlying population in order to understand if these barriers are disproportionately born by certain groups of students. Currently, we examine students by gender, and, in the future, we will examine them by race/ethnicity in order to understand if there are groups which are under-represented in the applicant pool.

In Figure 6, we examine gender for high school applicants only. As can be seen in Figure 6, high school applicants are much more likely to be female than the underlying population. It may be that females are more likely to have a qualifying GPA. However, historically, more females than males have gone on to

college in Idaho.<sup>5</sup> What this result suggests is that males are less likely than females to even begin the process for going on to college. Understanding when males and females diverge in the college going process will help to identify ways to mitigate the differences. This will be a topic of future research. In the future, we will also examine gender differences for undergraduates.

Figure 6: Gender of applicants for award year 2015, high school applicants only



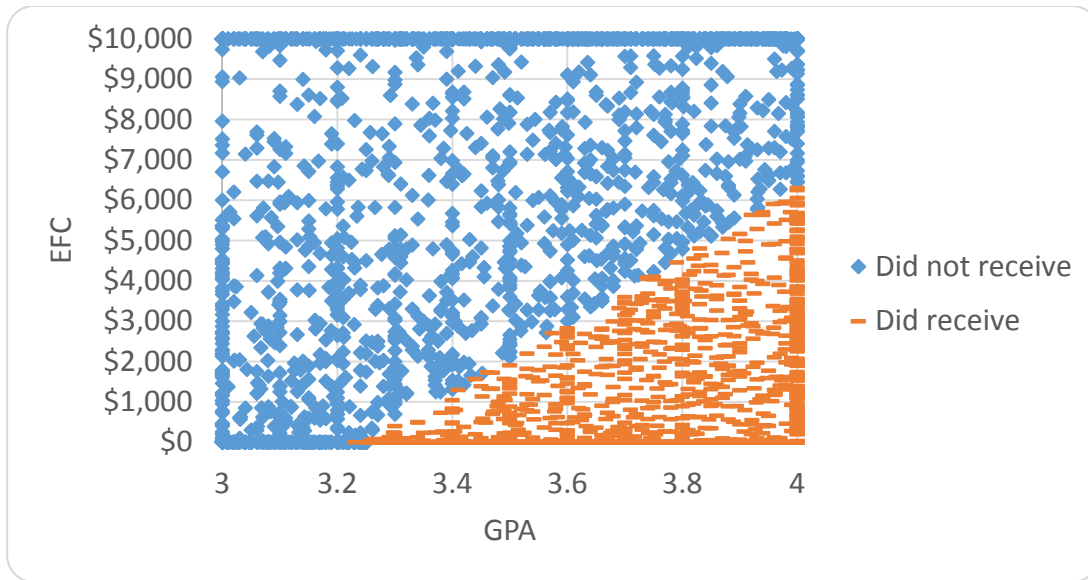
Is the Idaho Opportunity Scholarship serving its intended population?

Does the Idaho Opportunity Scholarship serve the population it was designed to serve? The Idaho Opportunity Scholarship was designed to help high achieving, low-income students. Thus, there are two main selection criteria – academic achievement and financial need. Figure 7 shows the GPA and EFC<sup>6</sup> of those who applied and were ranked. Those who did not receive the scholarship are marked with blue diamonds and those who did receive the scholarship are marked with orange dashes. The recipients all fall into a triangle of the graph due to the weighting process. The weighting process ensures that students with the highest GPAs will qualify with relatively higher EFCs than students with the lowest GPAs. Students who had a 4.0 received the scholarship if their EFC was around \$6,000 or below. Students who had slightly above a 3.2 GPA only qualified if they had an EFC of 0. If the weighting formula were changed, then the students who were awarded the scholarship would fall in a different area on the graph.

<sup>5</sup> In OSBE research, I have found gender differences in the go-on rate to be persistent across time and across regions in Idaho. Females are much more likely to go on than males at Idaho regardless of when one measures the go-on rates – if it is measured at the fall immediately after high school graduation, one year after high school graduation, two years after high school graduation or three years after high school graduation.

<sup>6</sup> In Figure 7, all EFCs above \$10,000 are reported as \$10,000.

Figure 7: EFC and GPA of applicants that were ranked in the 2015 award year



Note: Only students ranked using their GPA are included. Not included are 2 students whose status is under review.

Table 2: Share of recipients with a \$0 EFC or with a 4.0 GPA

	Share of group who received scholarship	Weight necessary to assign to GPA for all students in group to receive a scholarship	Weight necessary to assign to EFC for all students in group to receive a scholarship
Students with a 4.0 GPA	54%	99%	1%
Students with a \$0 EFC	73%	10%	90%

Figure 7 demonstrates that the selection process for the scholarship is very mechanical. The weighting formula will mean that students with certain combinations of EFC and GPA will receive the scholarship. As Table 2 shows, 73 percent of ranked applicants with an EFC of \$0 received the scholarship while only 54 percent of ranked applicants with a GPA of 4.0. This reflects the unequal weights assigned these two categories in the weighting process. Table 2 also shows what type of weighting scheme would be needed if one wanted all 4.0 students to receive a scholarship or if one wanted all \$0 EFC students to receive a scholarship. Basically, if one wanted all 4.0 students to receive the scholarship, one would have to give almost all the weight to GPA. Likewise, if one wanted all \$0 EFC students to receive the scholarship, one would have to give almost all the weight to the EFC.

To better understand if the Opportunity Scholarship is serving the intended population, one also needs to examine if the ranked applications are representative of the state. If they are, then the weighting formula will automatically ensure that the students with the most financial need and highest academic achievement receive the scholarship. As a first step toward examining whether or not the students with ranked applications are representative of students overall, we examine the share of those with ranked applicants who graduated from schools that were eligible for Title I funds (Title I schools) versus the share of all graduates from Title I schools. We group students by their school's Title I status because it is



the only proxy for income available at this time. If students from Title I schools are not perfectly or even over-represented in the pool of ranked applications then the Idaho Opportunity Scholarship may not be reaching the students most in need of the scholarship.<sup>7</sup>

We only include graduating high school seniors with ranked applications in this analysis. We also only included those students for whom we could determine Title I status. Figure 8 shows that the pool of ranked applicants does mirror the underlying population in terms of Title I eligibility.

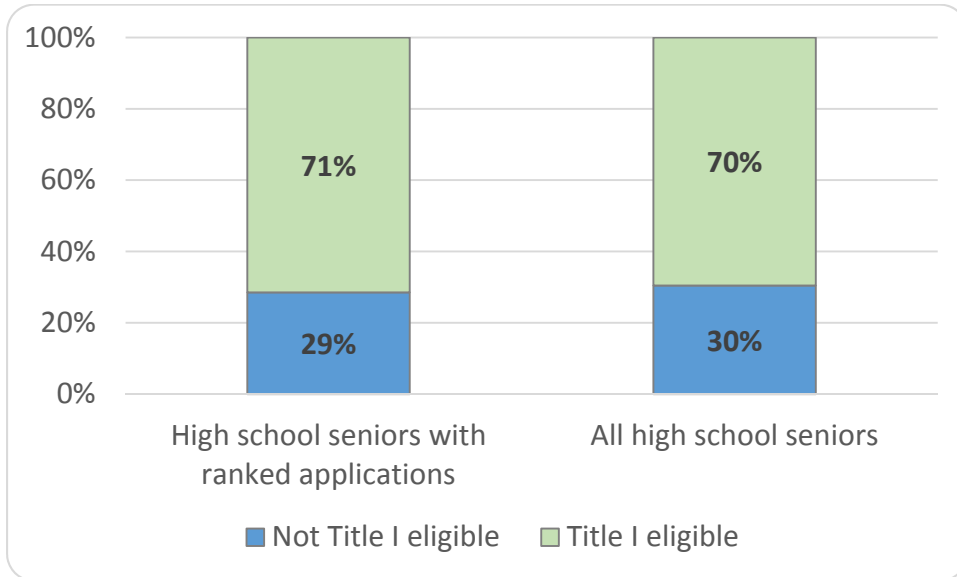
We further examined individual high schools that were eligible for Title I funds. We first calculated each school's share of ranked applications. We compared that to each school's share of graduating high school seniors. Schools that were under-represented in the ranked applicant pool would have a lower share of ranked applicants than of graduating high school seniors. Schools that were over-represented in the ranked applicant pool would have a higher share of ranked applicants than of graduating high school seniors. Of the 117 Title I high schools, 37 (or 32 percent) were under-represented in the ranked applicant pool. Sixty-three (or 54 percent) were over-represented. The remainder were perfectly represented. This does suggest that there are school-level differences in the degree to which eligible students apply. To understand why these differences arise, it may be necessary to interview high school counselors.

Of course, the above analysis does not take the GPA eligibility into account. In the future, we will repeat the above analysis but considering both GPA and Title I status. We will also examine whether free-or-reduced price lunch status is a reasonable proxy for income.

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<sup>7</sup> Non-Title I schools may be under-represented if their students understand the degree to which the scholarship is based on financial need. The probability of students with high EFC receiving the scholarship may be low enough that they simply do not apply.

Figure 8: Title I status of high school seniors with ranked applications and all high school seniors for award year 2015



Is the Idaho Opportunity Scholarship effective at changing behavior?

To understand if the Idaho Opportunity Scholarship is effective at changing behavior, we examine several questions. Are recipients of the Idaho Opportunity Scholarship more likely to go on to college in the fall immediately after graduation than similar non-recipients? The Opportunity Scholarship just covers fees at the two-year institutions and covers about half of tuition and fees at the four-year institutions in Idaho.<sup>8</sup> Therefore, even students who receive the scholarship will still have to have other sources of funds in order to attend college. Are recipients more likely to stay in-state to go to college than similar non-recipients? Do recipients of the Opportunity Scholarship complete college at higher rate than similar non-recipients?

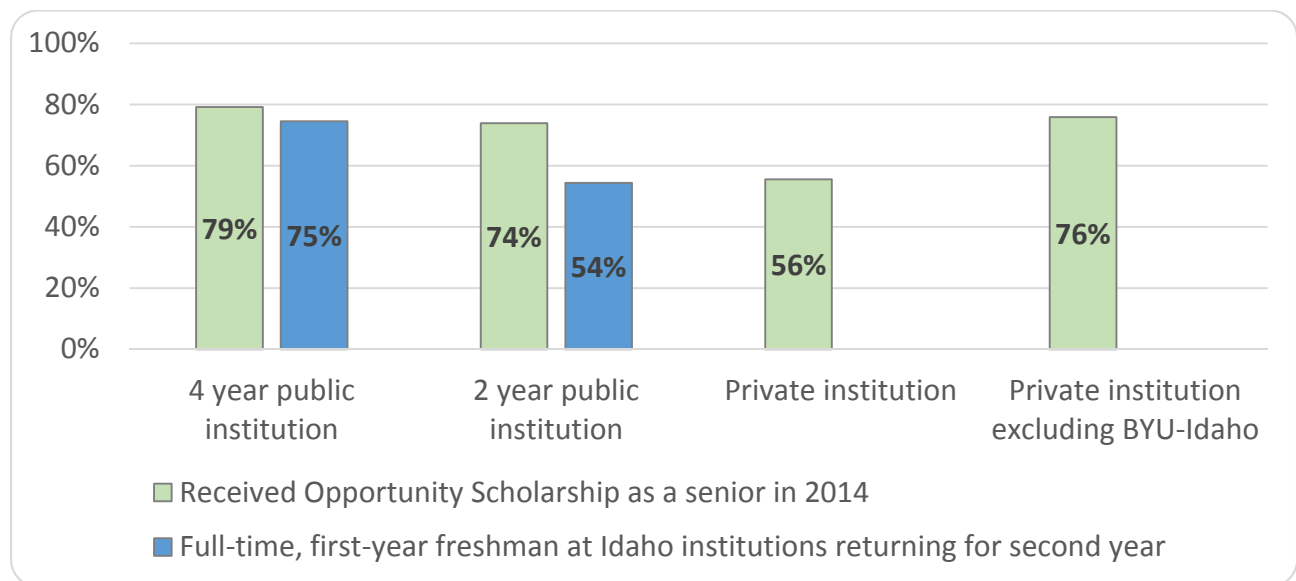
At this stage, we will do a simple comparison of go-on rates for different populations for the first two questions. First, we will compare the go-on rates for all recipients versus the rate for all high school seniors. This will obviously be higher and does not tell us if the Opportunity Scholarship actually changes behavior. For illumination on that point, we will compare the go-on rates for recipients who just barely qualified for the scholarship versus those who just barely did not qualify for the scholarship. Differences in behavior between these two groups is likely due to receipt of the Opportunity Scholarship. We will do this analysis as the necessary data becomes available. We will do similar analysis for the probability a student stays in state. This data is also not yet available.

In the long run, we will examine completion rates of those who receive the Opportunity Scholarship versus those who do not. This data will not be available for several years. In the short run, we can

<sup>8</sup> Fees at the two-year institutions averaged just over \$3,000 in FY2016. Tuition and fees at the four-year institutions averaged approximately \$6,700 in FY2016. Lewis-Clark State College had the lowest tuition and fees at \$6,000.

examine retention rates of those who received the scholarship versus retention rates of other undergraduates with similar EFCs and GPAs. The complete data for this is also not yet available. However, we can show the retention rates for those high school seniors who received the Opportunity Scholarship in 2014 versus the retention rate for all full-time, first-year freshman attending Idaho institutions (see Figure 9). We use the type of institution attended as categories and include Opportunity Scholarship students as being retained if they were in any college in 2015 and not just the college they started out in. Retention rates do not take into account scholarship renewal – a student could be counted as being retained even if he/she did not renew the Opportunity Scholarship.

Figure 9: First-to-second year retention rates for high school senior recipients in award year 2014



As can be seen, students who received the Opportunity Scholarship were retained at higher rates than the average full-time, first-year freshman in Idaho’s public institutions. The difference is especially striking for students in a two-year public institution. Opportunity Scholarship recipients are almost 1.4 times more likely to be retained than the comparison group. Opportunity Scholarship recipients who attend private institutions are less likely to be retained than the average full-time, first-year student in a four-year public institution but that is likely due to students taking a leave of absence to go on a religious mission. Once students attending BYU-Idaho are excluded, the retention rate increases dramatically.

Does the Idaho Opportunity Scholarship have unintended effects?

While the Idaho Opportunity Scholarship may affect some behavior, there may also be unintended effects. A recent study found that recipients of Georgia’s HOPE Scholarship were less likely to graduate with a STEM degree<sup>9</sup> than they would have been without the scholarship. The study concluded that the decline came from students who started out in STEM majors but then switched to a non-STEM major

<sup>9</sup> Solquist, David L., and John V. Winters. “The effect of Georgia’s HOPE scholarship on college major: a focus on STEM.”, IZA Journal of Labor Economics (2015) 4:15.

before graduation in order to maintain their GPA so they would remain eligible for the scholarship. The same study also found some evidence of high school GPA inflation after the HOPE scholarship was instituted. In this section, we will examine if either of these effects are apparent in Idaho. The data for this analysis is still pending.

In this section, we will also examine whether or not students who receive the Opportunity Scholarship and then are not able to renew it graduate from college at the same rate as similar students. This data is also not yet available.

### Conclusion

This analysis is the first step of an evaluation of the Idaho Opportunity Scholarship. It shows the amount of funding going towards renewals has increased dramatically from the 2014 to the 2015 award years. It posits that this will likely increase again for the 2016 award year.

This paper identifies that completion of the FAFSA is a barrier for students. However, this should become less of a barrier in the near future. It also shows that males and students from some Title I schools are under-represented in the ranked applicant pool. Once data on high school GPAs is received, it can be determined how much of this is due to GPA ineligibility and how much is due to as-yet-undetermined barriers faced by these groups.

This paper does show that students who receive an Opportunity Scholarship and attend a public Idaho institution are more likely to be retained in their second year than the average full-time, first-year student who attends a public institution in Idaho. The retention rates for Opportunity Scholarship students who attend private institutions is lower than the retention rate for students in four-year public institutions but this is likely due to students leaving to go on a mission. In the future, we will examine the rate at which these students return and complete their degree.

In order to complete this evaluation, more data is needed. This evaluation will be updated as the necessary data becomes available.