**Top College Students Who Lose Small Amounts of Financial Aid More Likely to Drop Out**

EAB study also shows high-performing students who experience an increase in aid are more likely to graduate

**WASHINGTON, D.C., November 1, 2016 –** High-performing students are more likely to drop out of school if they lose relatively small amounts of financial aid, according to an analysis released today by EAB. Specifically, students with a grade point average (GPA) above 3.0 who lose $1,000 to $1,500 in financial aid are 2.5 percentage points more likely to drop out of school than their peers who have little or no change in aid.

“Most students assume the financial aid they get for their first year will stay the same for future years, especially if they do well academically and family circumstances do not change materially. And while that is the prevailing practice, it is not always true,” said Jim Day, vice president at Hardwick Day, a division of EAB. “When aid gets reduced, some students simply are unable to pay the increased tuition required to stay in school. Another possible explanation for students’ increased risk of dropping out is that reductions in aid could lead students to question the value of their college experience, and how much their school values them.”

All students—regardless of GPA—who lose financial aid are more likely to drop out of school than their peers who have little or no change in aid. And the more financial aid students lose, the more likely they are to drop out.

* On average, students who lose $1,500 to $2,000 in financial aid are three percentage points more likely to drop out than their peers;
* Students who lose $4,000 in aid are 4.5 percentage points more likely to drop out than their peers;
* And students who lose over $10,000 in aid are 19 percentage points more likely to drop out than their peers.

“Our research shows that monitoring changes in financial aid is another tool schools can use to determine where they should focus limited resources to improve student success,” said Ed Venit, senior director at EAB. “For example, students with a GPA between 2.0 and 3.0—what EAB refers to as the Murky Middle—account for 45 percent of total drop outs, but without data and analytics it is difficult to tell which students in this group are more likely to leave school.”

Murky Middle students who lose $2,000 to $4,000 are more than four percentage points less likely to persist than other students. If they lose $4,000 to $6,000 in aid, the gap increases to more than nine percentage points less likely to persist.

On the flip side, increases in financial aid correlate with an increase in student persistence. Murky Middle and high-performing students whose aid increases $1,500 to $2,000 are almost three percentage points more likely to persist than their peers who have little or no change in aid.

Seattle University (SU) is piloting the use of small ($1,000 to $3,000) grants to provide additional support to high-performing, high-need students. These supplementary grants both reduce a student’s bill and increase a student’s morale by demonstrating the institution’s commitment to their success. SU’s retention of grant recipients exceeds rates for high-need students by five percentage points.

“We want to be as effective in supporting student success as we can, as early as we can, and use resources as efficiently as we can,” said Josh Krawczyk, director of university retention initiatives at Seattle University. “We have found that strategically giving grant aid to continuing students has a significant impact on retention.”

EAB’s analysis included more than 40,000 sophomores and above at three universities who refiled the FAFSA and maintained eligibility for federal financial aid by registering for 12 or more credits. The study excludes international students, non-dependents, part-time students, transfer students, and athletes. EAB will investigate the correlation between financial aid and student success further in future analyses.

The data were presented at EAB’s Annual Technology Summit, CONNECTED, a two-day gathering of more than 400 of the country’s most progressive leaders to explore innovative solutions and build on best practices that can help more students succeed.

**About EAB**

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