

Summary

College costs are at an all time high, leaving the nation with over \$1 trillion in student loan debt. It may seem like students and their families would take any action necessary to make college more affordable. Yet national statistics show students leave more than \$2.9 billion dollars in free federal grants on the table each year simply because they do not apply for them. Traditionally, education innovators have relied on financial incentives or in-person coaching to increase application rates, yet even the best of these programs can cost over \$90 per student to implement. In response to this work, the federal government recently announced changes to make the Free Application for Federal Student Aid (FAFSA) submission process easier for families. These changes address important challenges; however, some bottlenecks to completion remain that can be overcome with behavioral science solutions.

Working with Arizona State University (ASU), we sought to develop a cost-effective and scalable intervention to increase FAFSA submissions among returning students. This work complements government changes to the FAFSA process. In 2014, just 18% of continuing ASU students submitted the FAFSA before the university's March 1st priority filing deadline. Applying before the deadline ensures students receive their maximum financial aid package, whereas applying after the deadline puts the student at risk of missing out on aid from ASU. As such, we prioritized increasing the number of current ASU students who complete the FAFSA before March 1st.

Using our proprietary diagnosis and design process, we found that students often simply forget to file by the priority deadline, and even when they do start early enough, they may be deterred by a number of difficult steps. Students have difficulty gathering financial materials from their families, have inaccurate perceptions of who applies for and receives aid, and must sort through an overwhelming list of benefits programs and sources of income to determine which financial information they will need to report. To address these and other behavioral barriers to successfully completing a FAFSA application by the priority filing deadline, we designed a series of emails incorporating a number of behavioral interventions like breaking the task down into small steps and creating a sense of progress. For a subset of undergraduates, we also sent emails directly to parents. We tested our intervention with a randomized controlled trial (RCT) and found a dramatic increase in FAFSA submissions ahead of the priority filing deadline.

Families receiving behaviorally-informed student and parent emails were 72% more likely to file by the priority deadline compared to those receiving standard communications (from 29% to 50%). Filing earlier was successful at directing more in grants and scholarships to students in the behaviorally-informed email conditions: those receiving the emails got an average of \$236-\$643 more.

Follow-up analyses showed that there was still a significant difference in FAFSA submissions between treatment conditions by the start of the next school year (from 88% to 91%) — indicating that the intervention not only encouraged students to file earlier, but also motivated more students to complete the FAFSA altogether. Had all

Highlights

- ▶ Students leave more than \$2.9 billion dollars in free federal grants on the table each year simply because they do not apply for them
- ▶ At ASU, just 18% of continuing students submitted FAFSA before the priority deadline
- ▶ Applying early ensures students receive their maximum financial aid package
- ▶ Families receiving behavioral emails were 72% more likely to file by the priority deadline and 3% more likely to complete it altogether

students at ASU received behaviorally-informed emails, this 3% increase would represent 1,124 more students filing the FAFSA and \$26,919,800 more in financial aid distributed to students.

Our results demonstrate how effective a low-cost behaviorally-informed intervention, as simple as emails, can effectively increase FAFSA submissions and help individual students attain much-needed aid, potentially reducing their student debt in the long run.

Defining the Problem

Local and federal agencies are making a push to make college more affordable by providing more financial aid. However, the majority of this aid is contingent upon submitting the FAFSA. Though completing an application sounds like a simple task, research consistently shows that many students do not do it. For example, in 2007 approximately 42% of community college students eligible to receive Pell grant funding, money for the neediest students that does not need to be paid back, did not file the FAFSA. And each year students leave more than \$2.9 billion in free federal grants on the table simply because they do not apply for them.

Traditionally, education innovators have sought to tackle the challenge of increasing FAFSA submissions by offering additional financial incentives or personal coaching. Though some of these efforts have seen success, they are often expensive and not as easy to scale to a large population given the intensity of labor involved.

Behavioral science provides a new way to help us understand why people arrive at situations that aren't in their best interest. We partnered with ASU to find a behavioral solution to increase FAFSA submissions. In particular, we focused on increasing FAFSA submissions among continuing college students before ASU's priority filing deadline, which ensures students get their maximum award package.

Highlights

- ▶ Traditional programs to increase FAFSA filing are costly
- ▶ In 2007, 42% of students eligible for Pell grant funding did not file the FAFSA required to receive the aid

Diagnosis

To understand the context in which students fill out the FAFSA, we completed a review of the existing literature on FAFSA submissions, had conversations with key stakeholders in the financial aid office at ASU, and conducted a survey of ASU students who had successfully submitted the FAFSA in the past. Through this investigation we diagnosed several behavioral bottlenecks. Some students simply forgot to file by the priority deadline. Others had inaccurate perceptions of which students receive financial aid and did not think they qualified for aid. Yet, even when students did start early enough, they were deterred by a number of difficult steps —gathering financial materials from their families, sorting through an overwhelming list of financial programs and sources of income (e.g., child support, IRA deductions, Supplemental Security Income) that may not apply to them, and planning how coordinate this information gathering with their school and work schedules.

Highlights

- ▶ Some students forget to apply
- ▶ Others do not think they qualify for aid
- ▶ Many are deterred by complexity and necessity of gathering financial materials and information needed to apply for the FAFSA

Intervention Design and Training

Using the insights from our diagnosis, we created a series of eight weekly emails to encourage continuing students to apply before the priority filing deadline. The emails tackled the problem from several angles:

- Making the priority filing deadline salient
- Correcting inaccurate perceptions about which students receive financial aid
- Nudging students to communicate with their parents early on about what information they would need to collect (e.g., “Talk with your parents about: when they plan on filing their taxes...”)
- Providing behaviorally-informed charts and graphs to make it easier for students to understand what information to gather
- Encouraging students to set aside a small amount of time each week to gather one or two pieces of information so that they would have all necessary information by the week of the priority filing deadline
- Incorporating general behavioral science best practices more generally, including communicating social norms about the number of students using financial aid to pay for college and employing “loss aversion” framing

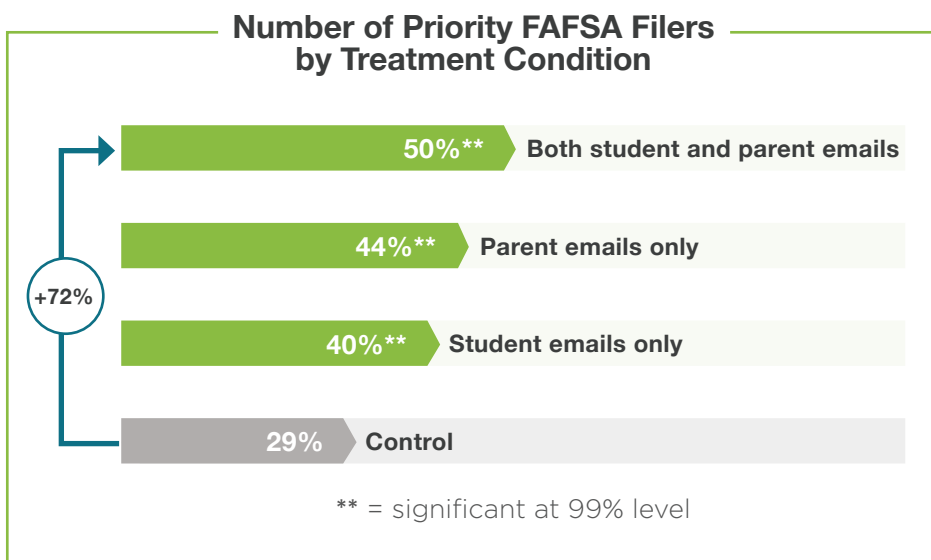
Highlights

- Emails were tested through a RCT with 63,000 students and 22,000 parents
- Results from recipients receiving emails showed dramatic increase in FAFSA submissions ahead of priority deadline

We tested these emails through a RCT among 63,000 continuing students. Students were randomly assigned to receive one of three different versions of the ideas42 emails (treatment groups) or the standard ASU single email encouraging them to file the FAFSA before the priority filing deadline (control group). The three versions of ideas42 treatment emails varied both length of content and the email sender. This included: (1) standard behavioral emails sent from the financial aid director, (2) “short” behavioral emails sent from the financial aid director,

or (3) standard-length behavioral emails with a casual tone sent from a student worker in the financial aid office. We found no statistical difference between these versions in our analysis, so we report statistics by combining them into a single behavioral condition.

We also created two emails for parents of continuing students. These emails leveraged several of the design elements listed above but from a parent perspective (e.g., “Talk with your student



about: when you plan on filing your taxes... Get started now. Shoot them a text or email with the answers to these questions”).

We tested these parent emails on the subset of 22,000 students with parent email addresses on file, adding another treatment condition. Parents were randomly assigned to either receive our behaviorally-informed emails (treatment) or no email, which is current standard practice at ASU (control).

Results showed a dramatic increase in FAFSA submissions ahead of the priority filing deadline. Among the subset of the sample in which both students and parents received emails, the FAFSA submission rate increased by 72% (from 29% to 50%).¹ Filing earlier was successful at directing more grants and scholarships to students in the behaviorally-informed email conditions. Compared to the standard email conditions, those receiving behaviorally-informed student emails received \$539 more in grants or scholarships on average, families receiving behaviorally-informed parent emails received an average of \$643 more, and those receiving both student and parent emails got \$236 more. By contrast, there were no differences in the average amount of loans students received across conditions.

After the priority filing deadline we sought to increase the overall number of FAFSA submissions. We continued to send behaviorally-informed reminders to the treatment group throughout the spring and summer (April — July). The control group continued to receive standard ASU communications biweekly. Examining the whole study period (January — July) our intervention increased applications overall.

At the start of the new school year we examined FAFSA completion rates among continuing students. Of those receiving behaviorally-informed student and parent emails, 91% had submitted a FAFSA—compared to 88% among those who got the standard communications.² Had all students at ASU received behaviorally-informed emails, this 3% increase would represent 1,124 more students filing the FAFSA and \$27 million more in financial aid distributed to students.

Lessons for the Future

This project highlights a number of barriers to FAFSA submissions and offers a low-cost scalable solution. Using behavioral science and our proprietary diagnosis and design process, we created an email-based communication strategy that increased financial aid application rates up to 72% for the priority filing deadline. Moreover, this intervention is essentially free — the cost of sending a batch of emails — and can be used at colleges around the country. We estimate that at the scale of the entire continuing student body at ASU, sending these emails would cost less than \$0.15 for each additional student who files before the priority deadline. When used at scale, this intervention is an opportunity to help college students attain tens of millions of dollars in aid and to reduce financial barriers to entering and persisting in the higher education system.

This work also contributes to a growing body of findings that demonstrates the importance of communicating to parents of students of all ages. In this case, including just two parent emails significantly increased the likelihood of filing the FAFSA before the priority filing deadline. Going forward, schools should more carefully consider when and how to use communications to parents to help students access, persist in, and complete college.

Highlights

- ▶ Email interventions are essentially free and can be highly effective
- ▶ When used at scale, this intervention helps students obtain tens of millions of dollars in aid
- ▶ These findings point to potential opportunities to further engage parents in assisting students in their college journey

Overall, this work adds to mounting evidence that behavioral science can tackle diverse challenges in higher education. It demonstrates the unique value of understanding the psychological and contextual factors that influence students' decisions and actions. And, as with many behavioral insights, it provides a solution that is highly cost-effective and easy to scale.

Notes

¹ This increase of 21 percentage points in priority FAFSA submissions is statistically significant ($p < 0.00$)

² This increase of 3 percentage points in overall FAFSA submissions is statistically significant ($p < 0.00$)