

A Project to Improve Access to College Information and Aid

THE FAFSA H&R BLOCK EXPERIMENT

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The Important Role of Information in College Access

The Spellings Commission (2006) concluded that some students “don’t enter college because of inadequate information and rising costs, combined with a confusing financial aid system.”

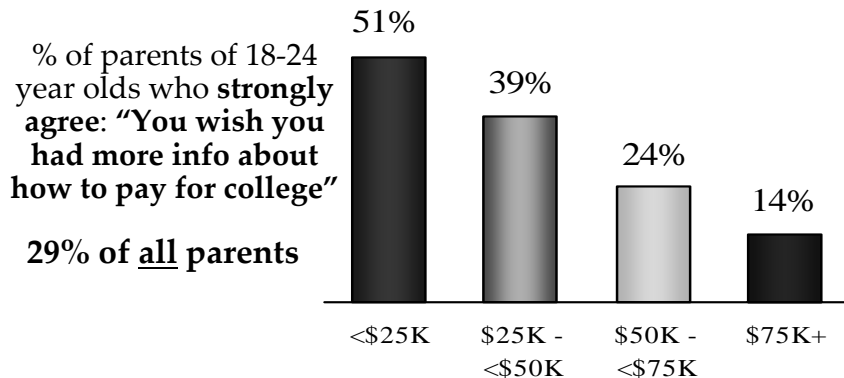
“Our recommendations call for consolidating programs, streamlining processes, and replacing the FAFSA with a much shorter and simpler application.”

Perhaps due to the lack of information, 850,000 students who would have been eligible for federal aid in 2000 did not complete the necessary forms (ACE 2004)

Many more who would have been eligible may not have elected to attend college at all

The Need for Information

Low-income & minority parents feel strongly that they need for more info about how to pay for college



Source: Sallie Mae Fund (2003) "National Consumer Study of Parent and Student Financial Aid Awareness."

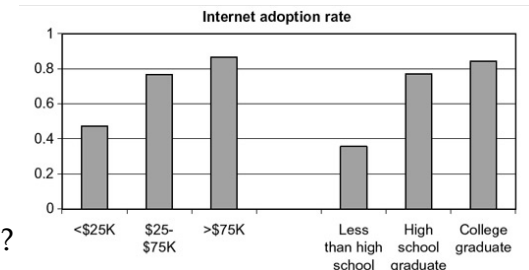
Current Efforts to Improve Information and Simplify FAFSA

FAFSA EZ Form

- If family earns <\$50,000/yr and not required to file 1040 long form or receives certain federal benefits
- To see if qualify to use, must answer the kinds of difficult questions that make the regular FAFSA form challenging

FAFSA 4Caster

- Still requires a great deal of information
- Internet access (particularly DSL or Broadband) among low-income families?



Source: Prince and Goldfarb (2008)

Even with Current Initiatives, there are Major Concerns about the Financial Aid System

(1) Misinformation among families

- Individuals, particularly low-income students, often greatly overestimate the cost of higher education (Horn, Chen, and Chapman 2003)

(2) Low Visibility of the FAFSA

(3) Late Information

- Most do not learn about their eligibility for aid until a few months before attending college
- FAFSA 4caster gives an early estimate, but many low-income families do not have internet access at home

Concerns about the Current Financial Aid System

(4) FAFSA Complexity and Time

- "The FAFSA, at **five pages and 128 questions**, is lengthier than Form 1040EZ and Form 1040A. It is comparable to Form 1040."
- "The IRS estimates it takes **16 hours** to complete a 1040. The 1040A and 1040EZ are estimated to require **13 and eight hours**, respectively."

Source: Dynarski and Scott-Clayton (2006)

(5) Missed Deadlines

- ACE (2004) found that more than half of 1999-2000 filers missed the April 1st deadline to be eligible for additional state and institutional aid

A Solution: *Help families complete the FAFSA and give them Early Information*

The H&R Block Experiment:

- Use a service that specializes in the information needed for FAFSA and has tax professionals with expertise in complicated income information
- Serves many low- to moderate-income families
- Ability to process forms to meet deadlines in a timely fashion
- Scalable – could replicate in many communities
- Funding from the Gates Foundation, NSF, IES (through NCPR), Kauffman Foundation, and Spencer Foundation (with significant support from HRB)

Who is Eligible for the Program?

- Income less than \$45,000 (Pell eligible)
- Family member between ages of 15 and 30 who does not already have a college degree
- Group #1: High school graduates (dependent and independent students)
 - Fill out and submit the FAFSA (with consent)
- Group #2: High school students (soph./juniors)
 - Give them an early estimate of eligibility while they have time to prepare academically

The FAFSA Project Intervention: Overall Process

- Families complete their tax returns as normal
- For families in the FAFSA treatment group:
 - Tax Professional transfers the relevant tax information *already* collected into the appropriate FAFSA cells (over 2/3rds of form)
 - Protocol used to collect the remaining info
 - Calculate an individualized estimate of federal and state aid eligibility and info on local options
 - *If College Aid:* With consent, submit FAFSA
 - *If in High School:* Just give early estimate of eligibility

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Does Simplification and Early Information help families?

Research Questions

- Do they complete and submit the FAFSA?
- Do they attend college? Do they receive aid?
- Do students who receive early information prepare better for college?

Tracking Students Overtime

- Data: Administrative data from all Ohio public colleges and university from OBR
- National Student Clearinghouse data
- FAFSA Submission and Aid Data from DOE

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Implementation: Reactions from the Field

2007 (Pilot): 3,206 individuals in Cleveland

2008: 26,013 in Ohio and North Carolina

"The FAFSA program is simple, uncomplicated, and unobtrusive to the clients, but it offers an incredible benefit..." (HRB Tax Professional)

"A few of my students have brought in the aid estimates from H&R Block. These aid estimates had made the students want to come and learn more about their college options." (Local HS Guidance Counselor)

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Implementation Tax Season 2008 Sample Statistics

- The average income of participants was \$16,295.
- The average current balance of cash, savings, and checking accounts was \$76
- Many received some sort of public assistance, e.g., Federal Food Stamps, TANF or welfare benefits, Free or Reduced Price School Lunch, and WIC
- Nearly 30 percent of the sample is African-American.
- Most have at least one child
- Many have a GED rather than a regular high school degree

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Future Plans

- Research Goal: Measure the impact of simplification and information on outcomes
- For 2008 participants:
 - *Winter 2009*: Receive basic enrollment and financial aid receipt data (based on fall08)
 - *Spring 2009*: College transcript data
- Tax Season 2009 (currently taking place)
 - Additional 10,000 participants
 - New Treatment: For a subsample, provide follow-up emails and letters with additional information on how to enroll in college

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Addressing Current Concerns with the Aid System

The Problems

- *Complexity/Time*
- *Misinformation*
- *Low Visibility*
- *Late Information*
- *Missed Deadlines*

The HRB Intervention

- Reaching out to families in their communities
- Building on another, highly-accurate process
- Process complete by 4/15 (more during February)
- Not asking questions twice (already verified during tax process)
- Avg Interview Time: 8 min₁₄

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