The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment

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Location: Ohio and North Carolina, United States

Sample: 26,162 individuals in 156 tax preparation offices

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The complexity and inconvenience of the Free Application for Federal Student Aid (FAFSA) may prevent many low-income students from applying for financial aid. Researchers evaluated the effect of providing assistance in completing the application and personalized information regarding financial aid eligibility to low-income individuals receiving tax preparation help. At little additional cost, the intervention increased FAFSA submissions and ultimately college enrollment, college persistence, and financial aid receipt.

Policy issue

The complexity and inconvenience of the federal financial aid application in the United States may deter many students from applying for the financial support they need to attend college, contributing to the enrollment gap between high- and low-income individuals. The federal application, known as the Free Application for Federal Student Aid (FAFSA), contains more than 100 detailed questions on topics including earnings, savings, government benefits, parental education attainment, and drug convictions. Students who are financially dependent on their parents must also provide detailed information on their parents' finances. Before filing, students are warned that intentionally false or misleading information may result in fines or prison.

Research in other contexts suggests that low-cost encouragement or assistance can help increase take-up for social and employee benefit programs. This evaluation tested whether a similar approach could increase the number of applicants filing the FAFSA, ultimately helping more students get a college education.

Context of the evaluation

H&R Block implemented the intervention as an add-on to existing tax preparation services in 156 offices in Ohio and in Charlotte, North Carolina. Clients completing their taxes at one of these offices and meeting certain criteria (family incomes of less than

$45,000 and at least one family member between the ages of 15 and 30 who did not already have a bachelor's degree) were eligible to participate. The study included both high school seniors and recent graduates, who are typically financially dependent on their parents ("dependents"), and self-supporting adults ("independents"). Some independents had never previously attended college and some had prior college experience.



A stack of forms for the Free Application for Federal Student Aid, a student grant program in the United States.

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Details of the intervention

Researchers conducted a randomized evaluation to test the impact of financial aid application assistance and information on FAFSA submission, college enrollment, college persistence, and financial aid receipt for low-income individuals. Participants were randomly assigned to one of three groups:

- *FAFSA assistance and information group:* H&R Block tax professionals used customized software that transferred information from participants' tax returns into the FAFSA form, and then walked participants through the remaining questions needed to complete the form. This process took about eight minutes. Participants could choose to have H&R Block file the FAFSA electronically with the Department of Education or send the completed form by mail for them to submit themselves. If the tax professional was unable to collect all of the information needed to complete the FAFSA, an external call center followed up to collect answers to the remaining questions. Participants also received a printout with the amount of federal and state financial aid the participant was eligible to receive based on their FAFSA, along with the tuition prices of four nearby public four- and two-year colleges.

- *Information only group:* Participants received a printout with a personalized financial aid amount based on information in their tax returns and a list of the tuition prices of nearby colleges. Participants were encouraged to complete the FAFSA on their own but were not offered any assistance.
- *Control group:* Participants received a brochure about the importance of going to college, with general information on costs and financial aid, but they were not offered individualized assistance or information.

Researchers used administrative data from the Department of Education, the Ohio Board of Regents and the National Student Clearinghouse to track the submission of FAFSAs, financial aid receipt, and college enrollment.

Results and policy lessons

Providing FAFSA assistance and information increased FAFSA submission, college enrollment, financial aid receipt, and college persistence among study participants. Providing information on financial aid without any filing assistance had no measurable impact.

FAFSA submission: Dependent participants who received FAFSA assistance and information were 15.7 percentage points more likely to submit a FAFSA than their counterparts in the control group (39.9 percent of whom submitted the FAFSA). Providing FAFSA assistance and information increased FAFSA filing by 26.7 percentage points (from a control group mean of 16.1 percent) for independent participants without college experience and by 19.5 percentage points (from 32 percent) for independent participants with some college experience.

College enrollment: Providing FAFSA information and assistance increased college enrollment by 8.1 percentage points (from a control group mean of 34.2 percent) among dependent participants and by 1.5 percentage points (from 9.5 percent) among independent participants without college experience. Increases in public (rather than private) college enrollment and, for dependent students, increases in full-time enrollment, accounted for the bulk of the increase. College enrollment did not change for independents who had some college experience, but many of these participants were already enrolled in college or intended to complete an unfinished program.

Financial aid receipt: Dependent participants who received FAFSA information and assistance were 10.6 percentage points more likely to receive federal Pell Grants, a type of need-based financial aid, relative to a control group mean of 29.6 percent. They received, on average, $766 more in total federal grants, relative to a control group average of $2,360. For independent participants without college experience, FAFSA information and assistance increased the receipt of Pell Grants by 3 percentage points (from a control group average of 11.1 percent) and increased total federal grants by an average of $173 (from $815).

College persistence: Dependent participants receiving FAFSA information and assistance were 8 percentage points more likely to remain in college for at least two years, relative to 28 percent of the control group. Dependent participants were more likely to attend college within one year after the experiment but less likely to first enter college in the second year after the experiment, suggesting that the intervention may have accelerated college entrance for participants who would have otherwise delayed enrollment.

Cost effectiveness: The program, which leveraged H&R Block's existing tax preparation infrastructure, cost about $88 per participant to administer. This translated to a cost of $1,100 per dependent induced to enroll in college and $5,833 per independent induced to enroll in the first year following the experiment. Factoring in the cost of increased financial aid payments, this amounted to a total cost of about $8,750 over two years of college per dependent induced to attend college and about

$14,150 per independent. The researchers suggest that the cost would likely be lower in a more automated or non-research setting.

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