



Breaking the Affordability Barrier

How much of the college access problem is attributable to lack of information about financial aid?

By Bridget Terry Long

ALTHOUGH there have been substantial increases in college enrollment over the last several decades, access continues to be a serious problem for some groups. According to the U.S. census, among high school graduates in 2004, approximately 43 percent who came from families earning less than \$30,000 immediately entered a postsecondary institution. In contrast, 75 percent of students from families who made more than \$50,000 did so. Rightly so, the barriers most often highlighted by researchers, practitioners, and policymakers as impediments to college entry are costs or affordability and academic preparation.

However, another important culprit that has been increasingly getting attention is information. How much of the college access problem is attributable to lack of information? If students are unaware of the financial resources available to them or the best way to prepare academically for college, then the aforementioned barriers of cost and academic preparation will be made worse by misperceptions, further limiting students.

Unfortunately, research demonstrates that students, particularly those from low-income backgrounds, have very little understanding of college tuition levels, financial aid opportunities, and how to navigate the admissions process. The lack of information among low-income students has important implications for attempts to address the college affordability barrier. For decades, high tuition prices have prompted the federal government, as well as many states and colleges, to create need-based financial aid programs designed to help defray costs for low-income students. However, the existence of a financial aid program alone is not always enough to enable the enrollment of low-income students; the visibility and design of the program also matters.

A recent review of the research on financial aid programs by Susan Dynarski and David Deming underscores the fact that simple and transparent programs appear to be most effective. Similar results have been found in the examinations of other social welfare programs. To reach those in need, particularly among groups who have traditionally lacked good, accurate college information, aid programs must be well-publicized and relatively easy to understand and apply for.

Sadly, that is not how our financial aid system is currently designed. The key issue is that the Free Application for Federal Student Aid (FAFSA), the gatekeeper to all federal aid and most state and institutional resources, is long and cumbersome. The 2008 FAFSA was eight pages long and contained more than 100 questions. To answer three of these questions, appli-

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cants had to complete three additional worksheets with nearly 40 additional questions. As shown in work by Susan Dynarski and Judy Scott-Clayton, the FAFSA is four times longer than the simplest tax return (i.e., IRS Form 1040EZ), and longer than IRS Form 1040.

Not surprisingly, students and their families are often confused and even deterred by the form. Estimates by the American Council of Education suggest that nearly one million college students who would have been eligible for aid failed to even apply. That estimate does not include the likely millions of individuals who did not enroll in college because they did not know about the aid they were eligible to receive.

Many have long acknowledged the problems with the current FAFSA. Several reports by the Advisory Committee on Student Financial Assistance and the federal Commission on the Future of Higher Education highlight how the FAFSA serves as a barrier. However, a key question has been, what form should simplification take? Moreover, will making such changes really improve the outcomes of students? Are lack of information and too much complexity really the underlying problems? Several years ago, working with Eric Bettinger, Philip Oreopoulos, and Lisa Sanbonmatsu, I embarked on a project to investigate these issues.

The goal of our project was to target students who are likely to have little information about financial aid and college costs, and who may have difficulty navigating the financial aid process. To provide assistance to such families, we worked with H&R Block, an accounting firm that provides tax assistance to primarily low- and moderate-income families.

Working with 156 offices in Ohio and North Carolina during the 2008 tax season (January to April), we screened for clients who had family incomes of less than \$45,000 and a family member between the ages of 17 and 30 who did not already have a bachelor's degree. After the clients completed their taxes as they normally would, our software checked for eligibility, and among those meeting the criteria, the H&R Block tax professional asked them (and their legal parent or guardian, if necessary) to complete a Statement of Informed Consent. Once consent was secured, we randomly assigned individuals to one of three groups.

Group One received assistance with the FAFSA and personalized aid eligibility information. This entailed first pre-populating the FAFSA using the tax return just completed in the office. Then, we designed a streamlined interview protocol that asked the remaining FAFSA questions. These questions included information about parental education, educational goals, the number of children in the household currently attending college, and other forms of income such as child support. The software then computed the amount of financial aid the client was eligible to receive from the federal and state governments, and it explained these numbers in simple language, along with information about tuition costs at four local colleges. The tax professional then offered to submit the FAFSA to the U.S. Department of Education (DOE) free of charge.

Group Two also received personalized aid eligibility estimates, which were calculated based on the tax return just submitted, and local tuition cost information. However, while the family was encouraged to complete the FAFSA form, no help was given.

For Group Three, we provided a booklet that had very simple information about the importance of college and basic facts about financial aid programs. This information is readily accessible and is unlikely to affect participants' behavior. As such, this group is our key comparison group for determining the effects of the other interventions. Because the participants were put into the groups randomly, on average their characteristics and motivations are the same, and comparing their outcomes gives us evidence on the effects of simplifying the FAFSA and giving personalized aid information.

The year following the experiment, we tracked the progress of participants using data from the DOE and the National Student Clearinghouse, a national database with college enrollment information.

Although we are not the first to propose simplifying the financial aid process by using tax data, we are the first to do a large-scale test of whether the model is viable and whether such interventions would affect student outcomes. However, it is first worth emphasizing that the implementation of the experiment alone provided valuable lessons. By helping nearly 17,000 families during the 2008 tax season, we demonstrated that it is not only possible, but likely efficient, to use tax data to simplify and shorten the time it takes to fill out the FAFSA.

On average, meetings with families took only about eight minutes, and that included introducing the project, explaining and getting consent from the family, asking several questions about the family's background and perceptions of higher education, and then providing the intervention by helping them fill out the FAFSA. Additionally, our project demonstrates that there is a real demand among low- and moderate-income families for more information. Among eligible families, 52 percent expressed interest in learning more about higher education.

Even we were surprised at just how large an impact our interventions had. Our analysis suggests that pre-population and assistance with the FAFSA has a substantial impact on the likelihood of submitting an aid application. In comparison to the control group (i.e., Group

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Three), the likelihood of submitting a FAFSA increased by 39 percent for high school seniors who had received help with the application (i.e., Group One). Among the older participants, FAFSA submissions increased 186 percent for those who had never been to college, and 58 percent for those had previously attended college. More importantly, providing help with the FAFSA and personalized information about aid increased college enrollment rates the following fall. College attendance increased 30 percent among high school seniors.

To put this in perspective, the size of this result is similar to that experienced with the introduction of the Georgia Hope Scholarship, which initially gave students with a B-average in high school a \$3,000 grant. To get this same result, we did not promise more aid—instead we simply helped families get the aid that is already available to them. Among young adults already out of high school, college enrollment increased 20 percent, with particularly large results for those with annual incomes less than \$22,000. Group One members were also more likely to receive a federal student grant and more financial aid overall in comparison to the control group. These results suggest that direct help with the application process, and providing better information, could be effective ways to improve college access.

The DOE has already taken several important steps to simplify the FAFSA. In June 2009, the DOE announced that starting this January, a pilot program will link the FAFSA to IRS data for renewal students. In addition, the online version of the FAFSA now uses skip logic to eliminate questions that do not apply to some students, and it also gives students instant estimates of Pell grant and student loan eligibility.

Will this improve things? Absolutely. Our results clearly show that the applications were done more efficiently by using information from an IRS tax form. After pre-populating the form, for many families, the remaining questions are relatively straightforward and easy (e.g., gender, citizenship, veteran status, state of legal residence, parents' education, intended degree, phone number, and driver's license number). This substantially reduces the time necessary to complete a financial aid application, and it improves the accuracy of the information submitted. Colleges and universities are also excited about this development. With information coming straight from the IRS, there is less need to the institutions to do income verification, which can be a serious drain on staff time and resources.

However, there is still more that could be done. Our FAFSA intervention did more than just pre-populate the tax form. We gave additional assistance to complete the application using our automated software, which prompted the tax professional to ask specific questions, and we made it easy for families to submit their completed applications to the DOE. In addition, we addressed the issue of low visibility by reaching out to families in their communities. We also dealt with the issue of misinformation by providing accurate and personalized information about aid eligibility and local college costs.

Another problem with the current system is that many students miss the deadline for state and institutional aid programs by filing too late (after April 1). In our study, participants filed their applications significantly earlier than those in the control group: more than one month earlier for the high school seniors, and almost three months earlier for the adults. While current DOE efforts are a step in the right direction, families will need more assistance from governments, schools and community organizations to address all these concerns. Eric Bettinger, Phil Oreopoulos and I are currently developing ways to expand our project to do just that.

Thinking longer term, one could imagine a revised FAFSA that ideally does not even ask the applicants the income questions, because the data match with the IRS could occur in the background. Better communication between the Treasury Department and DOE in terms of sharing information could significantly cut the number of necessary elements on the FAFSA that are visible to students. Such an arrangement would also make it much easier for schools and community organizations to develop awareness and assistance programs that could help families to fill out and submit the form. Parents would no longer need to have their tax returns handy in order to fill out the FAFSA, meaning that many would be able to complete the form while attending a high school college information night or other school event.

While our experiment underscores the benefits of simplification and assistance, participants who were only given information about aid without help with the FAFSA did not have higher application submission rates than those who did not receive any help. This suggests that simply informing individuals about their aid eligibility does not significantly improve college access. Instead, the real barrier is the form's complexity and navigating the submission process.

It is important to note that our project focused on providing particular types of information to students at the end of high school or afterwards. These results are not indicative of efforts to provide information and increase awareness among younger students. In fact, in continuing analysis, we are tracking a set of families who were given personalized aid eligibility estimates based on their incomes when their children were only high school sophomores or juniors. In future years, we hope to have results on whether this earlier information had an impact on whether these students did more to prepare for college academically (i.e., taking more college preparatory courses and the SAT or ACT), and if they were more likely to submit an application for federal student aid. ♦

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Bridget Terry Long, Ph.D., is professor of education and economics at the Harvard Graduate School of Education. (More information about the project can be found at www.nber.org/papers/w15361.)