

Press Release

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New Study Shows Simplifying Financial Aid Process Improves College Access for Low-Income Students

More low-income students would make it to college if changes were made to streamline the complicated financial aid process, according to a groundbreaking study released today by researchers at the Harvard Graduate School of Education, Stanford University School of Education, the University of Toronto, and the National Bureau of Economic Research.

The new study, conducted by Stanford University Associate Professor Eric Bettinger, Harvard Graduate School of Education Professor Bridget Terry Long, and University of Toronto Associate Professor Philip Oreopoulos, tracked nearly 17,000 low-income individuals and determined that cumbersome financial aid forms and lack of information about higher education costs and financial aid prevented access to higher education.

At H&R Block offices during the 2008 tax season, the researchers invited individuals aged 17 to 30, who earned less than \$45,000 annually in Ohio and North Carolina, to participate and randomly assigned them to one of three groups. For one group of participants, employees helped fill out the 102-question Free Application for Federal Student Aid (FAFSA) that serves as the critical application and gatekeeper for federal aid, as well as most state and institutional aid.

In order to streamline the process, the researchers pre-populated the application with already-collected tax information and then helped participants answer remaining questions. This significantly reduced the FAFSA form completion time from 13 hours to less than 10 minutes. Participants were also given personalized information about their financial aid options. Following the application process, the researchers tracked the progress of participants who were given aid information alongside those participants who did not receive help to determine whether streamlining the application process and providing information increased college enrollment.

“Making college aid applications almost effortless to complete had an extremely powerful impact on the number of low-income students who made it to college,” said Oreopoulos. “For high school seniors, just helping their parents fill out the financial aid form and apply increased college enrollment rates by 30 percent.”

Other program outcomes included:

- The program increased college enrollment by 20 percent for young adults already out of high school with particularly large results for those with annual incomes less than \$22,000.

- The program increased the percentage who received a federal grant by 33 percent for high school seniors with positive effects also for older adults.
- The program increased FAFSA submissions by 39 percent for seniors in high school; 186 percent for independent students who had never been to college; and 58 percent for independent students who had previously attended college.
- The program also resulted in FAFSA applications being filed significantly earlier than those in the control group: over one month earlier for high school students and almost three months earlier for independent students. This allowed students to maximize their state and institutional financial aid awards in addition to federal aid.

On the other hand, the researchers said that participants who were only given information about aid (without help with the FAFSA) did not have higher aid application submission rates than those who did not receive any help.

“This suggests that simply informing individuals about their aid eligibility does not appear to improve college access,” said Bettinger, “The real barrier is the complexity in actually filling out the form and finding the time to complete it. We were able to provide individuals with accurate aid information and submit the form for them, which greatly increased their chances of accessing higher education.”

Long said the study proves there are simple, efficient ways to streamline the FAFSA process that can increase its visibility and prevent the misinformation, missed deadlines, and complexity that block some students from going to college.

“In most cases, two-thirds of the FAFSA form can be completed using tax information, so in less than 10 minutes, we were able to address a major educational problem and had a substantial impact on aid applications and college enrollment,” Long said. “The next step is to think beyond one company to how we can implement these lessons on a larger scale, perhaps in schools or with community organizations, and ideally by changing the aid application process at the federal level.”

This research has informed deliberations of the U.S. Department of Education and the White House regarding simplifying the financial aid process. Just this summer, U.S. Secretary of Education Arne Duncan announced plans to streamline FAFSA and explore ways to transfer information directly from the Internal Revenue Service to an online financial aid application. The researchers note that such a change should substantially reduce the time necessary to complete the FAFSA form and improve the accuracy of the information submitted. Additional outreach and assistance, such as that provided to study participants, would also greatly improve the current system of financial aid.

The project was funded with support from the Bill & Melinda Gates Foundation, the National Science Foundation, the Spencer Foundation, the Kaufman Foundation, and the Institute of Education Sciences.

For more information on the program and research results, please see “The Role of Simplification and Information in College Decisions: Results from the H&R Block FAFSA Experiment,” National Bureau of Economic Research Working Paper at <http://www.nber.org>.