

Behavioral Insights for Federal Higher Education Policy

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Postsecondary education remains the surest path to economic prosperity and social mobility for most Americans. A college education benefits not only the person who receives a degree, but society more broadly, in the form of increased tax revenue, improved health and well-being, and decreased expenditures on social programs. Yet every year, hundreds of thousands of students who have been accepted to college and, as of the end of high school, expect to complete a degree, fail to matriculate (Castleman and Page 2014). Even among students who have accumulated most of the college credits they need to graduate, 25 to 30 percent withdraw before they complete their program of study (Mabel and Britton 2016).

Although a lack of academic readiness and concerns about college affordability contribute to these problems, many talented, hardworking students fail to enroll or persist in college because they falter in the face of complex decisions and behavioral bottlenecks on the road to and through college. Researchers and policymakers have recognized for over a decade that the complexity of the Free Application for Federal Student Aid (FAFSA) prevents hundreds of thousands of college-ready students from attending college or from continuing in college because they are not accessing the federal aid for which they are eligible (Bettinger et al. 2012; Bird and Castleman 2016; Dynarski and Scott-Clayton 2006). Over the past few years, behavioral science research has illustrated that the FAFSA is only one in a long series of complex decisions and complicated applications students encounter for applying to or succeeding in college. Other challenging decisions range from choosing which of the thousands of colleges in the country to apply to, to navigating complicated prematriculation tasks in the months after high school graduation, to figuring out which of the hundreds of courses colleges typically offer count toward a given program of study (Castleman 2015; Castleman and Page 2014; Hoxby and Turner 2013; Scott-Clayton 2011).

Encouragingly, the past few years have also witnessed the development of several evidence-based strategies to support students navigating these complex decisions and critical junctions. Many of these innovations are low cost and highly scalable, yet can generate substantial improvements in college access and success. Given the importance of increasing postsecondary educational attainment for both individual prosperity and the economic well-being of our nation, the federal government should expand application of these strategies through various federal agencies—the US Departments of Education, Housing and Urban Development, and Defense, among others—that interact with students and their families.

Approaches the federal government should adopt fall into several broad categories:

- Simplifying complex decisions so they are easier for students to navigate
- Providing students reminders and prompts to complete important processes
- Reducing or eliminating hassles that prevent students from completing important tasks
- Minimizing barriers to students accessing professional assistance with complex tasks
- Addressing psychological barriers that students encounter during critical postsecondary transitions

In this memo, I provide concrete examples of how each approach has and could be applied to improve students' postsecondary outcomes.

Simplifying Complex Decisions So They Are Easier for Students to Navigate

FAFSA Simplification

The most logical and probably impactful approach to helping students navigate complicated decisions is to reduce or eliminate complexity in the first place. Over the past several years, the Department of Education and its Federal Student Aid office have taken several important steps to make it easier for students to complete the FAFSA. One significant simplification strategy in 2016 was to move the FAFSA application from the spring to the fall of senior year and to allow families to use tax returns they had filed for the previous calendar year. This saved families from having to rush to file taxes before seniors could apply for financial aid and provided students information about their federal aid eligibility before they finalized where they would apply to college.

Another important approach to simplification was the development, in partnership with the Internal Revenue Service, of the Data Retrieval Tool, which allowed FAFSA applicants to pre-populate portions of the FAFSA with information they had already provided on their income tax returns, substantially reducing the amount of information they had to enter on the FAFSA and the time required to input this information. Unfortunately, in March 2017, the federal government went in the opposite direction of financial aid simplification, indefinitely disabling the FAFSA's Data Retrieval Tool. This abrupt change—just as priority aid application deadlines were approaching in several large states—could deter academically accomplished and college-ready students from pursuing higher education.

The federal government should take further steps toward simplifying the financial aid application process.

Guided Course Pathways

At the broad-access institutions attended by most students in higher education, academic advising resources are often limited, with some institutions having one adviser assigned to serve over a thousand students (Scott-Clayton 2011). This leaves students on their own to navigate an intricate array of program requirements, course prerequisites, and enrollment caps in choosing which classes to take in a

given semester. Not surprisingly, students who have accumulated substantial credits toward their college degrees identify confusion about which courses to take to finish their programs of study as one of the primary barriers to degree completion (Bettinger, forthcoming). This confusion can lead students either to withdraw prematurely or to take excess credits that do not count toward their diplomas (Complete College America, n.d.).

One approach institutions are pursuing to reduce the complexity of course selection is to provide students more structured and guided course pathways to pursue. Institutions such as Georgia State University and Florida State University provide new students degree maps that outline courses they should take each term to complete their programs of study (Complete College America, n.d.). Other institutions, such as the City University of New York Accelerated Study in Associate Program (CUNY ASAP), have created even more structured programs that provide students with a combination of course mapping, intensive advising, and financial support. Students randomly assigned to participate in CUNY ASAP were almost twice as likely to complete an associate degree within three years as students who did not receive this structured guidance and support (Scrivener et al. 2015). The National Center for Education Evaluation at the Department of Education could sponsor a demonstration study to evaluate the impact of guided pathways, and pending results, the federal government could create an incentive program to encourage broader adoption of this strategy.

Reverse Transfer

An issue related to the complexity of course selection is that students are sometimes unaware that the credits they have completed suffice for them to earn a degree or certificate. Several large higher education systems, including the City University of New York and the state higher education systems in North Carolina and Texas, have adopted reverse transfer policies that enable students who transfer from a community college to a four-year university to combine credits earned at both institutions to earn an associate degrees while they are pursuing their bachelor's degrees. Given the earnings premium associated with an associate degree relative to some college without a degree, this policy could improve students' employment prospects independent of whether they finish their bachelor's degrees. The federal government could similarly pursue incentive programs to encourage broader state adoption of reverse transfer policies.

Providing Students Reminders and Prompts to Complete Important Processes

A growing body of research demonstrates that providing students personalized information about postsecondary opportunities, resources, and important deadlines can lead to substantial improvements in college enrollment and persistence, at a cost of only several dollars per student. The federal government could build on this evidence to provide this type of information on a large scale.

College Match

As many as half of high-achieving, low-income students do not apply to or attend selective institutions where they would be substantially more likely to graduate and realize higher earnings premia (Bowen,

Chingos, and McPherson 2009; Hoxby and Avery 2013). Economists Caroline Hoxby and Sarah Turner demonstrated that sending students semi-customized information about high-quality colleges and universities where they were likely to be admitted and from which they would receive substantial financial aid led to higher rates of attendance at these institutions (Hoxby and Turner 2013).

Financial Aid

Even with the financial aid simplification efforts described above, hundreds of thousands of students across the country who would be eligible for financial aid still fail to complete the FAFSA each year. Researchers have shown that sending students text message reminders with information about how much they are likely to receive in financial aid, encouragement to complete the FAFSA before priority aid deadlines, and offers of one-on-one assistance with the FAFSA can lead to substantially higher rates of both FAFSA filing and college attendance, both for high school seniors and for students who are already in college but need to renew their financial aid (Castleman and Page 2016; ideas42 2016; Page, Castleman, and Meyer 2016). Interestingly, students appear most responsive not to nudges about how much they are likely to receive in financial aid, but rather planning prompts about when and how to complete the FAFSA. In a national financial aid nudge experiment with the Common Application (a single application accepted by more than 700 colleges), researchers found that first-generation college students who received these planning prompts were approximately 2 percentage points more likely to enroll in college in the fall than control group students, whereas students who received messages emphasizing the financial benefits of FAFSA enrolled in college at the same rate as control students (Bird et al. 2017).

Summer Melt

Approximately 20 to 30 percent of high school graduates who have been accepted to college and who plan to enroll as of the end of high school fail to matriculate anywhere in the year after high school because of unforeseen and complicated financial and procedural tasks that arise in the summer months. These range from finalizing financial aid and evaluating supplementary loan opportunities to completing academic placement tests and registering for orientation. What exacerbates the complexity of these tasks is that they arise during a period when students usually do not have access to professional advising. Their high school counselors typically do not work over the summer, and they have yet to engage with supports available at their intended colleges or universities. Reaching out to students during the summer months and providing personalized guidance about tasks they need to complete to enroll—whether through counselor or peer mentor outreach or automated text messaging—can generate sizable improvements in the share of students who enroll on time in college (Castleman and Page 2015, 2017; Castleman, Page, and Schooley 2014).

Reminders for Students Once They Have Matriculated in College

Getting students over the threshold into college does not mean they are free from ongoing complex decisions that could derail them from persisting or earning their degrees. The same reminders and access to individualized assistance can help first-year community college students renew financial aid and persist through their second year of college, for instance (Castleman and Page 2016; ideas42 2016).

An ongoing federally funded project is investigating the impact of nudges that encourage students who have completed substantial credits but are at risk of withdrawal to access customized academic and financial aid resources to support their degree completion (Bettinger, forthcoming). A more intractable challenge, but one meriting further effort and creative design, is to figure out how to reach students who earned substantial credits but have since left higher education, to provide them personalized information and encouragement about how they can complete a degree or credential.

Reducing or Eliminating Small Costs That Prevent Students from Completing Important Tasks

Other barriers relate to how students respond to near-term costs associated with important steps in the college application and choice process. One study found that when high-achieving students are assigned to take a college entrance exam at a location closer to home, they are more likely to take the exam and are more likely to attend and complete college (Bulman 2015). Similarly, when students who have taken a college entrance exam can send their test scores to an additional college without incurring a fee, they apply to a wider range of colleges, and low-income students attend more selective institutions (Pallais 2015).

Unanticipated fees may also contribute to summer melt. For instance, students may find out over the summer that they have to pay a fee to attend orientation or to submit a housing application. Especially if these expenses come with little advance notice, students may struggle to pay them on time. Delaying orientation or housing applications can have cascading negative effects on students, leading, for instance, to students not being able to register for preferred courses or not being able to live on campus (Castleman and Page 2014). The federal government could set policies encouraging institutions to allow students to place these charges on their fall tuition bills, which would enable students to use financial aid to cover the expenses.

Minimizing Barriers to Students Accessing Professional Assistance with Complex Tasks

Given how complex many postsecondary educational decisions are, individualized college and financial aid advising can generate large and lasting impacts on students' college trajectories (Avery 2013; Barr and Castleman 2016; Carrell and Sacerdote 2013; Castleman and Goodman, forthcoming). Yet many schools and communities cannot support intensive advising programs, or the volume of students who would benefit from advising services far outstrips what organizations can supply. Federal resources could mitigate these problems.

One approach to overcoming these constraints is to integrate college or financial aid advising into other processes in which students and their families are already participating. For instance, researchers worked with H&R Block to embed FAFSA completion assistance into income tax preparation. After families had provided the income information to do their taxes, the tax professionals could pre-populate most of the FAFSA for their children, and with 8 to 10 minutes of additional questions, complete and

submit the FAFSA on behalf of families. This brief intervention increased the share of students receiving financial aid and completing at least two years of college nearly 30 percent.

Another approach to overcoming the constraints many traditional advising organizations face is to leverage modern, interactive technologies to connect advisers to students. CollegePoint is a Bloomberg Philanthropies-funded initiative providing ongoing, remote advising to high achieving, low- and moderate-income students. Even if students do not have access to high-quality college advising in their high schools or communities, CollegePoint leverages interactive technologies such as text messaging, video chat, and screen sharing to form meaningful relationships and provide guidance to students around college and financial aid, whether the adviser is in the same state or thousands of miles away.

Inside Track is another organization that provides remote coaching, focusing on increasing persistence and graduation rates for students already in college. Inside Track's original model was phone-based coaching, and evidence from a randomized trial demonstrates that remote coaching for first-year students can lead to higher rates of graduation several years down the line (Bettinger and Baker 2014). Like CollegePoint, Inside Track is now focused on expanding the technologies it uses to coach students to stay at the frontier of how students communicate with each other. Again, the federal government could bring these efforts to scale.

How the Federal Government Could Adopt These Strategies

The federal government has several opportunities to apply behavioral insights to ease the path to college for future students and to remove barriers to success for current students, improving how federal policies and programs function for the American people:

- **Further simplify the FAFSA.** The federal government should restore the Data Retrieval Tool to reduce hassles students experience when they apply for financial aid. The administration could support bipartisan legislation proposed by Senators Alexander and Bennet to further simplify the FAFSA and directly integrate it within the income tax return process.¹
- **Make reapplying for financial aid easier.** Students who qualify for federal student aid one year must complete the FAFSA again the following year to maintain their eligibility. Some data from the previous year can be transferred to the renewal FAFSA, but especially with the recent federal policy change allowing families to use earlier tax returns when completing the FAFSA, the Internal Revenue Service and Federal Student Aid office should be able to identify families whose income levels have remained constant (or declined) from one year to the next and autorenew those families' financial aid. Simplifying this process could reduce the number of continuing students who fail to complete the financial aid application process and increase college success rates.
- **Eliminate the requirement for annual income verification in income-driven loan repayment.** This requirement creates barriers parallel to those in the annual FAFSA application process. The Department of Education should allow student loan borrowers to automatically continue in

income-driven repayment plans unless they choose otherwise. In other words, the default option should be continuing the plan that makes monthly loan payments affordable for borrowers. As in the case of the FAFSA, the Internal Revenue Service already has the information required to verify borrower income. This change would likely reduce loan defaults.

- **Leverage existing digital touch points with students.** Through the FAFSA and the student loan portal, the federal government has contact information and the ability to communicate with millions of students every year. The Federal Student Aid office has pursued several outreach campaigns around financial aid and loan repayment and has a robust social media presence. The office could build on this foundation by leveraging additional forms of communication—text messaging and targeted social media advertising—to reach students, whether about loan origination, repayment, or FAFSA renewal. The office could also make more salient and visible the live chat and phone hotline support it provides students around the FAFSA and student loans. One potential idea would be to pursue public-private partnerships with organizations like GetSchooled, which have collaborated with California to staff a statewide FAFSA support textline.
- **Harness other federal agencies’ connections to students and families.** Other federal agencies have direct engagement with students and families. Examples include the Department of Housing and Urban Development through the public housing programs it operates and the Departments of Defense and Veterans Affairs through their contacts with service members, veterans, and their families. Meeting students and families where they are—in school, at public housing locations, on military bases—is a promising way to extend personalized information and support to a broader swath of the American population.

Conclusion

Informational and behavioral obstacles in postsecondary education can prevent academically prepared students from persisting in college and earning their degrees. Behaviorally informed policies and interventions offer the federal government low-cost strategies to increase the number of Americans earning college degrees and credentials.

Note

1. Susan Dynarski, “FAFSA Follies: To Gain a Student, Eliminate a Form,” *New York Times*, August 21, 2015, https://www.nytimes.com/2015/08/23/upshot/fafsa-follies-to-gain-a-student-eliminate-a-form.html?_r=0.

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