

Targeting Social Assistance: The Evolution of College Financial Aid in Colombia

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Successful social assistance programs are designed for the contexts in which they are implemented (Banerjee et al., 2024). For college financial aid programs, this typically means targeting individuals based on a combination of academic merit (e.g., test scores or GPA) and family socioeconomic status (SES) to balance students' college readiness with financial need (Dynarski, Page, and Scott-Clayton, 2023). Financial aid programs' design is also often influenced by social preferences and the political economy of redistribution.

This paper examines how Colombia designed and targeted its flagship financial aid programs, Ser Pilo Paga (SPP) and its successor, Generación E-Excelencia (GE). These programs covered tuition at selective universities for students targeted based on their scores on the national high school exit exam, SABER 11, and their household wealth, as measured by the Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales (SISBEN), a proxy-means test.¹ Initially, low-SES students who scored in the top 10 percent on the exam were eligible for financial aid. However, the pool of program applicants grew because younger students were motivated to improve academically.

Facing strict budget constraints, the government progressively raised the test score cutoff, ultimately limiting aid to students who scored in the top 2 percent. Further design changes were prompted by political pressures. We study these changes using three linked data sets: the population of second-semester SABER 11 test takers (Icfes 2012–19), the universe of households from SISBEN (DNP 2012–19), and information on SPP and GE recipients from the institution that manages student loans (ICETEX 2014–19).² Finally, we discuss the implications of these changes for the programs' equity and efficiency.

I. Initial Targeting Rules

On October 1, 2014, the Juan Manuel Santos administration launched SPP, a forgivable student loan program that covered full tuition at selective universities and provided a modest stipend. SPP initially targeted 10,000 new students annually. Applicants had to have a SABER 11 exam score of at least 310 (90.7th percentile) (figure 1a) and come from a low-SES household based on the SISBEN wealth index, with cutoffs of 57.21 in metropolitan areas, 56.32 in other urban areas, and 40.75 in rural areas (figure 1b). In 2014, 53 percent of test takers came from households below the low-SES cutoffs.

II. Students' Responses Prompt Targeting Changes

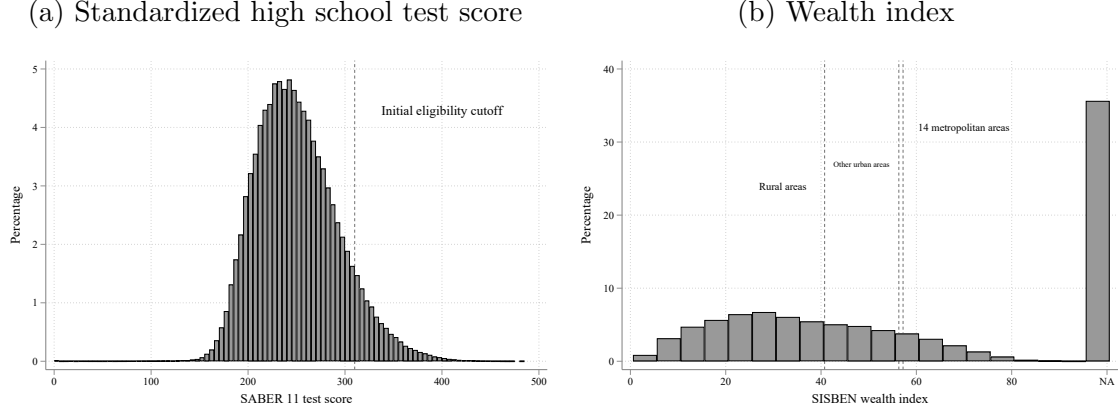
SPP significantly boosted enrollment in selective private universities for low-SES high achievers, diversifying these

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¹SISBEN III assigns households a wealth score from 0 to 100 (poorest to richest) based on a proxy-means survey assessing housing quality, durable goods, access to utilities, and human capital indicators.

²We exclude 2 percent of test takers who had college experience before they (re)took the exam and about 5 percent of test takers who were not registered high school students when they took the exam.

Figure 1. : Initial Targeting Rules for Ser Pilo Paga, 2014



Note: Eligibility criteria for the SPP financial aid program were based on performance in the national high school exit exam, SABER 11, and the SISBEN household wealth index. Panel (a) shows the distribution of test scores two months before the policy was announced in 2014, with the vertical line marking the top 9.3 percent of test scores, the eligibility cutoff for SPP. Panel (b) illustrates the wealth distribution for test takers, with vertical lines indicating SPP’s location-specific eligibility cutoffs. (One-third of test takers are not included in SISBEN and are denoted as “N/A.”)

Source: Authors’ calculations based on SABER 11 (Icfes) and SISBEN (DNP) data.

institutions and enhancing recipients’ post-college earnings (Londoño-Vélez et al., 2024a; Londoño-Vélez, Rodríguez, and Sánchez, 2020; Londoño-Vélez, 2022).

Notably, SPP also motivated younger cohorts of low-SES students to achieve test scores of 310 or higher (Laaaj, Moya, and Sánchez, 2022; Bernal and Penney, 2019). SISBEN coverage also grew, with the share of test takers with a SISBEN score rising from 59 percent in 2012 to 67 percent in 2015, and the share of students who fell below the low-SES cutoffs increased (figure 2a). Consequently, the proportion of students who met both the low-SES and the test score requirements grew from 2.4 percent in 2012 to 3.6 percent in 2015 and continued to rise through 2017, expanding the pool of low-SES high achievers eligible for SPP. For example, the share of students scoring at least 318 rose by over 60 percent, from about 10,000 in 2014 to nearly 16,200 in 2015 (figure 2b). By 2017, the number of low-SES students scoring 348 or higher was 2.3 times what had been predicted based on 2014 data.

The growing number of low-SES high achievers strained the government’s budget. As demand for SPP exceeded available

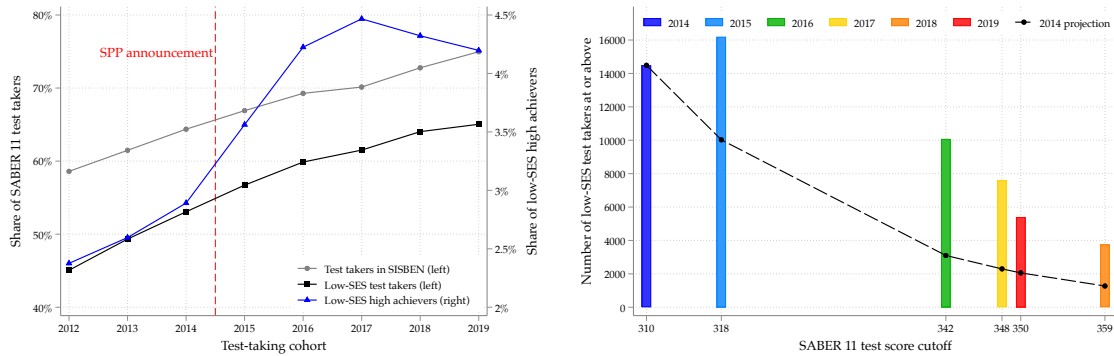
funds, the government prioritized higher test scores over financial need, keeping the SISBEN cutoffs unchanged but raising the test score cutoff from 310 (top 9.3 percent) in 2014 to 318 (top 8.6 percent) in 2015. Figure 3 illustrates this rightward shift in low-SES students’ test scores and the increasing test score cutoff. Nonetheless, the applicant pool continued to exceed projections, prompting further cutoff increases to 342 in 2016 (top 4.6 percent) and 348 in 2017 (top 3.5 percent).

III. The Political Economy of Redistribution

SPP became a contentious topic in Colombia’s 2018 presidential election. Of the six candidates, only Iván Duque, a conservative, supported SPP (*Semana*, 2018). Critics, largely from the left, argued that SPP burdened dropouts with debt, disproportionately benefited private colleges, and diverted funds better spent on strengthening public institutions—a view shared by left-wing candidate Gustavo Petro, who would go on to win the presidency four years later. SPP’s high test score requirement was seen as disadvantaging rural students, as top

Figure 2. : Changes in the Pool of Low-SES High Achievers, 2012–2019

(a) Rise in share of low-SES high achievers (b) Real vs. predicted low-SES high achievers



Note: Panel (a) displays the percentage of SABER 11 test takers who participated in the SISBEN survey between 2012 and 2019 (in gray). It also shows the proportion of test takers whose SISBEN score fell below the low-SES cutoff (in black), along with the share of low-SES test takers who scored in the top 10 percent on the exam (in blue). Notably, the pool of low-SES high achievers increased after 2014. Consequently, panel (b) shows that the actual number of low-SES test takers who met the test score cutoff each year surpassed the number predicted based on their exam performance in 2014 (in black).

Source: Authors' calculations based on table A1 for panel (a) and data from SABER 11 (ICFES) and SISBEN (DNP) for panel (b).

scorers were concentrated in major cities like Bogotá. Additionally, critics claimed SPP widened geographic disparities by attracting high-achieving rural students to the urban areas where selective colleges are located (e.g., de Zubiría, 2016, 2017, 2018).

Student protests erupted shortly after Duque took office in August 2018, fueled by concerns over a higher education crisis. Protestors argued that policies like SPP failed to address systemic issues, including persistent inequalities in access to high-quality education and inadequate funding for public institutions (Peña Castañeda, 2018). They criticized SPP for benefiting less than 2 percent of high school test takers, leaving most students struggling to access high-quality education. Additionally, they condemned the allocation of public funds to a small number of elite private universities, viewing it as a step toward privatizing higher education.

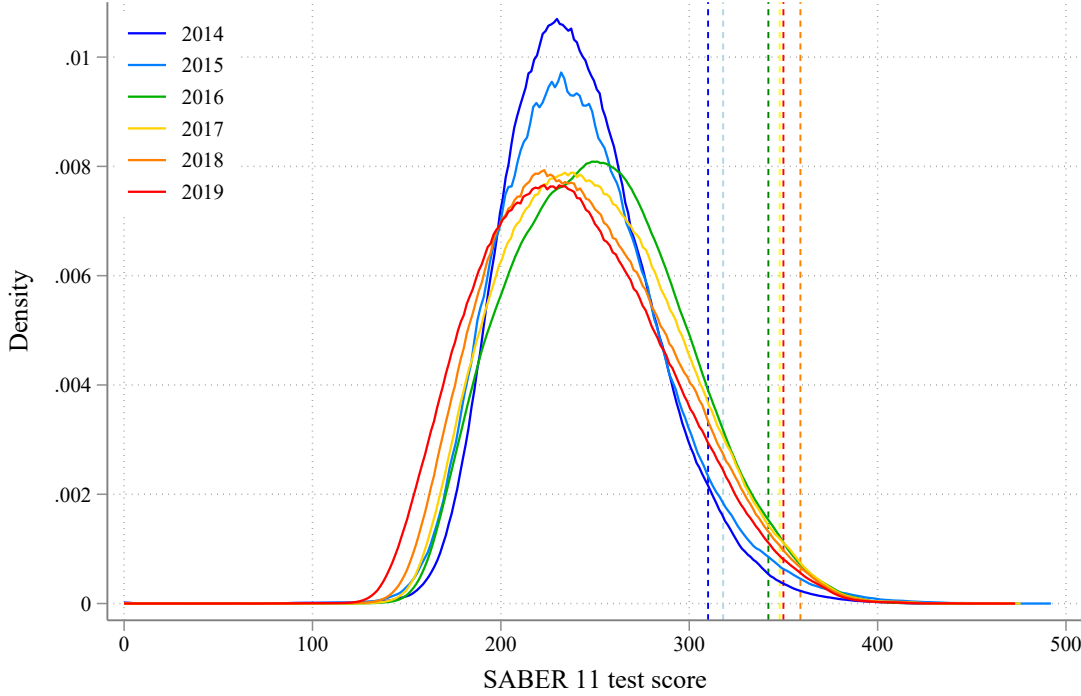
In response, the Duque administration increased funding for public education and rebranded SPP as GE, raising the cutoff to 359 (top 1.9 percent) and limiting financial aid to 4,000 new students

annually. When fewer than 4,000 students applied—partly due to uncertainty about SPP's continuation and low awareness of GE (Bernal et al., 2024)—benefits were extended to the next three highest scorers who fell below the low-SES cutoff in each of Colombia's 32 departments. In 2019, the test score cutoff was lowered to 350 (top 2.6 percent).³

In 2022, Colombia elected Petro, whose administration abolished the GE program to allocate public funds exclusively to public institutions. The government also forgave student loans for SPP and GE recipients (Ministerio de Educación, 2023). As of December 2024, Colombia offers tuition-free access to public colleges but no longer provides a publicly funded financial aid program for higher education.

³Table A2 summarizes additional changes made in response to criticisms of SPP, such as reducing stipends by half for those relocating to another metropolitan area, to discourage talent concentration in large cities, and implementing geographic affirmative action, to support applicants from economically disadvantaged regions.

Figure 3. : Distribution of Low-SES Test Takers' Scores vs. Cutoffs, by Year



Note: This figure shows the distribution of test scores for fall test takers between 2014 and 2019. The dashed vertical lines indicate the year-specific test score cutoffs for SPP and GE. The sample is restricted to low-SES students.
Source: Authors' calculations based on SABER 11 (Icfes) and SISBEN (DNP).

IV. Discussion

Literature in public economics analyzes the optimal design of taxes and transfers (Mirlees, 1971; Saez, 2002), while recent work in development economics examines whether social assistance programs should target households based on deprivation (“equity”) versus impact (“efficiency”) when program treatment effects are heterogeneous (Haushofer et al., 2022).

Londoño-Vélez et al. (2024b) analyze this equity-efficiency trade-off in the context of college financial aid, leveraging Colombia’s cross-sectional and panel variation in program eligibility criteria. They find that prioritizing test scores, which correlate with SES, harms equity by favoring students from more advantaged backgrounds. It also reduces the policy’s impact on overall college enrollment (extensive margin). However, it increases

the policy’s influence on the type of colleges and programs recipients attend (intensive margin), potentially raising recipients’ future earnings by steering them to colleges and programs with high value-added.

In sum, targeting social assistance programs involves considering trade-offs between equity and efficiency as well as social preferences. Conversely, the impact of programs on equity and efficiency depends on their design, which can itself be affected by individuals’ responses to learning about these programs, the political economy of redistribution, and competing social objectives.

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APPENDIX

Table A1—: Test Takers Who Met Financial Aid Programs' Eligibility Criteria, 2012–19

Year	SABER	Test takers						Recipients	
	11	No			Has	SISBEN eligible			
	cutoff	All	SISBEN score	SISBEN score	All	Top 10%	SABER 11 eligible		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
2012		550,141	227,766	322,375	247,923	13,070			
2013		525,490	202,424	323,066	259,252	13,643			
2014	310	542,341	193,235	349,106	287,797	15,680	14,487	9,373	
2015	318	538,001	178,044	359,957	305,111	19,164	16,195	11,929	
2016	342	545,563	167,625	377,938	326,661	23,048	10,077	8,618	
2017	348	540,840	161,521	379,319	332,675	24,159	7,600	7,180	
2018	359	544,527	148,280	396,247	348,684	23,536	3,751	3,461	
2019	350	547,883	137,151	410,732	356,370	22,996	5,442	4,126	

Note: This table provides details on the yearly eligibility criteria for SPP (2014–17) and GE (2018–19), which were based on the student's SABER 11 test score and the household's SISBEN wealth index. Column (2) reports the SABER 11 score cutoff used each year. Columns (3) through (8) report the number of test takers, broken down into subgroups defined by their SISBEN and SABER 11 scores. Column (9) displays the number of students who received financial aid from SPP or GE.

Source: Authors' calculations based on SABER 11 (Icfes), SISBEN (DNP), and ICETEX.

Table A2—: Characteristics of the SPP and GE College Financial Aid Programs

Program name	Year	Conditions colleges' tuition	Incentivizes public college enrollment	Stipend for those who relocate (in minimum wages)	Geographic affirmative action
	(1)	(2)	(3)	(4)	(5)
SPP 1	2014			4	
SPP 2	2015			4	
SPP 3	2016			4	
SPP 4	2017	✓	✓	4	
GE 1	2018	✓	✓	2 or 3	✓
GE 2	2019	✓	✓	2 or 3	✓

Note: This table details additional characteristics of the SPP and GE financial aid programs from 2014 to 2019. Column (2): In 2017, private colleges were required to keep tuition fees stable in real terms, and in 2018, they had to reduce tuition for beneficiaries by 25 percent. Column (3): In 2017, SPP offered a lump sum for students who chose public institutions (half of a monthly minimum wage). In 2018, this incentive was increased to between US\$927 and US\$3,379, depending on the institution. Column (4): In 2018, to deter talent concentration in large cities, the government reduced stipends from four to two monthly minimum wages for students relocating to another metropolitan area (three if no participating colleges were in their department). Column (5): To address geographic disparities, in 2018, the government ensured a minimum of three recipients from each of Colombia's 32 departments, selecting the top three SABER 11 scores that met the SISBEN criteria. Indigenous applicants were exempt from the SISBEN requirement. In 2019, aid was automatically extended to the top 10 students from Colombia's 12 poorest departments (Amazonas, Arauca, Caquetá, Casanare, Cesar, Chocó, Guainía, Guaviare, La Guajira, San Andrés, Vaupés, and Vichada).

Source: Authors' calculations based on ICETEX reports.