

The Test-Optional Puzzle

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Why do colleges go test-optional?

WASHINGTON POST, 2018. *[S]tudies have found a strong link between [SAT and ACT] scores and economic background... Privileged students, with wider access to books, museums, tutors and other forms of cultural or academic enrichment, tend to get higher marks... **Schools that drop testing requirements often say they are doing so in the name of wider access.***

UNIVERSITY OF MICHIGAN, 2024: *Our commitment today to a test-optional policy for undergraduate admissions demonstrates our focus on **providing access to high-achieving students from all backgrounds.***

ST JOHN'S UNIVERSITY, 2024: *"Many students excel in the classroom, but may not perform as well in the high-pressure environment of standardized testing. For these students, being able to apply without test scores **removes a major barrier to higher education** and allows them to focus on what truly matters—their accomplishments, strengths, and passions."*

Why do colleges go test-optional?

- Suppose test scores...
 - ▶ provide some useful information about college performance, but
 - ▶ are “biased” in favor of certain types of students
- Intuitive tradeoff:
Requiring tests improves academic screening, but at cost of equity
- Economic theorist: Wait, what?
Regardless of a decisionmaker's objective, more information cannot lead to worse decisions.
 - ▶ Colleges choose how to use test score info in admissions:
how much weight, how to adjust for a student's background
 - ▶ Use this information in a way that leads to better, not worse, decisions!

Why do colleges go test-optional?

Regardless of a decisionmaker's objective, more information cannot lead to worse decisions

This paper formalizes our confusion.

- What assumptions are (or are not) required for the above logic to imply that going test-optional a mistake?
- Discussion:
 - ▶ Are test-optional colleges making a mistake, or are colleges optimizing but our assumptions are not satisfied?
 - ▶ If colleges are correctly optimizing by going test-optional, are they doing it for the reasons they say they're doing it?

Model

Student considering application to College

1. Testing regime: Mandatory, Optional, or Blind
2. College chooses admission policy
3. Student has characteristics $x = (z, q)$
 - ▶ z : features known to student
 - ▶ q : other features (underlying “quality” / “ability”)
4. Student chooses application effort e (test prep)
5. Student obtains test score t , stochastic function of x and e
6. Student chooses whether to apply a ; if test optional, whether to submit test score; and can send cheap talk message m
7. If Student applies, College observes t (if submitted), m , and a holistic signal h , which stochastically depends on x, e, m, t
8. Admission outcome o according to College’s admission policy

Model

- Students maximize expected utility
 - ▶ If they apply, utility a function of x, e, t, h, o
 - ▶ If they don't apply, utility some function of x, e, t
 - Effort costs can depend on college-unobservables
 - Application costs can depend on college-unobservables
- College payoffs
 - ▶ If student doesn't apply: normalize to 0
 - ▶ If student does apply: some function of x, e, t, h, o

Recall: student characteristics x , effort e , test score t , holistic signal h , admission outcome o

Main Result

Proposition

For any test-optional admission policy, there is a replicating test-mandatory policy. For any test-blind admission policy, there is a replicating test-optional policy.

Replicating: Same joint distribution of student characteristics x , effort e , test score t , application a , holistic signal h , admission outcome o

- College is exactly as well off under two replicating policies
- Fix an arbitrary test-optional admission policy
 - ▶ We know there is a (replicating) test-mandatory policy that makes college *at least* as well off
 - ▶ We'd generally expect some (non-replicating) test-mandatory policy to make College *strictly better off* — as long as test scores contain *some* relevant info

→ A test-mandatory College cannot benefit from going test optional

Main Result

Proposition

For any test-optional admission policy, there is a replicating test-mandatory policy.

Proof: Analogous to “revelation principle”

- Take any test-optional policy:
Admission policy A for submitters, policy B non-submitters
- Consider going test-mandatory, while...
 - ▶ using policy A [considering t] for people who *would* have submitted
 - ▶ using policy B [ignoring t] for people who *would not* have submitted
- This policy replicates all student-incentives (effort, application):
Any eq in the test-optional regime is now a test-mandatory eq
- How do we know who would have submitted? Ask them – cheap talk

How to break this result?

- Additional student costs:
Sitting for the test very costly (outside of pandemic?)
- Non-equilibrium behavior:
Students (who take test) refuse to apply if test-mandatory
- Signaling of college values / admission policy, if college can't commit
- Constraints on admission rules / Agency issues:
College *can't* set any admission rule it wants, possibly because admission officers use their own rules
- Social pressure: “Society” (alumni, politicians, public) imposes costs on college if it observes test scores but “uses them wrong”

Companion paper explores the social pressure story —

- ▶ Social pressure *can* make colleges prefer to not see test scores
Hiding scores: Less info for decisions, but face less judgment
- ▶ What factors make college more likely to go test-optional?
- ▶ Which students benefit from test-optional, and which are harmed?