

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

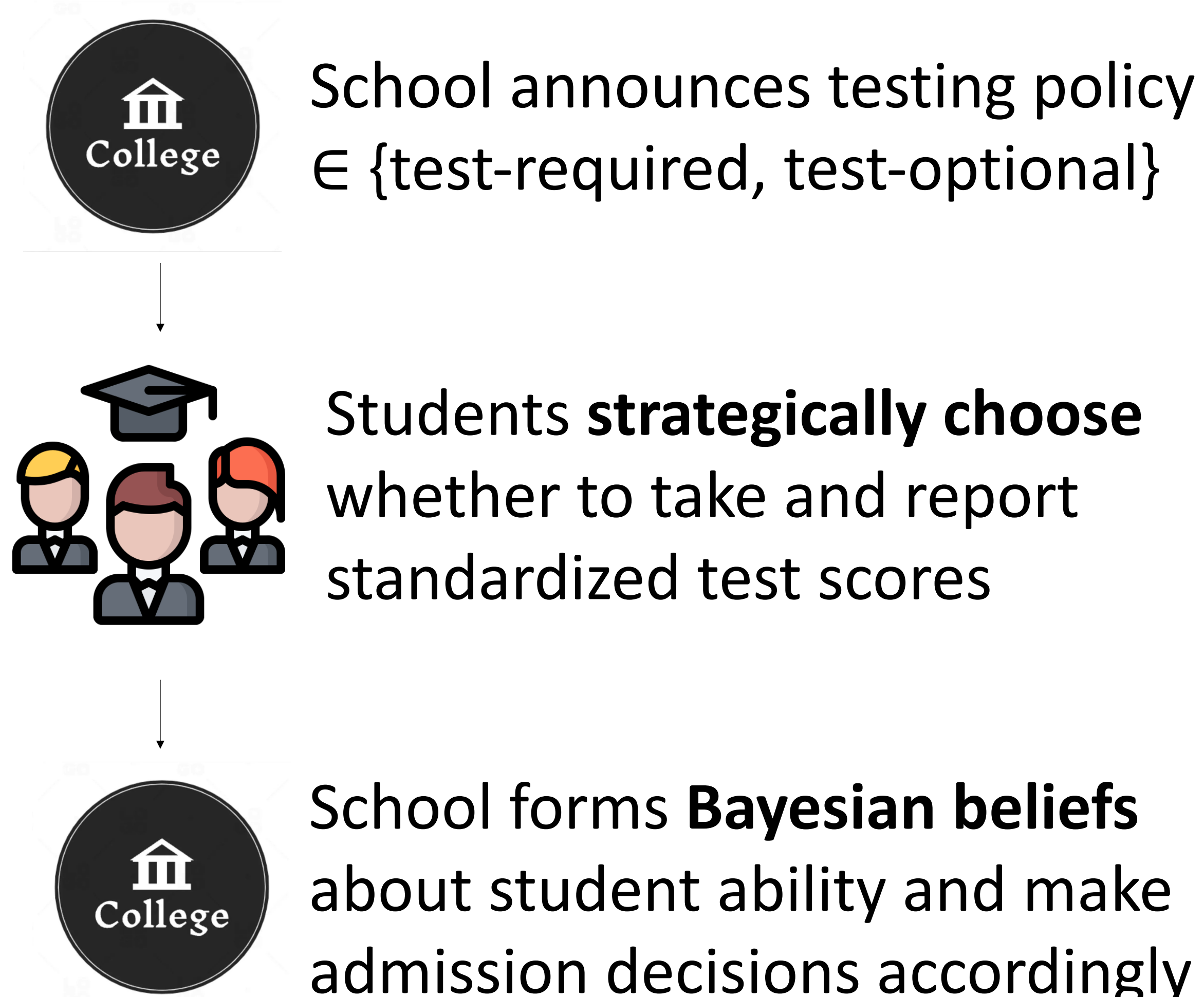
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MOTIVATION

- Selective U.S. colleges **reinstate** standardized testing, e.g., Harvard, Yale, etc.
- However, over **80%** of colleges remain test-optional 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?*

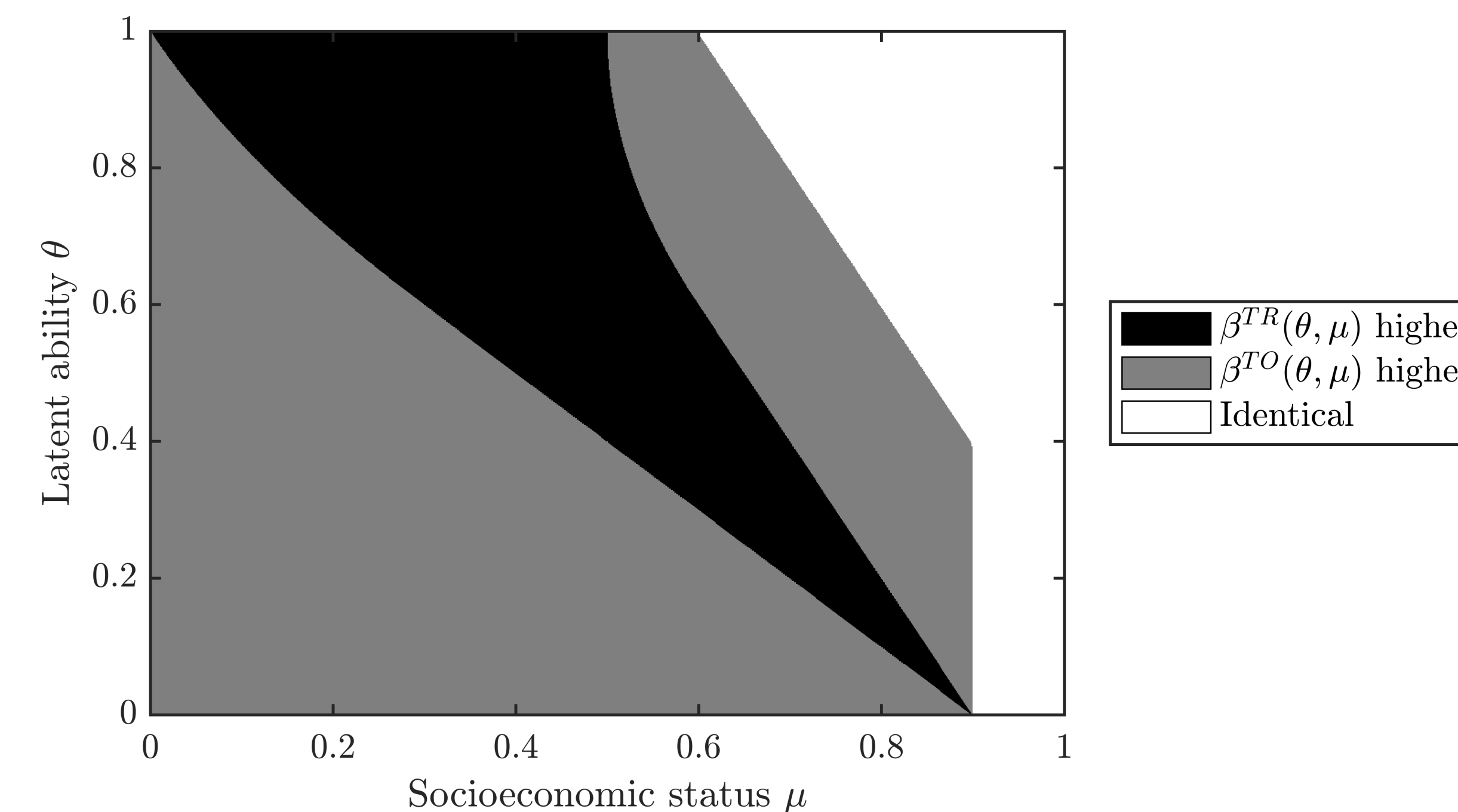


MODEL & INSIGHTS

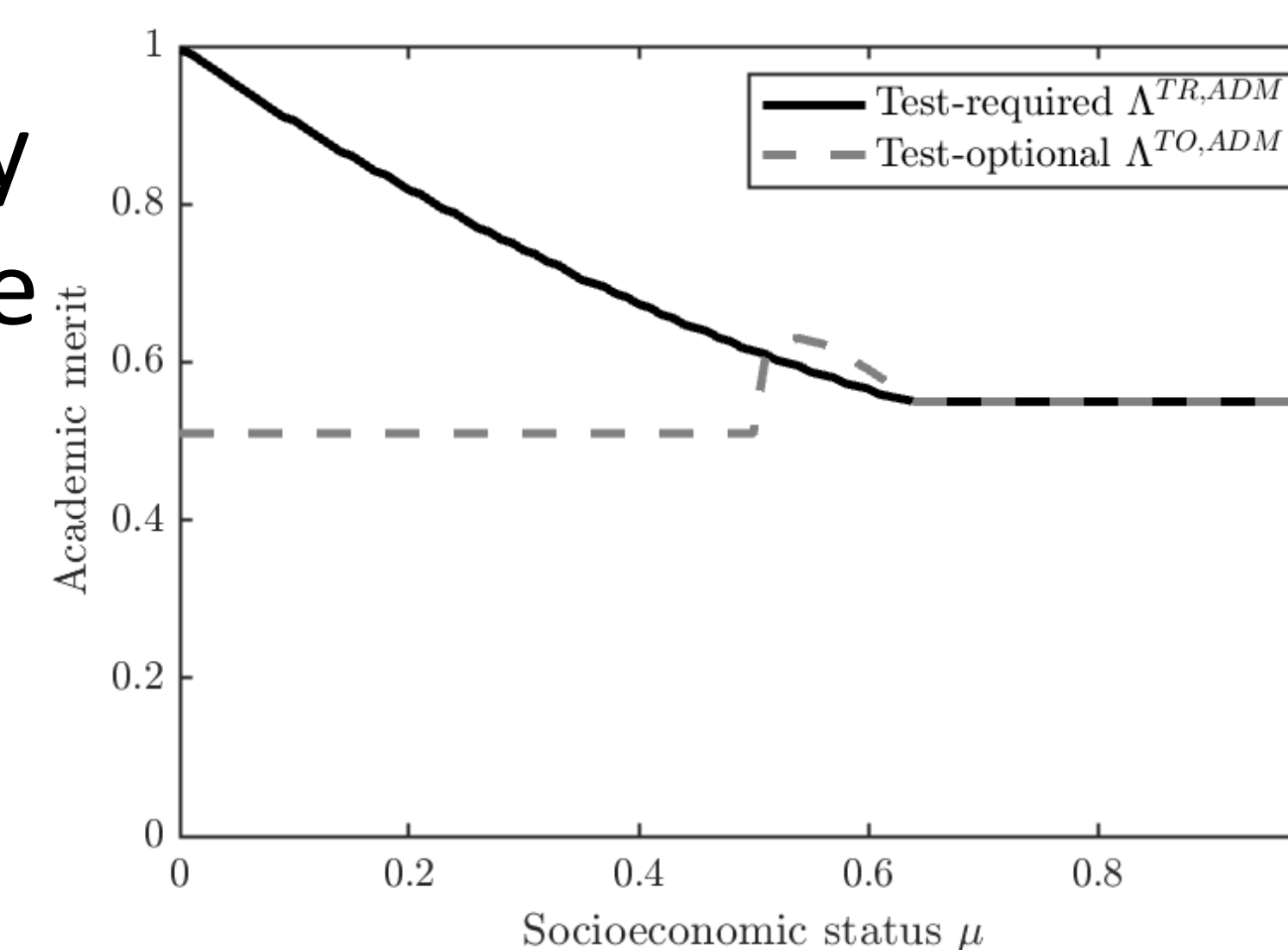
Perfect Bayesian Equilibrium (PBE) among students: take the test if latent ability \geq threshold

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

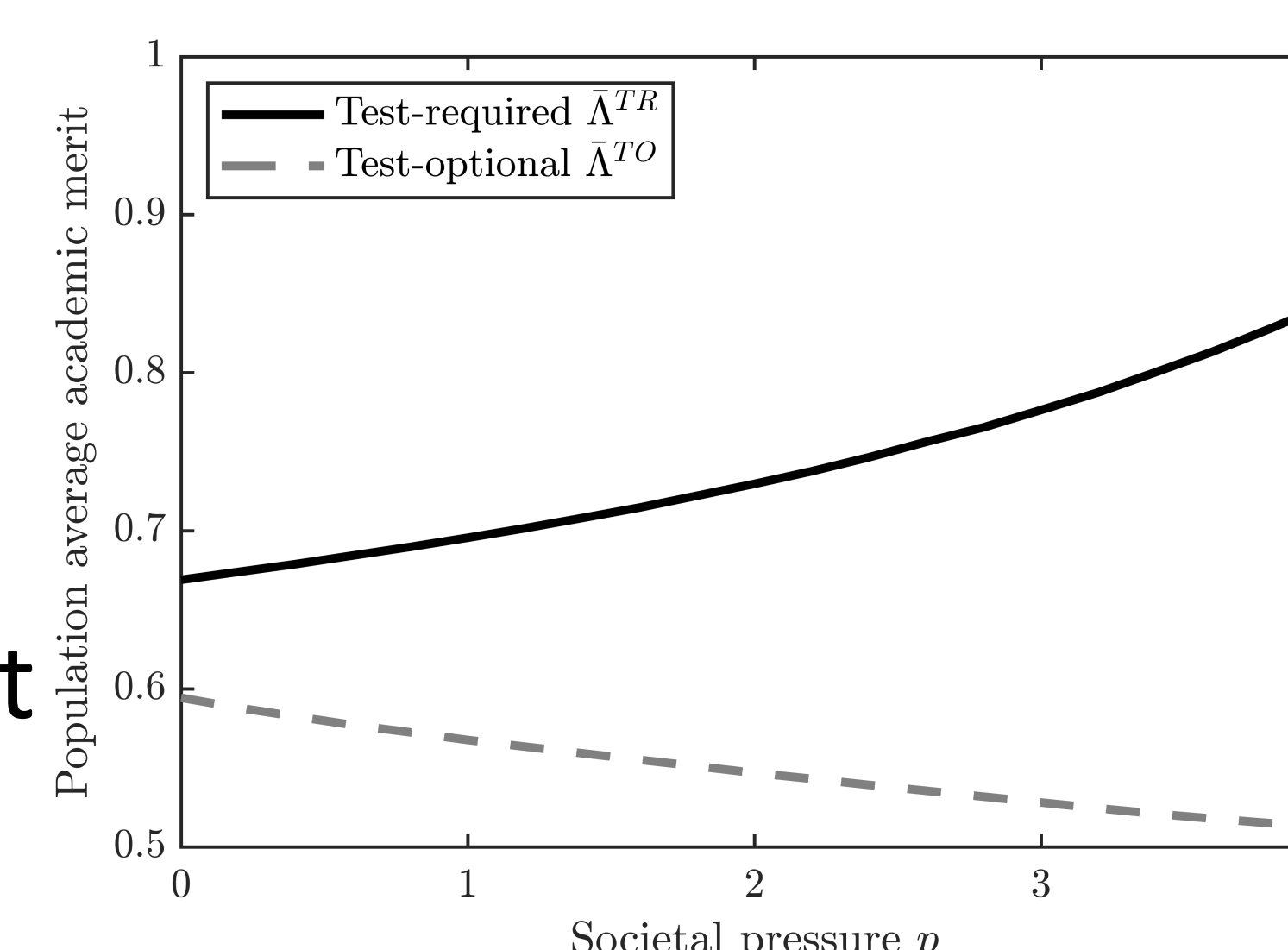
- pool expansion of low-ability students
- signal enhancement of high scores



[Insight 2] The TO policy does not always improve SES-representation of low-income at the expense of academic merit



[Insight 3] As **societal pressure** increases for schools to admit more low-SES students, TO results in lower merit but TR yields win-win



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*** (0.003)	-0.014 (0.014)	-0.018*** (0.005)	-0.018 (0.015)
TestOptional × TargetLow		-0.030** (0.013)		-0.031** (0.014)
TestOptional × TargetMid		0.017** (0.009)		0.005 (0.010)
TestOptional × TargetHigh		-0.000 (0.014)		0.038*** (0.014)
Log(Undergraduate Enrollment)	-0.006 (0.005)	-0.007 (0.005)	-0.015** (0.007)	-0.014** (0.006)
Percentage of Science, Liberal & Arts Degrees	-0.011 (0.022)	-0.028 (0.024)	0.017 (0.023)	0.015 (0.023)
Log(Avg Faculty Salary)	0.010 (0.008)	0.009 (0.009)	0.069*** (0.011)	0.067*** (0.011)
Institution FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
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
- 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