

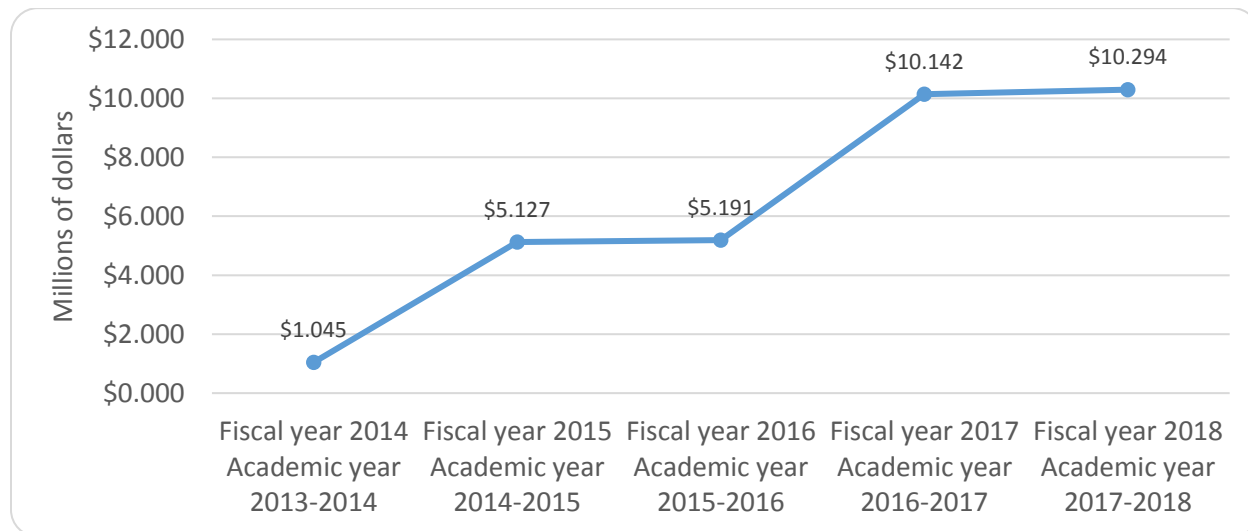
## Idaho Opportunity Scholarship Evaluation – 2017<sup>1</sup>

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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 has increased approximately ten-fold in the last five years (see Figure 1).

Figure 1: Funding for the Idaho Opportunity Scholarship, FY2014-FY2018



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 evaluation for 2017.

### 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 at any point prior to obtaining their first undergraduate degree or certificate. Students can initially receive the scholarship during their senior year of high school, they can initially receive the scholarship after high school graduation and prior to enrollment in a postsecondary institution, or they can initially receive it after enrollment in a postsecondary institution. Students who

<sup>1</sup> This is an update of the paper “An Evaluation of the Idaho Opportunity Scholarship”. It was originally written in November 2015 and updated in January 2016 and November 2016. In this update, figures have been updated, added, and deleted. Some of the report, such as descriptions of the scholarship and descriptions of the dimensions on which to evaluate the scholarship, has remained unchanged.

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initially receive the scholarship as an undergraduate must be making satisfactory academic progress. Students apply electronically.<sup>3</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>4</sup> 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 may 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 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 2). In award year 2014 (FY2015), 1,421 students were awarded an Opportunity Scholarship. By award year 2017, that number had increased to 4,203.

Renewals are given funding priority. Therefore, when a student is awarded an Opportunity Scholarship, funds are encumbered not only in the award year but also in subsequent years. If funding for the Opportunity Scholarship is not increased after a year with a large number of first-time awards, then the number of first-time awards will fall in subsequent years as renewals crowd out the availability to make new awards. As shown in Figure 2, between award years 2015 and 2016, the total number of new awards more than doubled. As expected, the number of new awards in award year 2017 was significantly lower than in award year 2016 as the number of renewals increased dramatically.

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 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 scholarships or grants and receipt of the full scholarship would cause their total scholarships and grants to be greater than the cost of college. In award year 2017, the maximum amount a student could receive is \$3,500 per year. In that year, there were 132 high school seniors and 56 college undergraduates who received an award of \$0

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<sup>3</sup> Students are able to request paper applications if they are unable to complete the application electronically.

<sup>4</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 composite score of at least 20 on the ACT or receive a total score of at least 950 on the SAT.

due to other scholarships and grants.<sup>5</sup> These students can renew their Opportunity Scholarship and be awarded a positive amount in subsequent years. However, they did use a year of eligibility for the scholarship in the year they received an award of \$0. The average award across all students who received a positive amount in award year 2017 was \$3,395.

Figure 2: Number of students receiving Opportunity Scholarship, 2013 through 2017 award years

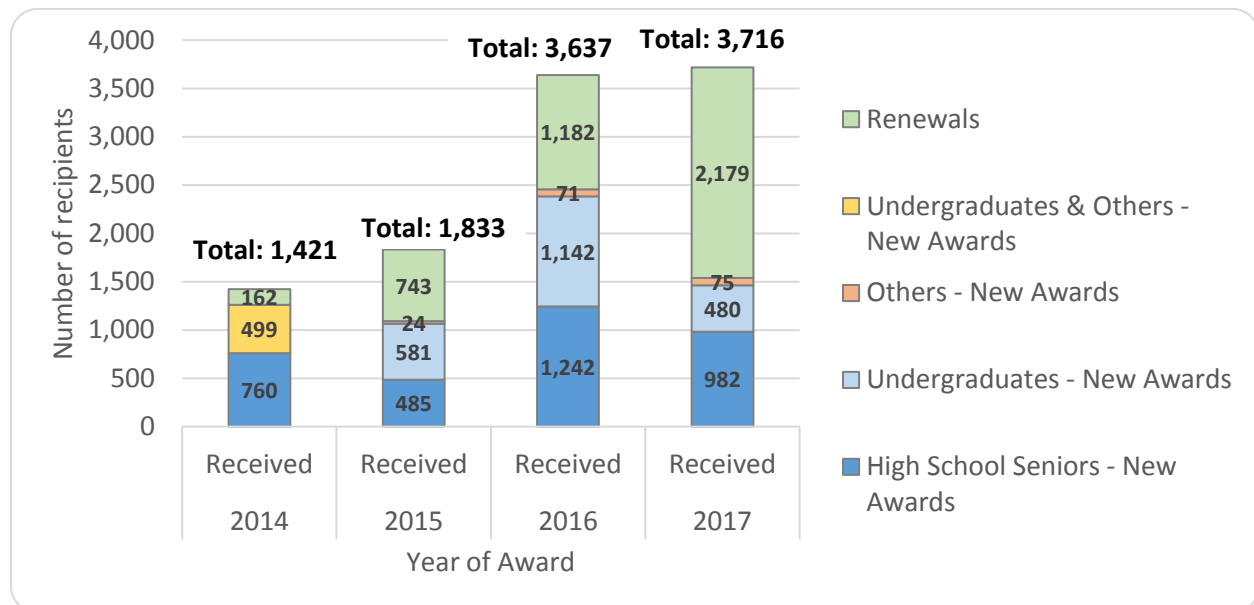
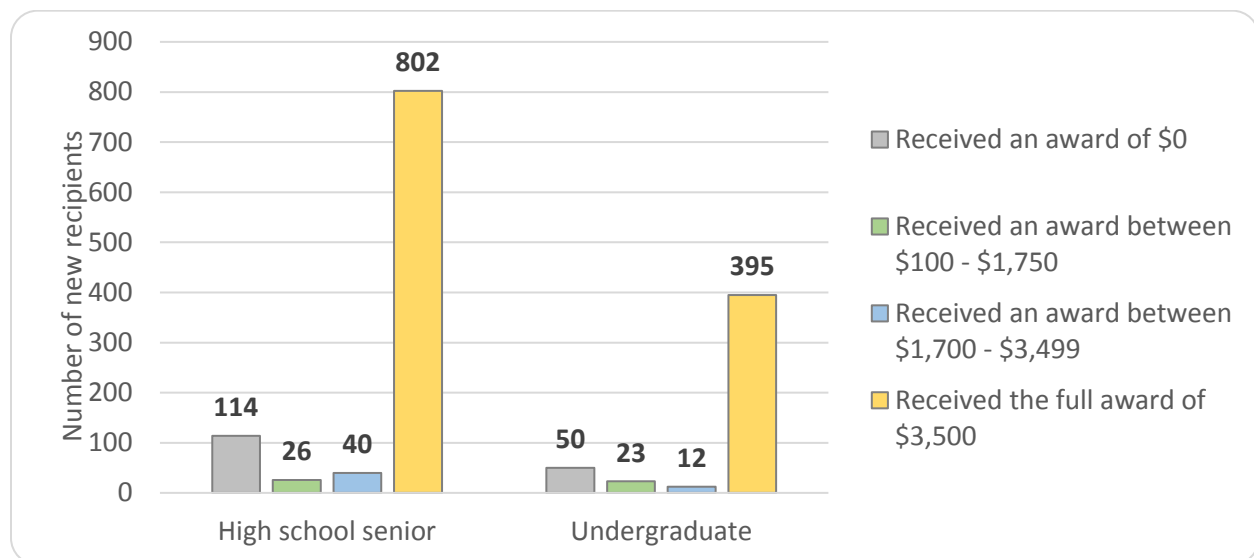


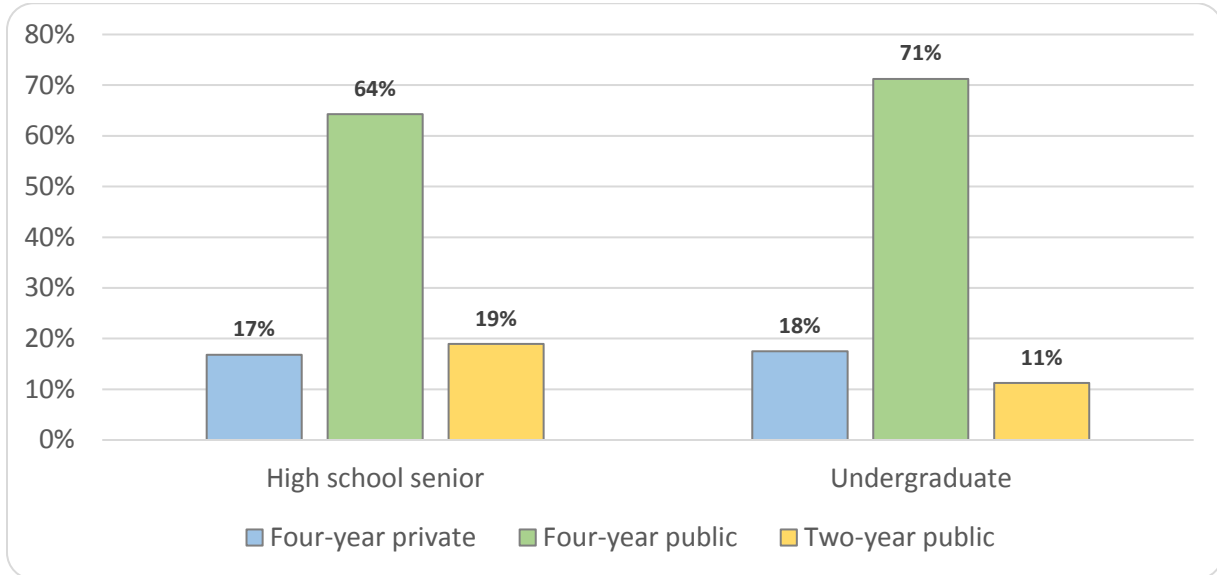
Figure 3: Amount of Opportunity Scholarship awarded by student status for new recipients, 2017 award year



<sup>5</sup> There were also a small number of “Other” recipients who received an award of \$0. This data is suppressed due to small cell sizes. “Others” are those who graduated from an Idaho high school (or attended an Idaho high school and earned a GED) in the past but are not currently attending college.

Students can use the Opportunity Scholarship to attend an Idaho public postsecondary institution or an Idaho private, accredited, not-for-profit postsecondary institution. The majority of students who receive the award choose to attend a four-year postsecondary institution (see Figure 4).

Figure 4: Type of institution attended, 2017 award year



Students who apply for an Opportunity Scholarship in one year and do not receive it that year can re-apply. Table 1 shows the number of students who applied in one year and then re-applied in later years. All applications in each year are included regardless of whether or not the application was ranked. Also shown are the number of students who actually received the Opportunity Scholarship in later years.

Table 1: Unsuccessful applicants who re-apply for Opportunity Scholarship in later years, 2015 and 2016 award years

	2015 award year applicants				
	Did not receive scholarship	Applied in 2016	Received in 2016	Applied in 2017	Received in 2017
High School Senior	2,239	233	123	71	17
College Undergraduate	1,858	240	162	44	23
	2016 award year applicants				
	Did not receive scholarship	Applied in 2017	Received in 2017		
High School Senior	1,386	45	32		
College Undergraduate	762	154	71		

Students who re-apply for the scholarship are more likely to receive it compared to all who apply for the scholarship (see Table 2). It is likely that those who re-apply are more familiar with the requirements of the scholarship and whether or not they actually meet the requirements.

Table 2: Award rates for those who re-apply versus all applications, 2016 and 2017 award years

	2016 Award Year		2017 Award Year	
	Award rate for those who re-applied	Award rate for all applications	Award rate for those who re-applied	Award rate for all applications
High School Senior	53%	47%	42%	26%
College Undergraduate	68%	60%	47%	39%

A student may receive a higher rank in future years if that student’s circumstances change. Table 3 shows the share of students who received the award after re-applying and had an increase in their GPA or a decrease in their estimated family contribution (EFC) to college expenses. Those who first applied as high school seniors were more likely to see a decrease in their EFC while those who applied as college undergraduates are more likely to see an increase in their GPA. A student may also receive the award after re-applying if there are more funds available that year for new awards.

Table 3: Applicants who re-applied and received award, changes in EFC and GPA

	EFC decreased	GPA increased
High School Senior	49%	35%
College Undergraduate	48%	55%

## 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 attend an in-state college than similar non-recipients? Are recipients more likely to attend school full-time versus part-time compared to similar non-recipients? And, finally, are recipients more likely to be retained and, ultimately, complete college than similar non-recipients?
- Fourth, are there any unintended consequences of the Idaho Opportunity Scholarship? Does receipt of the Opportunity Scholarship change a student's behavior with regard to the type of school chosen (two-year versus four-year)? 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 4 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 4: Relationship of scholarship years

Year of Award	High School Graduating Class Receiving Award	Fiscal year of disbursement	Academic year of disbursement
2014	2014	FY2015	2014-2015
2015	2015	FY2016	2015-2016
2016	2016	FY2017	2016-2017
2017	2017	FY2018	2017-2018

In much of the analysis, we focus only on those who initially receive the Opportunity Scholarship either as a high school senior or as a college undergraduate.

### 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 2017, there were 5,245 initial applications for Idaho scholarships (see Figure 5). About three-quarters of those applications were from high school seniors and about one-quarter were from college undergraduates. There were 1,174 more applications from high school seniors in the 2017 award year compared to the 2016 award year. Conversely, applications from college undergraduates decreased by 674 during this same time period.

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 6 shows the number of applications received for the Idaho Opportunity Scholarship that were actually ranked in the 2017 award year. 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.

Figure 5: Number of applications in 2015 through 2017 award years

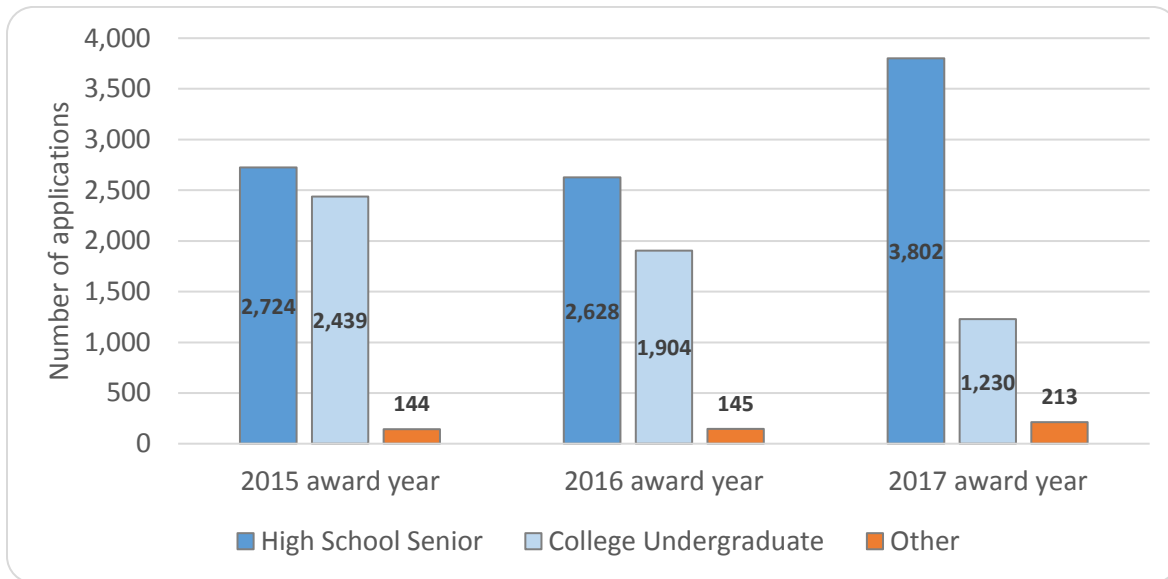
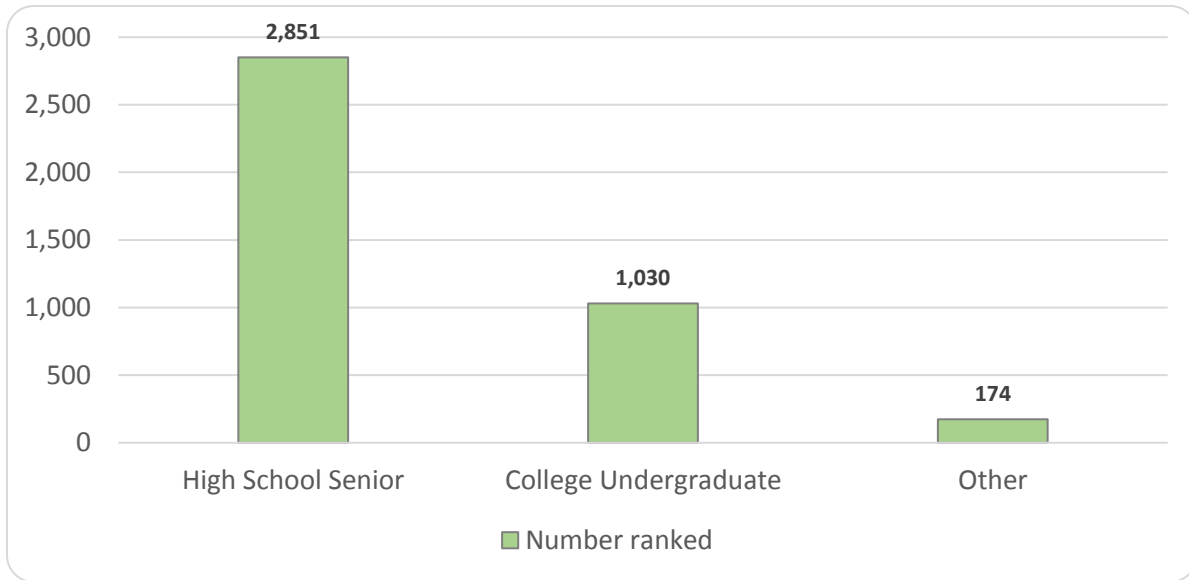
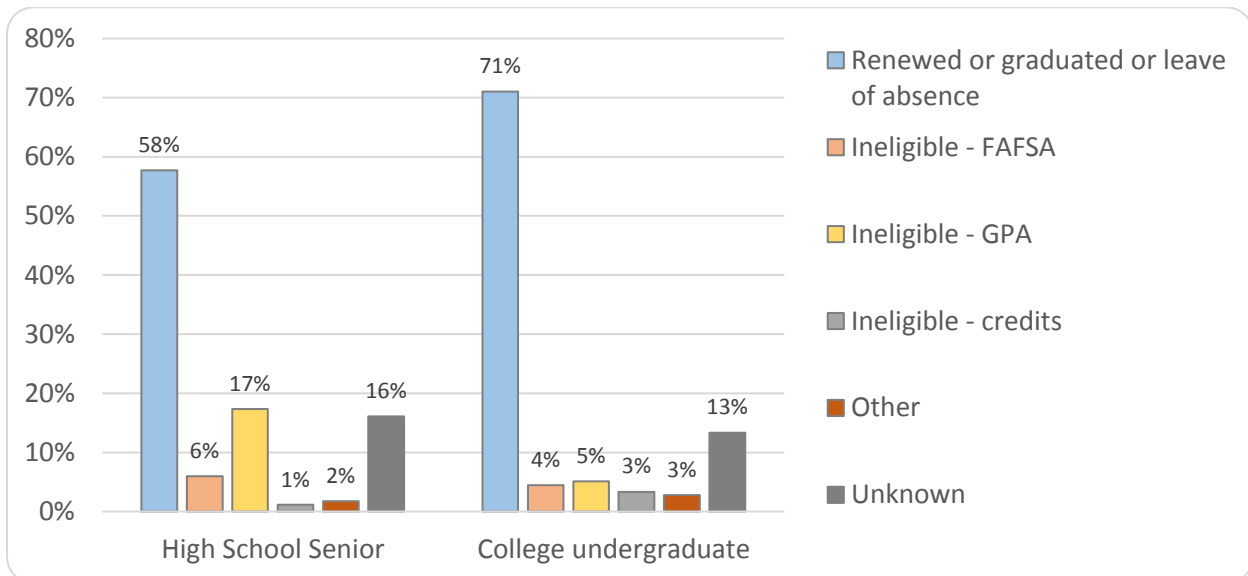


Figure 6: Number of Idaho Opportunity Scholarships that were ranked in the 2017 award year



Students must meet several requirements in order to renew. One of the requirements is that they maintain a 3.0 GPA in college. Furthermore, a student also cannot renew if they have 100 credits and cannot complete their major in two semesters. The student also must fill out a FAFSA before the application deadline each year. Figure 7 shows the reasons that 2016 recipients did not renew in 2017. The majority of those who received the award in 2016 did renew in 2017. The most common reason for not renewing for those who received the award as a high school senior was not maintaining a 3.0 GPA.

Figure 7: 2017 renewal status of 2016 recipients





Is the Idaho Opportunity Scholarship serving its intended population?

Above we identified barriers to students who started the application process. There may also exist barriers to students even beginning the application process. In this section, we examine whether or not the applicant pool mirrors the underlying population in order to understand if these barriers (and the barriers identified above) are disproportionately born by certain groups of students. Table 5 shows the number of 2017 public high school graduates who are estimated to have a 3.0 cumulative GPA broken down into different demographic groups (gender, free or reduced-price lunch eligibility, race/ethnicity, and education region<sup>6</sup>). It shows the total number of students in each group as well as the number of students who apply and are ranked for the Opportunity Scholarship. As can be seen, females are more likely to apply and be ranked than males. Those eligible for free or reduced-price lunch are more likely to apply and be ranked than those not. Students identified as Hispanic, Native American, and Black are more likely to apply and be ranked than students identified as White, Asian, or other races. Finally, students from Region 2 are more likely to apply and be ranked than students from any other region.

Table 5: Ranked applicants by demographic group, 2017 high school graduates with a cumulative 3.0 GPA

	Total	Students who apply and are ranked	Share of students who apply and are ranked
State of Idaho	10,128	2,772	27%
Female	5,849	1,826	31%
Male	4,279	946	22%
Eligible for free or reduced-price lunch	2,767	920	33%
Not eligible for free or reduced price lunch	7,361	1,852	25%
White, non-Hispanic	8,446	2,229	26%
Hispanic	1,081	382	35%
Native American	64	25	39%
Black	73	23	32%
Asian	222	48	22%
Other	242	65	27%
Region 1	1,017	236	23%
Region 2	518	191	37%
Region 3	4,570	1,316	29%
Region 4	1,179	334	28%
Region 5	961	229	24%
Region 6	1,641	443	27%
Virtual or state-wide districts	242	23	10%

Note: The GPA of students who transfer into the public school system either from out-of-state, from in-state private schools, or from home-schools will likely not be accurate. This data will not precisely match the date from the Opportunity applications due to the fact that some students were not matched into the public school data files because they were home-schooled, graduated from a private school, did not graduate, or were not matched to an existing student identification number. Students were counted as being free or reduced-price lunch eligible if they attended a district that had provisional eligibility.

<sup>6</sup> See Appendix I for a map of Idaho’s education regions.

Once the students actually apply, they are ranked and students with the highest ranks are awarded the scholarship. This is a function of GPA and EFC as well as the amount of scholarship money available to new awards. The weighting formula will automatically ensure that the students with the most financial need and highest academic achievement in each award year will receive the scholarship.

Figures 8 through 10 shows the GPA and EFC<sup>7</sup> of those who applied and were ranked for award year 2015, award year 2016 and award year 2017. Those who did not receive the scholarship are marked with blue diamonds and those who did receive the scholarship are marked with yellow dashes. The weighting process ensures that students with the highest GPAs will qualify with relatively higher EFCs than students with the lowest GPAs.

In award year 2015, the recipients all fall into a triangle of the graph due to the weighting process. Students who had a 4.0 were awarded the scholarship if their EFC was around \$6,000 or below. Students with an EFC of \$0 were not awarded the scholarship unless they had a GPA slightly above 3.2.

Figure 9 replicates Figure 8 but for the 2016 award year. For the 2016 award year, there is no triangle demarcating recipients and non-recipients. Due to the increase in funding, the vast majority of students who qualified for the Opportunity Scholarship in award year 2016 were awarded the Opportunity Scholarship. Students who had a 4.0 GPA were awarded an Opportunity Scholarship as long as their EFC was below the cost of college. All students with an EFC below \$11,500 who met the other criteria were awarded an Opportunity Scholarship.<sup>8</sup>

Figure 10 replicates Figures 8 and 9 but for the 2017 award year. For the 2017 award year, there is a triangle demarcating recipients and non-recipients. Students who had a GPA of 3.0 did not receive the award unless their EFC was under \$2,800. Students with a GPA of 4.0 received the scholarship if their EFC was below \$10,000.

As can be noted, there are equity discrepancies across the different years of the scholarship due to the changes in funding. In the 2015 award year, there were students with EFCs of \$0 who did receive the Opportunity Scholarship while all students with EFCs of \$0 were awarded in the 2016 and 2017 award year. These discrepancies across years provides a natural comparison group that can be used when examining outcomes.

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<sup>7</sup> In Figures 8 through 10, all EFCs above \$10,000 are reported as \$10,000.

<sup>8</sup> Some students' EFCs were updated after the March 1 deadline. While these updated EFCs were uploaded into the system, receipt of the scholarship was not affected as receipt of the scholarship is calculated using EFC as of March 1.

Figure 8: EFC and GPA of applicants that were ranked in the 2015 award year

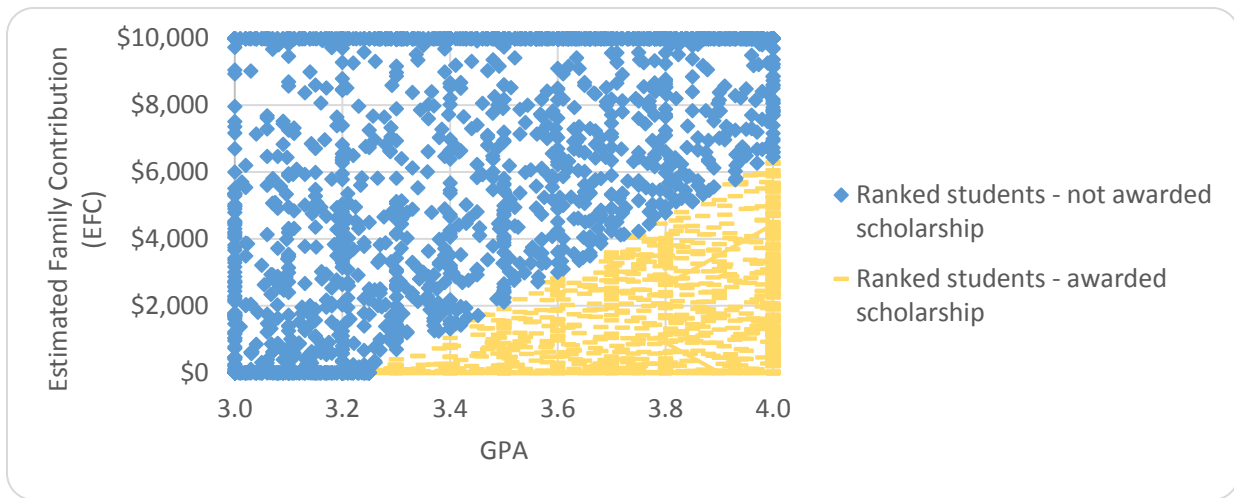


Figure 9: EFC and GPA of applicants that were ranked in the 2016 award year

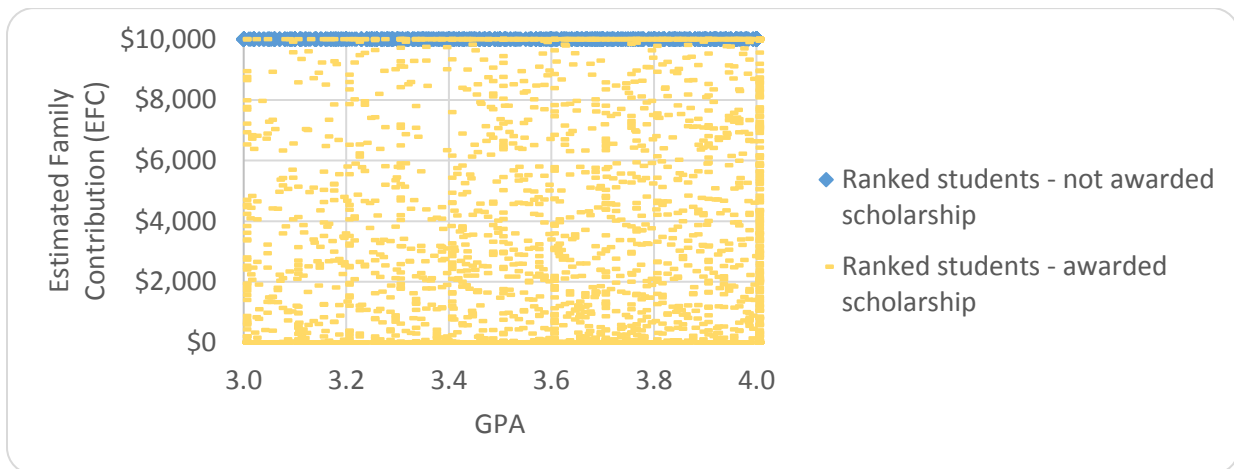
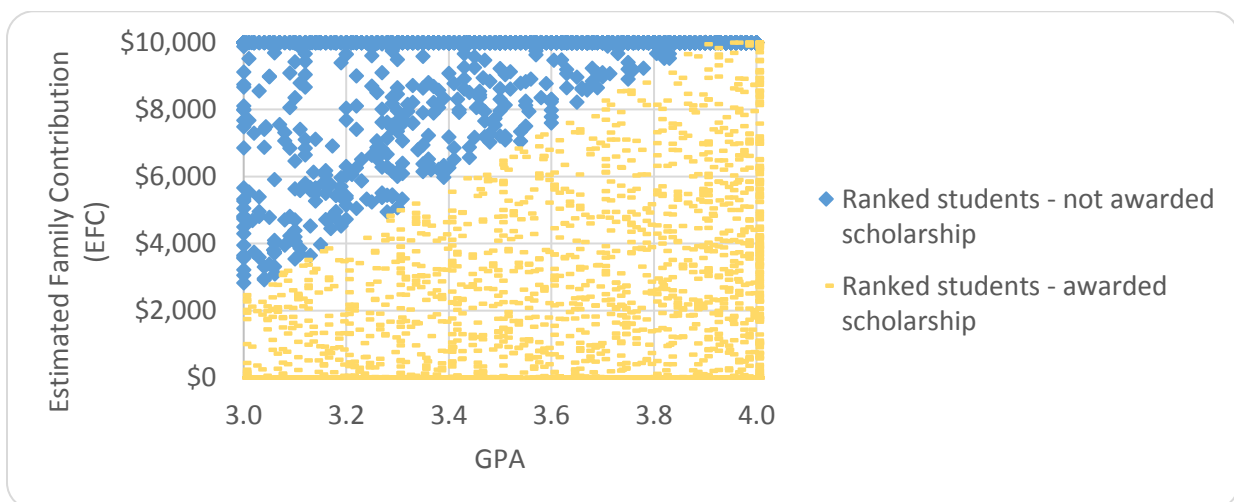


Figure 10: EFC and GPA of applicants that were ranked in the 2017 award year



## 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. First, we examine if those offered an Idaho Opportunity Scholarship are more likely to attend college in the fall immediately after graduation than similar students who were not offered. We examine those offered and not those accepted as those accepted would have a 100 percent college attendance rate. Not all students who are offered the Opportunity Scholarship may choose to attend college. The Opportunity Scholarship just covers tuition and fees at the two-year institutions and covers about half of tuition and fees at the four-year institutions in Idaho. Therefore, even students who receive the scholarship will still have to have other sources of funds in order to attend college. We also examine the in-state fall immediate college attendance rates of those offered the scholarship versus similar students not offered. Finally, we examine first-year college retention rates for those who actually received the Opportunity Scholarship versus similar students. We only examine these questions for students who receive the scholarship as a high school senior. In the future, we will expand the analysis to college undergraduates as well.

Students who are offered the Opportunity Scholarship are inherently different than the average high school graduate. Not only do they have to have a 3.0 GPA, those offered also have to take the time to fill out a FAFSA and actually apply for the scholarship. Given these pre-existing differences, we would expect that college attendance rates would be much higher for those offered the Opportunity Scholarship than the average high school graduate even in the absence of the Opportunity Scholarship. What we are interested in is whether or not the Opportunity Scholarship actually changes behavior. To understand that, we construct several comparison groups of students who should be “like” those offered the scholarship. The first group is students who applied and were ranked but did not receive the scholarship. For the 2015 award year, we can construct a second comparison group. This is a subset of the first comparison group – it excludes all students in the first group whose GPAs are lower than 3.25 (the lowest GPA of those offered the scholarship). Finally, the third and best comparison group are those students who were not offered the scholarship in 2015 but would have been had they applied in 2016. These students’ outcomes are compared to the outcomes of students who were offered in 2016 but would not have been offered had they applied in 2015.

In Table 6, we compare immediate college attendance rates for those offered with all high school graduates and with comparison groups 1 and 2. Students who are offered the Opportunity Scholarship are about twice as likely to attend college in the fall immediately after graduation compared to all high school graduates. As mentioned above, this comparison does not tell us anything about the effect of the Opportunity Scholarship. Comparing the college attendance rate of those who are offered with those ranked but not offered (comparison group 1) shows a 7 to 8 percentage point difference. The comparison group is refined to only those with similar GPAs in comparison group 2. This difference (6 percentage points) is likely understated as students in this comparison group have higher incomes than those who were offered the scholarship. Table 7 shows the same estimates for in-state students.

Table 8 shows the results from comparison group 3 – those in 2015 who would have been offered had they applied in 2016 versus those in 2016 who would not have been offered had they applied in 2015. We find that being offered the Opportunity Scholarship increases the likelihood a student in this group will attend college by 9 percentage points.

Table 6: Immediate College Attendance Rates, 2015 and 2016 Award Years

Immediate College Attendance Rates		
	2015 Award Year	2016 Award Year
All Students		
Students who were offered the Opportunity Scholarship	91%	86%
All high school graduates	47%	45%
Students who were ranked but not offered - comparison group 1	84%	78%
Students who were not offered, GPA subset - comparison group 2	85%	-----
Female Students		
Students who were offered the Opportunity Scholarship	90%	87%
All high school graduates	54%	53%
Students who were ranked but not offered - comparison group 1	85%	81%
Students who were not offered, GPA subset - comparison group 2	84%	-----
Male Students		
Students who were offered the Opportunity Scholarship	93%	83%
All high school graduates	40%	38%
Students who were ranked but not offered - comparison group 1	82%	75%
Students who were not offered, GPA subset - comparison group 2	87%	-----

Table 7: Immediate In-State College Attendance Rates, 2015 and 2016 Award Years

Immediate In-State College Attendance Rates		
	2015 Award Year	2016 Award Year
All Students		
Students who were offered the Opportunity Scholarship	86%	82%
All high school graduates	34%	35%
Students who were ranked but not offered - comparison group 1	74%	68%
Students who were not offered, GPA subset - comparison group 2	77%	-----
Female Students		
Students who were offered the Opportunity Scholarship	84%	83%
All high school graduates	40%	41%
Students who were ranked but not offered - comparison group 1	76%	68%
Students who were not offered, GPA subset - comparison group 2	76%	-----
Male Students		
Students who were offered the Opportunity Scholarship	90%	79%
All high school graduates	29%	29%
Students who were ranked but not offered - comparison group 1	71%	67%
Students who were not offered, GPA subset - comparison group 2	79%	-----

Table 8: Predicted immediate college attendance rates for comparison group

	Number	Predicted Immediate College Attendance	Predicted Immediate In-State College Attendance
2015 Comparison Group	810	75%	63%
2016 Comparison Group	531	84%	78%

Note: Year, GPA, EFC, and gender were included as controls in the logit regression.

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 this analysis, we compare retention rates for the same groups. We only look at first-to-second year retention for those students who received the award as a high school senior in 2015. Comparison groups for other recipients will be constructed in the future. As can be seen, there is likely a small effect on retention of the Opportunity Scholarship.

Table 9: First-year college retention rates, 2015 award year

First-year College Retention Rates	
	2015 Award Year
All Students	
Students who received the Opportunity Scholarship	86%
All first-year college students	72%
First-year college students who had been ranked but not offered	82%
First-year college students who were not offered - comparison group	85%
Female Students	
Students who received the Opportunity Scholarship	85%
All first-year college students	72%
First-year college students who had been ranked but not offered	82%
First-year college students who were not offered - comparison group	DS
Male Students	
Students who received the Opportunity Scholarship	88%
All first-year college students	72%
First-year college students who had been ranked but not offered	83%
First-year college students who were not offered - comparison group	DS

### 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 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.

### Future work

In the future, we will also examine how receipt of the Opportunity Scholarship affects those who receive it when they are already in college. The main difficulty with this analysis is constructing an appropriate comparison group as we did for the analysis on those who receive the scholarship as high school seniors.

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<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.

Appendix I: Map of Education Regions in Idaho

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