

# Rethinking College Admissions: Can Test-Optional Policies Even the Playing Field?





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#### MOTIVATION

- Selective U.S. colleges reinstate standardized testing, e.g., Harvard, Yale, etc.
- However, over 80% of colleges remain testoptional for 2025 admissions
- There are heated debates around:
- Do SAT and ACT help schools better predict academic success and make informed admission decisions?
- Are these tests unfair to students from socioeconomically disadvantaged backgrounds?

### RESEARCH QUESTION

How do test-optional (TO) policies affect academic merit and socioeconomic representation in college admissions, compared to test-required (TR) policies?



School announces testing policy ∈ {test-required, test-optional}



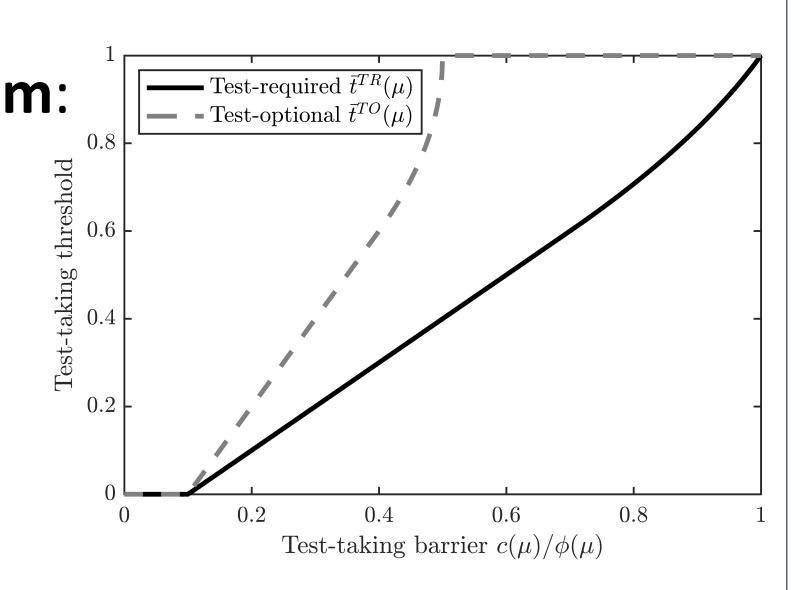
Students strategically choose whether to take and report standardized test scores



School forms **Bayesian beliefs** about student ability and make admission decisions accordingly

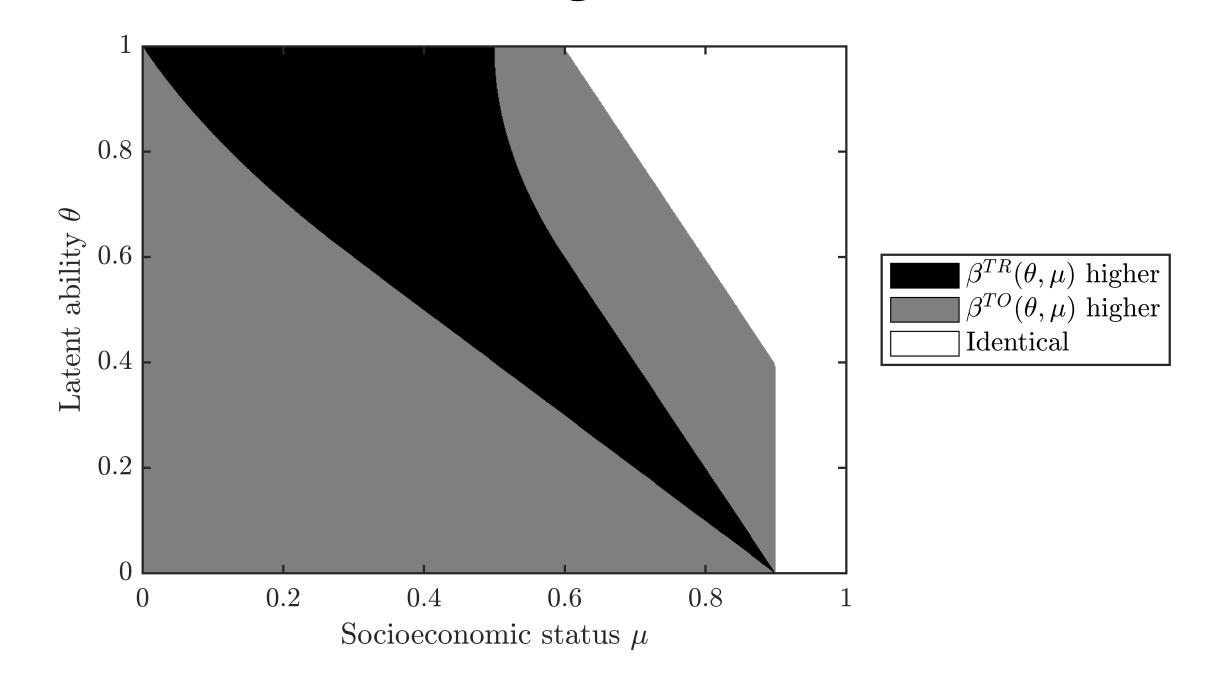
#### MODEL & INSIGHTS

Perfect Bayesian Equilibrium: students take the test if latent ability ≥ SES-specific threshold



[Insight 1] A larger share of middle-class students is disadvantaged under TO due to two forces:

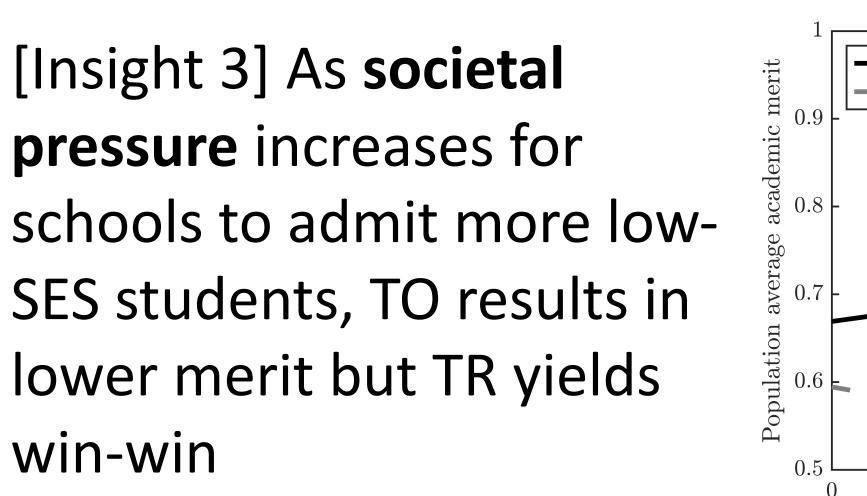
- pool expansion of low-ability students
- signal enhancement of high scores

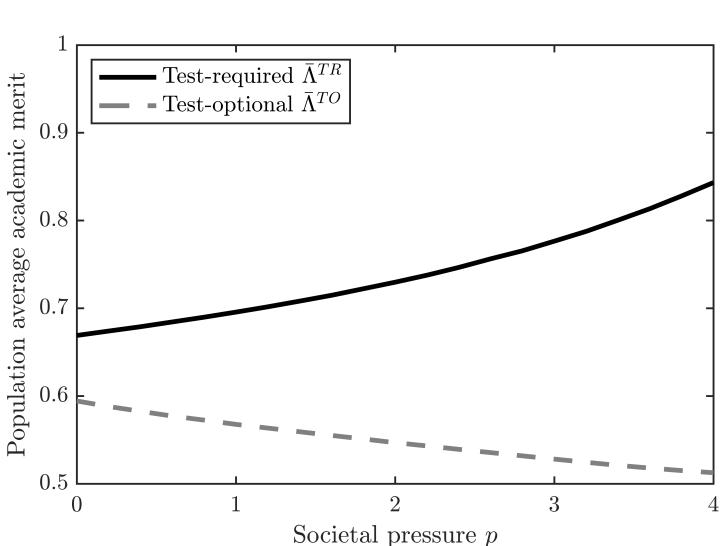


[Insight 2] TO can raise academic merit depending on target demographic; TO can reduce low-income representation when school already favors them

[Insight 3] As societal

win-win





Test-required  $\Lambda^{TR,AD}$ 

- Test-optional  $\Lambda^{TO,AD\Lambda}$ 

#### EMPIRICAL FINDINGS

Table 3 Regression results for the effect of adopting test-optional policies					
	Completion Rate		Log(Avg Family Income)		
	(1)	(2)	(3)	(4)	
TestOptional	-0.017***	-0.014	-0.018***	-0.018	
	(0.003)	(0.014)	(0.005)	(0.015)	
$TestOptional \times TargetLow$		-0.030**		-0.031**	
		(0.013)		(0.014)	
$TestOptional \times TargetMid$		0.017**		[0.005]	
		(0.009)		(0.010)	
$TestOptional \times TargetHigh$		-0.000		0.038***	
		(0.014)		(0.014)	
Log(Undergraduate Enrollment)	-0.006	-0.007	-0.015**	-0.014**	
	(0.005)	(0.005)	(0.007)	(0.006)	
Percentage of Science, Liberal & Arts Degrees	-0.011	-0.028	$0.017^{'}$	$\hat{\ }0.015^{'}$	
	(0.022)	(0.024)	(0.023)	(0.023)	
Log(Avg Faculty Salary)	$0.010^{'}$	0.009	0.069***	0.067***	
	(0.008)	(0.009)	(0.011)	(0.011)	
Institution FE	Yes	Yes	Yes	Yes	
Year FE	Yes	Yes	Yes	Yes	
$\overline{N}$	30,952	30,262	34,163	34,070	
Adjusted $R^2$	0.812	0.819	0.949	0.949	

#### Test-Optional (TO) Policy Effects

	academic merit	socioeconomic representation
schools targeting low-income	decrease	improve
schools targeting middle-income	increase	
schools targeting high-income		worsen

"The poor to get poorer, the rich to get richer"

## CONTRIBUTION

- We challenge common beliefs about test-optional admissions: TO does not always improve access for disadvantaged groups by sacrificing merit
- We offer a unifying framework explaining when and why test-optional policies lead to varying outcomes
- We test model predictions with data from 3,701 U.S. colleges during 2000-2019