

21st Annual NASSGAP/NCHELP
Financial Aid Research Conference

Stanching the Brain Drain:
Merit Scholarships and Post-Baccalaureate
Migration Patterns

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COLLEGE *of* EDUCATION

CENTER FOR THE STUDY OF HIGHER EDUCATION

The Issue of Brain Drain

- Out-migration of educated young residents
- Loss of human capital and future tax revenue
- Where is brain drain an issue?

Brain Drain in the South

- History of low level of educational attainment
- Arkansas, Kentucky, and West Virginia have the fewest college graduates among all 50 states
- “leavers” and “stayers”
- Current and future ability of the South to compete economically
- How does a state get residents to remain in state for college and how do you retain them after completion of the baccalaureate degree?

National Policy Responses to Improve the Retention of Educated Residents

- Loan forgiveness programs
- Tax credits
- Honors colleges and programs
- Merit scholarship programs

Policy Responses in the South

State	Loan Forgiveness	Tax Credits	Honors Colleges	Merit Aid
Alabama	✓	No	✓	No
Arkansas	✓	No	✓	✓
Florida	✓	No	✓	✓
Georgia	✓	No	✓	✓
Kentucky	✓	No	✓	✓
Louisiana	✓	No	✓	✓
Mississippi	✓	No	✓	✓
North Carolina	✓	✓	✓	No
South Carolina	✓	No	✓	✓
Tennessee	✓	No	✓	✓
Virginia	✓	No	✓	No
West Virginia	✓	No	✓	✓

Issues

- Zero-sum game of chasing the “best and brightest”
- The best and brightest are the most likely to enroll in graduate school and are the most mobile
- Students are becoming increasingly mobile
- How to guarantee the state’s investment?

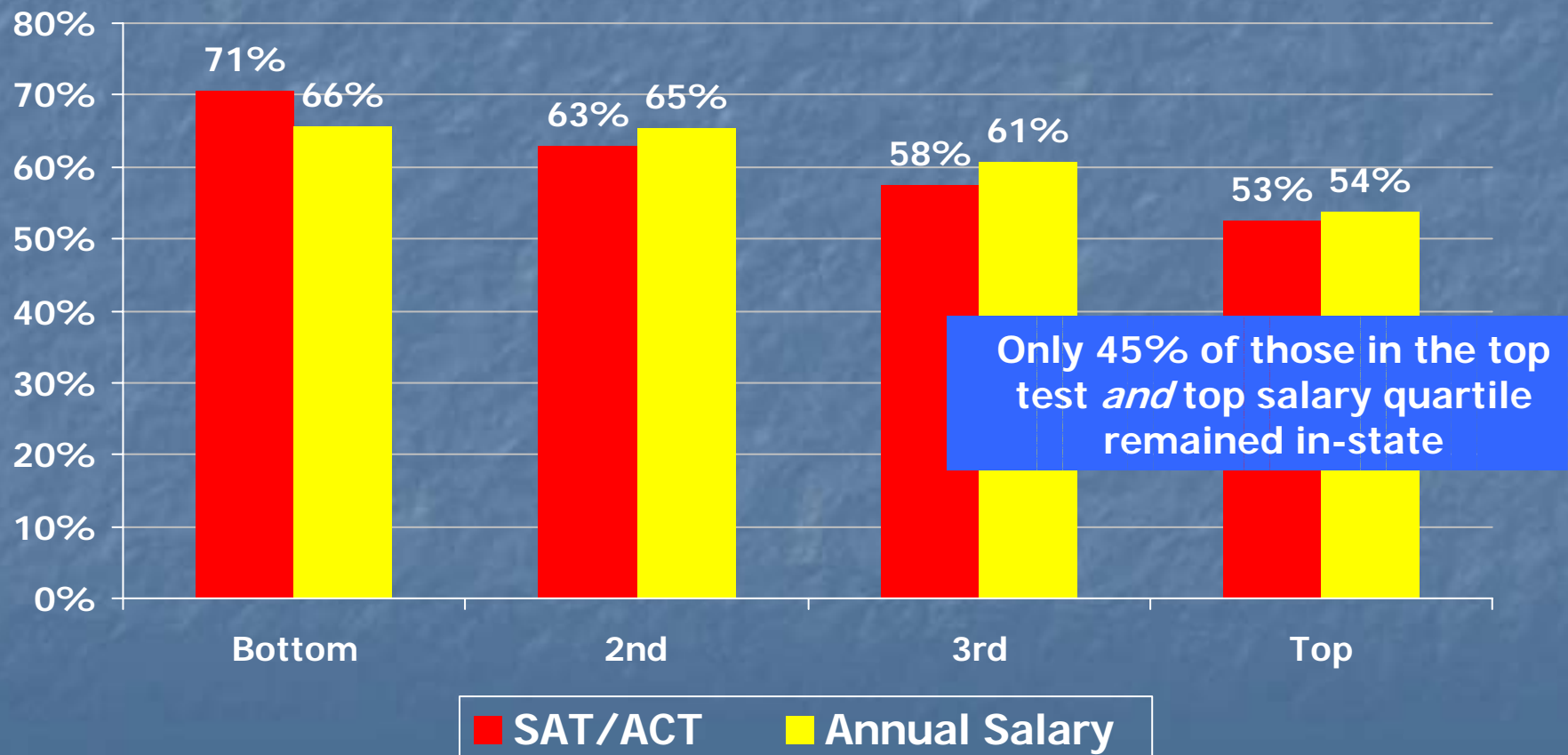
Chasing the “best and the brightest”

Baccalaureate class of 1993 (dependent students)

- Graduate enrollment
 - 34% of all students enrolled in a graduate degree program by April 1997
 - 47% in highest SAT/ACT quartile enrolled
 - 49% in highest GPA quartile enrolled
- Still in same state in 1997
 - 63% of those who never enrolled in graduate school
 - 56% who enrolled in grad school but didn't earn a degree
 - 51% of those earning a graduate degree

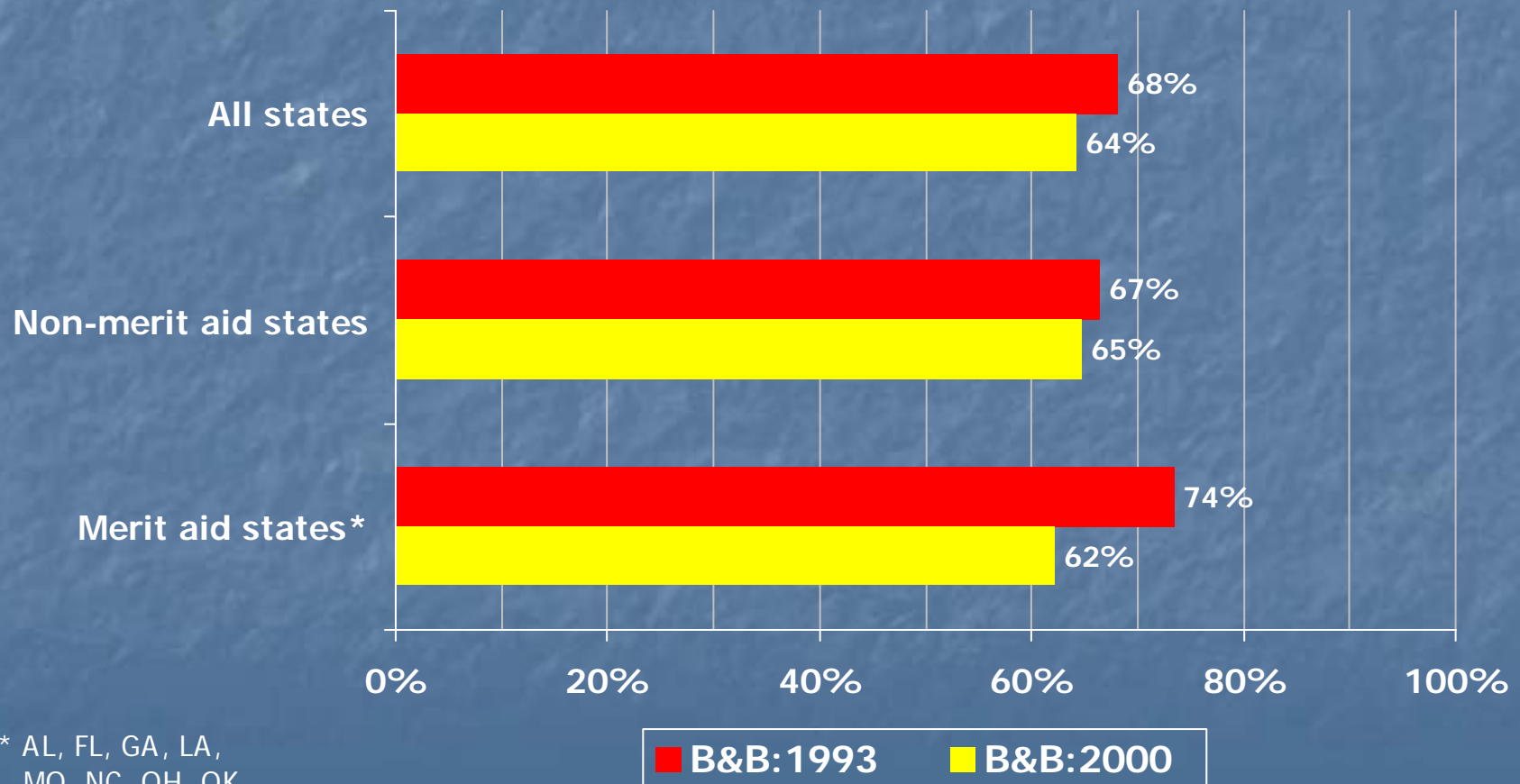
Labor market mobility of the “best and brightest”

Baccalaureate class of 1993 (dependent students)
Proportion of full-time workers remaining in-state in 1997 by quartile



Labor market mobility is increasing

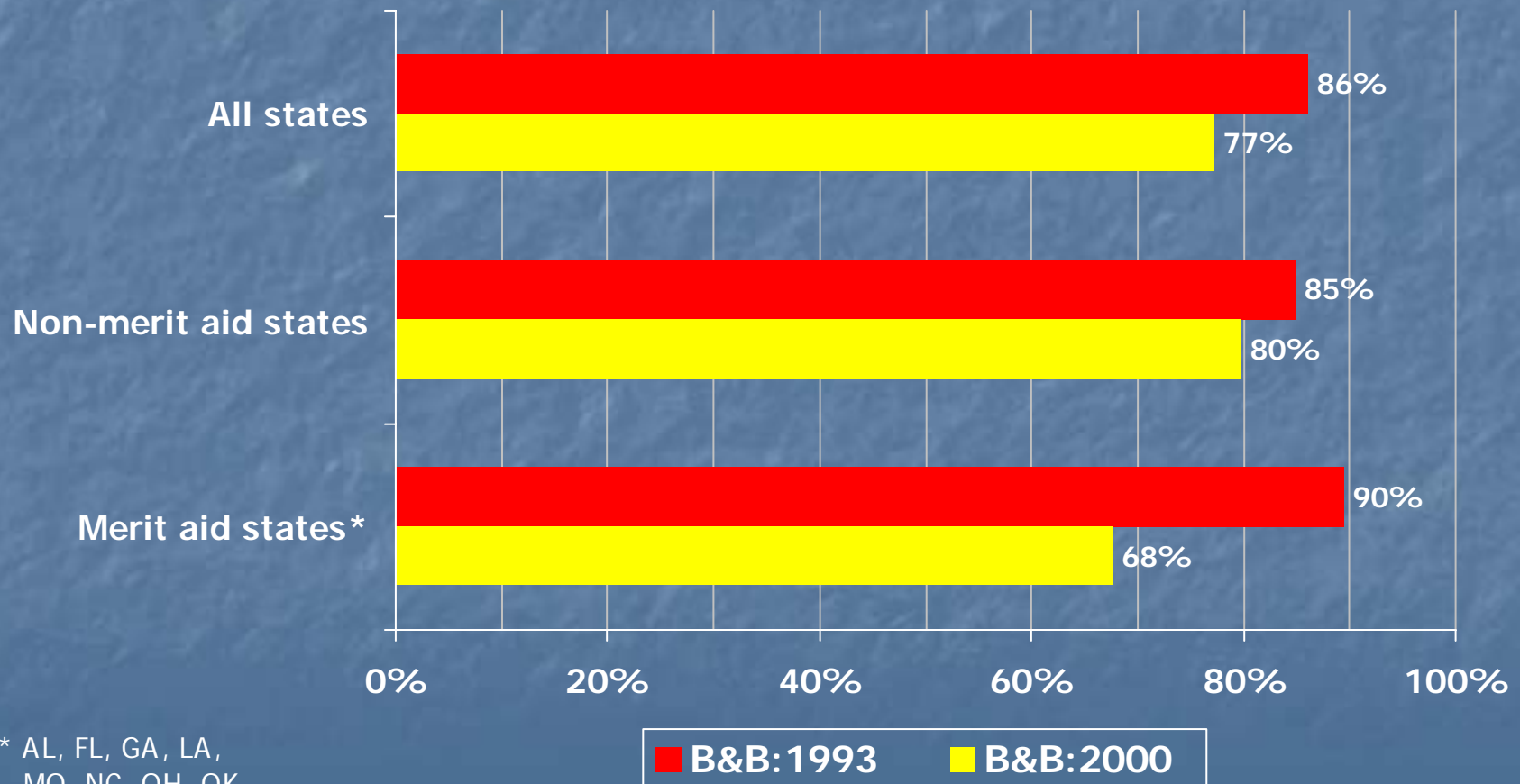
Baccalaureate classes of 1993 and 2000 (dependent students)
Proportion of full-time workers remaining in-state one year later



Labor market mobility is increasing

Baccalaureate classes of 1993 and 2000 (dependent students)

Students who attended in-state public institutions



The state's investment in stanching brain drain

Example: Georgia resident freshman receiving Georgia HOPE Scholarship
State subsidy calculated by G. Winston in 1995: GA Tech \$12,400,
UGA: \$7,300

2003-2004 Academic Year

	State subsidy*	HOPE scholarship	Total state investment	Four year investment†
GA Tech	\$20,000	\$4,376	\$24,376	\$101,980
U. of Georgia	9,931	4,378	14,309	59,864

* Inflated to FY2004 by the increase in appropriations from 1995 to 2004

† Assuming 3% increase per year in appropriation and tuition

Alternative brain drain policies

- Ways to guarantee the state's investment in labor force development
 - Loan forgiveness programs
 - Convertible grants
 - State income tax credits
 - State employer tax credits
 - Cash bounty

Website

<http://www.personal.psu.edu/deh29>