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Outline

- Theoretical frameworks and literature
- Comparison of the Florida Bright Futures Scholarship and Michigan Merit Award Scholarship programs
 - Enactment background
 - Award criteria
 - Program benefits
- Distribution of awards by:
 - Race/ethnicity
 - Free/reduced lunch status
 - College participation rate of high school
- Conclusions

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Theoretical Frameworks

- Human capital theory – Becker, Schultz, et al.
 - Individuals invest in education if expected returns $>$ expected returns on other investments
- Student demand studies – reviews by Jackson, Leslie and Brinkman, Heller
 - Positive effect of financial aid on enrollment
 - Effects strongest for grants over other forms of aid
 - Effects strongest for lower-income students
 - Aid elasticity approaches zero for upper-income students
- College participation patterns
 - White, Asian American, and higher-income students all have higher college participation rates

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Background – Florida Bright Futures

- Created in 1997 by act of the Florida Legislature “to reward any Florida high school graduate who merits recognition of high academic achievement”
- Funded through Florida Lottery (6% of gross sales)
- Award for up to four years
- 70,000 total scholarship recipients in 1999-2000; 25,300 first-time award recipients in 1998-99
- \$131.5 million in expenditures in 1999-2000
- One-fourth of Florida high school seniors in 1999-2000 were eligible to receive a Bright Futures Award

Bright Futures Award Categories

	Florida Academic Scholars Award	Florida Merit Scholars Award	Gold Seal Vocational Scholars Award
Award Level	100% tuition/fees at FL public institutions plus \$600/year*	75% tuition/fees at FL public institutions	75% tuition/fees at FL public institutions
Grade Point Average and Curriculum	3.5 in required courses; 15 college prep courses; 3.0 GPA in college to renew	3.0 in required courses; 15 college prep courses; 2.75 GPA in college to renew	3.0 in required courses, plus 3.5 in at least 3 vocational credits; 15 core credits, plus 3 vocational credits; 2.75 GPA in college to renew
Community Service	75 hours	None	None
Test Scores	1270 SAT or 28 ACT	970 SAT or 20 ACT	880 SAT, or 17-19 ACT, or 72-83 Florida College Placement Test
Alternative Qualification	National Merit or Achievement Finalist; IB Diploma; National Hispanic Scholar; home schooled or GED with minimum ACT/SAT	Same as Florida Academic Scholars but without community service hours	None

* The top recipient in each district, as determined by GPA and test scores, receives an additional award of \$1,500 annually.

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Background – Michigan Merit Awards

- Created in 1999 by act of the Michigan Assembly to “increase access to postsecondary education and reward Michigan high school students who have demonstrated academic achievement”
- Funded through proceeds from multi-state tobacco settlement – 75% of annual settlement funds beginning in 2002
- 42,700 students qualified for scholarship in 1999-2000; 29,400 scholarships used in 2000-2001
- Approximately \$70 million in expenditures in 2000-01
- One-third of Michigan high school seniors in 1999-2000 qualified

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Michigan Merit Amounts and Criteria

- \$2,500 one-time scholarship for postsecondary education or training Michigan public or private institutions; \$1,000 available for out-state institutions
- Scholarship can be used for tuition, fees, books, transportation, room/board, dependent care expenses, computer purchase, etc.
- Requires performance at Level 1 (exceeds Michigan standards) or Level 2 (meets Michigan standards) on each of four Michigan Educational Assessment Program (MEAP) High School Tests in mathematics, reading, science, and writing
- Alternative qualification through taking all four MEAP tests and receiving a minimum score on at least two, plus an ACT/SAT/ACT WorkKeys score in the 75th percentile nationally

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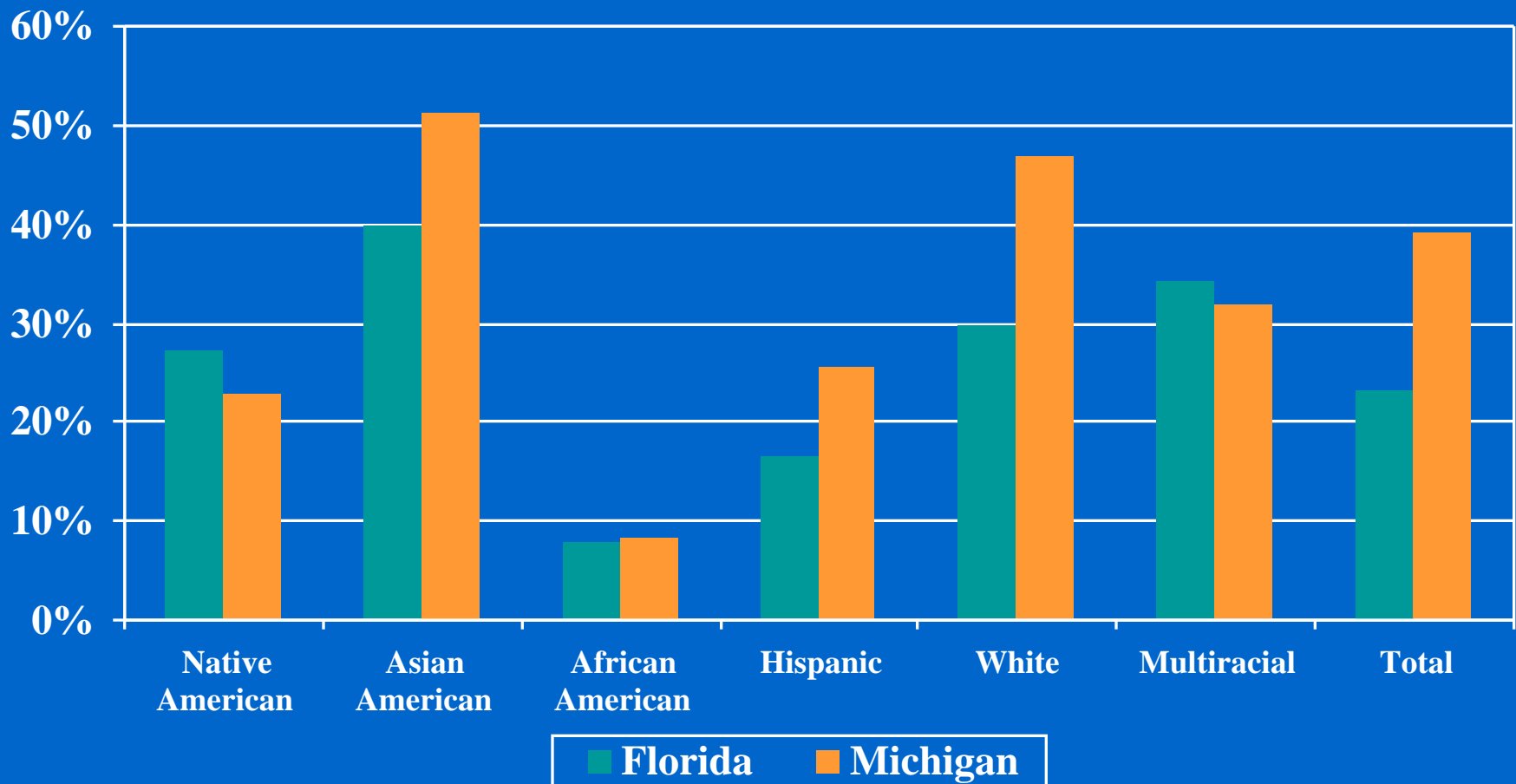
Data Sources

- Florida
 - Award recipients: Postsecondary Education Planning Commission
 - High school enrollment data: Florida Department of Education
 - High school college participation data: Florida Department of Education
- Michigan
 - Award recipients: Michigan Department of Treasury
 - High school enrollment data: Michigan Department of Education
 - High school college participation data: Michigan Department of Education
- Both states
 - Free/reduced lunch data: U.S. Department of Education (CCD)

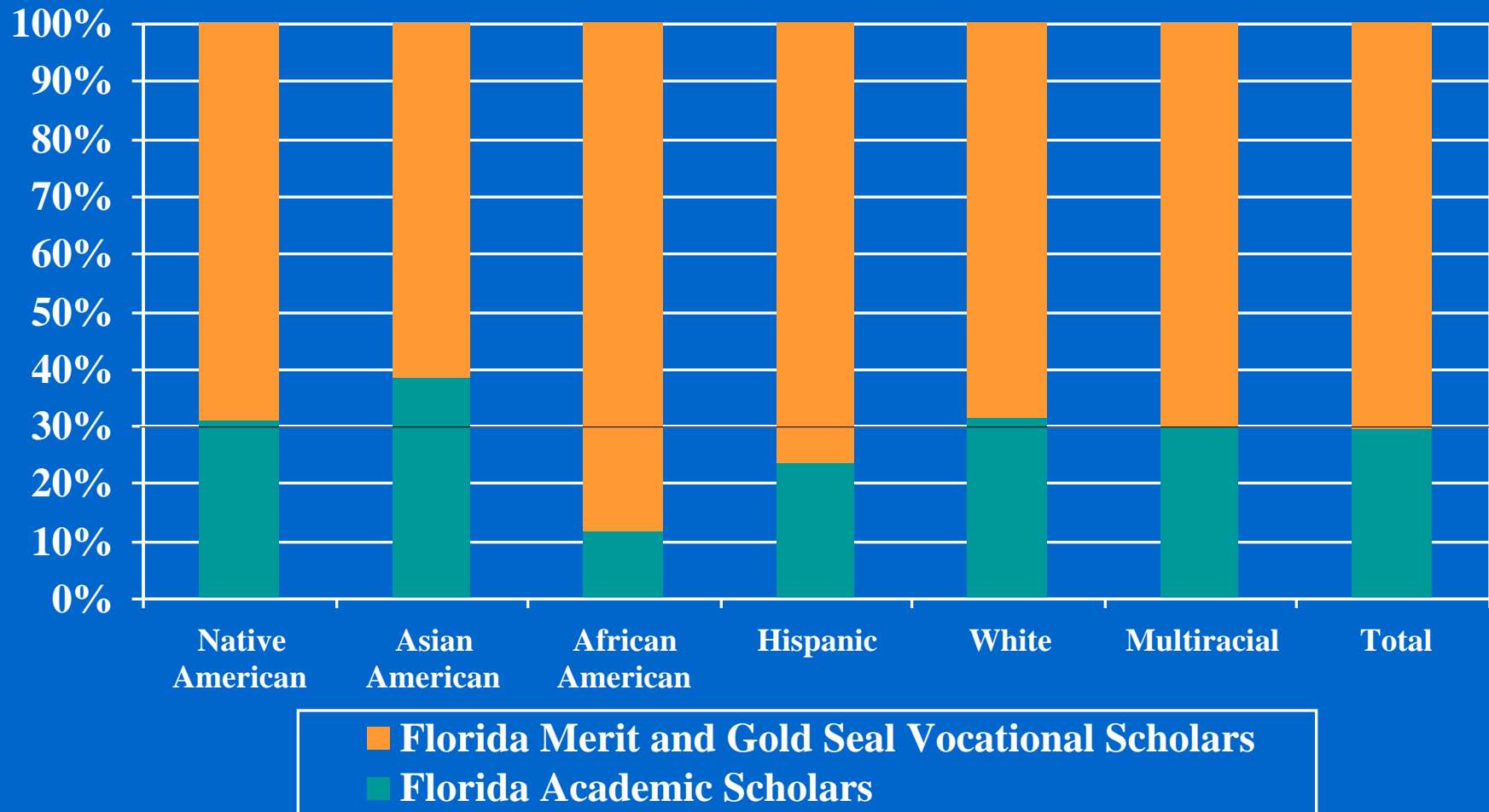
Racial Proportionality – 12th Graders and Scholarship Recipients

	Florida			Michigan		
	1997-98 12 th Graders	1998-99 Recipients	(Under)/Over Representation	1999-2000 12 th Graders	2000-01 Recipients	(Under)/Over Representation
Native American	0.2%	0.2%	17%	1.1%	0.6%	(42%)
Asian American	2.7	4.6	73	2.1	2.8	31
African American	22.6	7.6	(66)	17.1	3.6	(79)
Hispanic	14.3	10.1	(30)	2.7	1.8	(35)
White	60.1	77.3	29	74.8	89.5	20
Multiracial	0.2	0.3	48	2.1	1.7	(19)

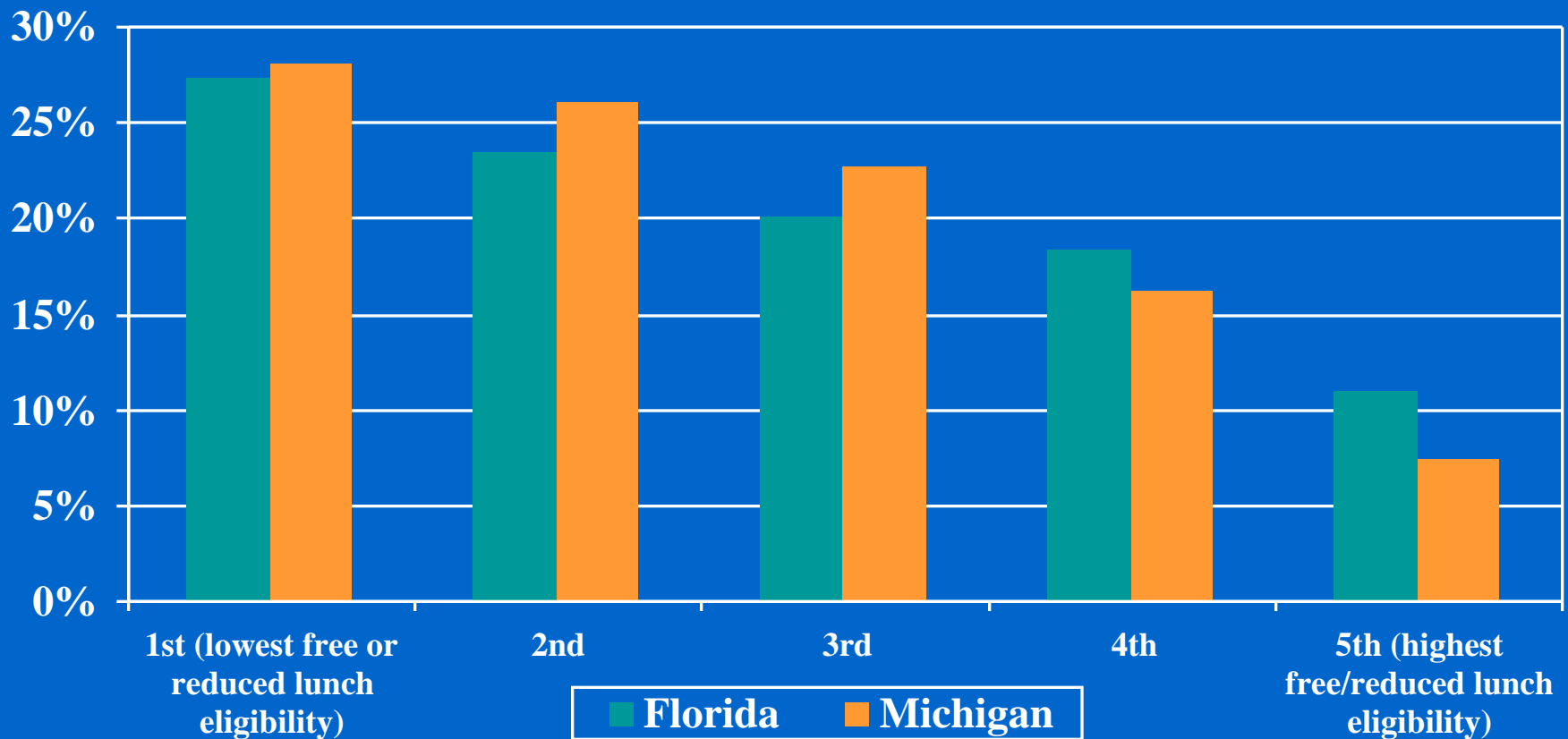
Ratio of Scholarship Awards to 12th Graders



Florida – Distribution of Top Awards

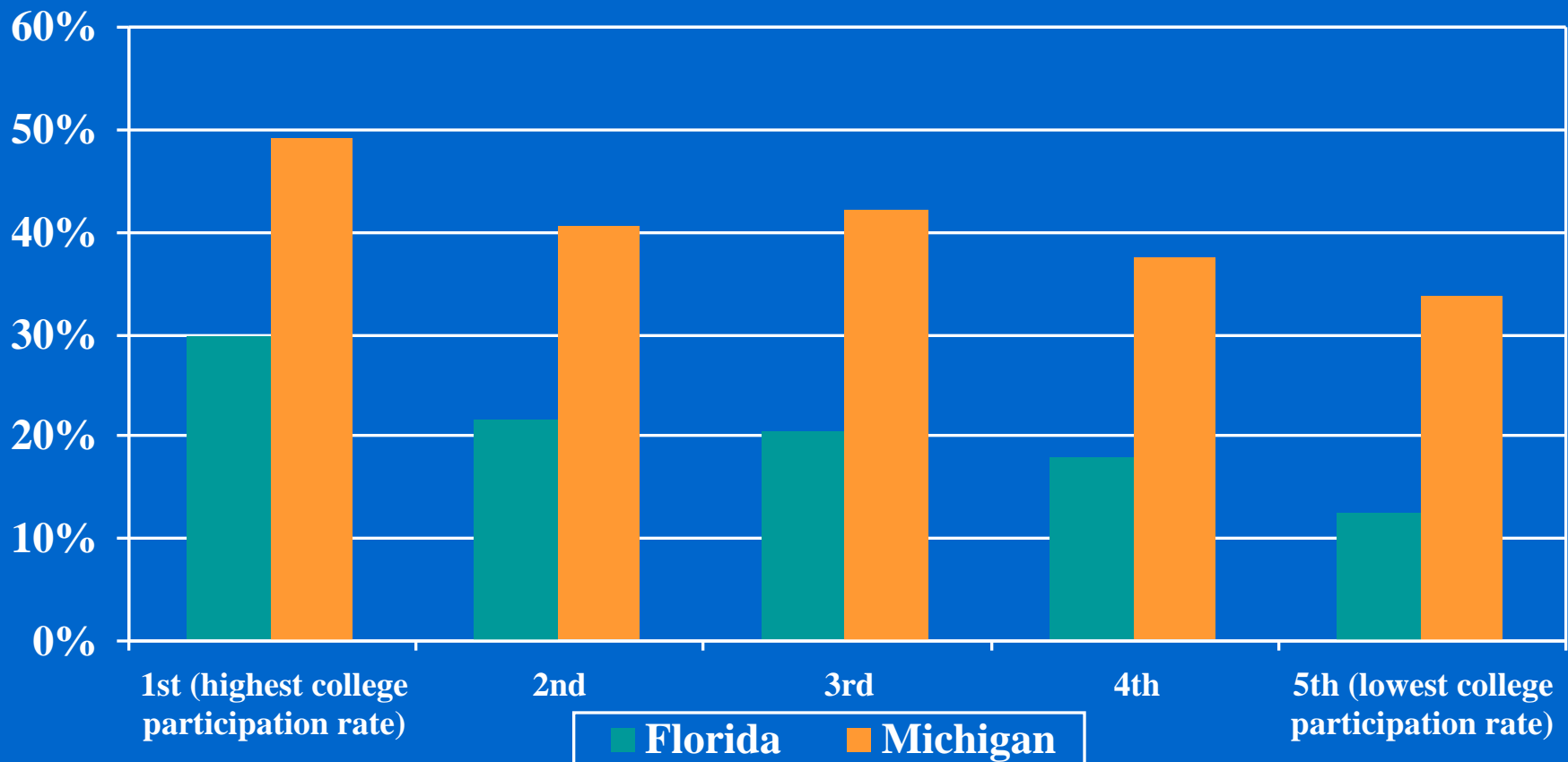


Ratio of Scholarship Awards to 12th Graders – By School Free/Reduced Lunch Quintile



**Correlation of school scholarship qualification rate and free/reduced lunch percentage:
Florida = $-.59$, Michigan = $-.55$**

Ratio of Scholarship Awards to 12th Graders – By School College Participation Quintile



**Correlation of school scholarship qualification rate and college participation rate:
Florida = .63, Michigan = .33**

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Other Facts

- Only 20% of Bright Futures recipients received Pell Grants
- 21% of Bright Futures recipients were from families making above \$80,000 per year
- Over 93% of Michigan Merit recipients qualified via the MEAP scores alone; none qualified via the WorkKeys test
- Michigan is the only state with a broad-based merit scholarship program based almost exclusively on a test score
- Michigan program is currently undergoing a legal challenge in federal court alleging it violates the Title VI and 14th amendment rights of minority students

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Limitations

- College participation data is reported sporadically by Michigan high schools. For example, the two largest cities, Detroit and Grand Rapids, did not report (could cause underestimation of the correlation with scholarship qualification)
- Approximately 25% of Michigan students did not report their race; no apparent bias relative to 12th grade enrollment data
- Free/reduced lunch eligibility rates may be biased downwards, particularly in higher income districts (could cause overestimation of the correlation with scholarship qualification)

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Conclusions

- The demographic groups with the lowest existing rates of participation in higher education – African American, Hispanic, and low income students – are precisely those we identified as being the least likely to benefit from the scholarships in both states
- High schools which already send a larger percentage of their students to postsecondary education received a disproportionate share of the scholarships in both states
- It is likely that the scholarships, at least for a large percentage of the students, are subsidizing predisposed college-going behavior, rather than promoting access for students not otherwise likely to attend

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