The Impact of Improved Communication on Cal-Grant Take-Up Rates in the United States

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Sector(s): Education, Finance

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Location: California, United States of America

Sample: 140,000 Pell Grant eligible students from 2,530 high schools

Target group: Students

Outcome of interest: Enrollment and attendance

Intervention type: Information Nudges and reminders

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Partner organization(s): California Policy Lab, California Student Aid Commission (CSAC)

Each year, over 150,000 California high school seniors receive letters notifying them that they qualify for Cal Grants—a need and merit based college scholarship program. Only two-thirds claim their awards. Researchers evaluated whether a simplified award letter can increase Cal Grant take-up and whether different framing and content can impact students' decision-making in their college selection process. Notification letters containing simplified and behaviorally informed language increased Cal Grant account registration but had no impact on eventual take-up of financial aid. Letters that included individualized net cost calculations as well as psychological nudges slightly increased enrollment at community colleges.

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A college education can be a powerful tool for economic mobility. A wide range of research[1], shows that college graduates achieve higher earnings, experience lower rates of unemployment, and are in better health.[2], Growing evidence also suggests that among those who go to college, students benefit from attending four-year rather than two-year colleges.[3] Despite these well-documented benefits, only about 60 percent of graduating high school seniors in California enroll in higher education directly after high school. Enrollment rates are even lower for students from low-income families, students whose parents did not go to college, and students from underrepresented minority groups. Moreover, many students choose to start at two-year community colleges even when they could be admitted to four-year California State University or University of California campuses, in many cases to save money.

The costs of higher education—both real and perceived—often play a critical role in students' decision-making. Need-based aid has been shown to have positive effects on college enrollment, completion rates, and long-term earnings. However, many

students who are eligible for need-based aid do not utilize these programs; one analysis found that more than 20 percent of California community college students who were eligible for a Pell Grant did not collect it, leaving almost $130 million in financial aid unclaimed in a single semester.[4] This may be due to a lack of familiarity with aid rules and availability, institutional obstacles to the issuance of aid, or psychological barriers that students may face when making high-stakes college decisions.

Previous research has shown that the complex college aid and application process is a barrier for many students, and that personalized application assistance and reminders can help them navigate it, . There is also evidence from other contexts that simplifying forms and sending reminder notifications to eligible households increases the take-up of benefits.[5] This evaluation will test a set of lower-touch interventions that can be applied cheaply at a large scale, in the form of modified communications to Cal Grant-eligible students. Of particular interest is whether these communications lead to higher rates of Cal Grant take-up and college matriculation, different college selections, and ultimately higher rates of college completion.

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The Cal Grant program provides $2 billion per year in college scholarships for low-income, high-achieving California students. Free Application for Federal Student Aid (FAFSA) submissions and high school grade point average reports are used to identify eligible high school seniors. For those who are eligible, the Cal Grant is a public benefit that covers the full fees and tuition costs of the California public institution in which the grant recipient enrolls, or partial tuition if the student enrolls in a private California institution.

The California Student Aid Commission (CSAC), which administers the Cal Grant, began mailing preliminary notification letters to eligible seniors in the fall of their senior year to encourage them to plan their college application and enrollment decisions with access to the Cal Grant award in mind. These letters, which are relatively dense and difficult to fully understand, included information on the size of the Cal Grant award, instructions on how to claim the award, and additional information on other potential sources of aid, such as Pell Grants. CSAC also sent a single email reminder the following spring. In the initial year of this evaluation, less than two-thirds of students who received these notices ultimately collected their Cal Grant funds.



Photo: Shutterstock.com

Students wearing graduation caps in the United States

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Researchers at the California Policy Lab (CPL) and The People Lab (TPL) partnered with CSAC to test whether modifications to the notification process can increase take-up from students who qualify for Cal Grants. The evaluation had two components, one implemented during the 2017-18 academic year (Year 1) and one implemented during the 2018-19 academic year (Year 2).

In 2017-2018 (Year 1), the following letters were used:

- **Baseline**: The baseline letter was used as a control and included basic information on the size of the Cal Grant award, instructions on how to claim the award, and some additional information on other potential sources of aid. This letter was the "business-as-usual" letter designed by CSAC.
- **Simplified**: The first modified letter contained simplified language and removed elements of the baseline letter designed to explicitly bolster the students' sense of belonging in college. (This simplified letter was used as a control in the 2018-19 school year.)
- **Simplified + Belonging**: The second modified letter contained simplified language and a sentence designed to create a sense of belonging for the student: "You have shown that you're the kind of person who belongs in college. We've been working hard to help you get there!"

In 2018-2019 (Year 2), the following letters were used:

- **Simplified**: This letter looked like the “Simplified” letter from Year 1 and was used as a control.
- **Simplified + Belonging**: This letter was identical to the equivalent letter from Year 1.
- **Simplified + Social Norm**: The third modified letter added a sentence to the “Simplified” letter noting that many other high school students have received Cal Grant awards.
- **Simplified + Belonging + Net Costs**: The fourth modified letter replaced standardized and generic information about the value of the Cal Grant with a table that included customized information about the estimated cost, estimated aid, and estimated net cost that the recipient student could expect to pay for the first year of attendance at up to ten California public colleges and universities, based on those listed on the student’s FAFSA.

Primary outcomes of interest included whether students created accounts in CSAC’s online portal, enrolled in college, and claimed their awards, and whether students enrolled in community colleges or four-year institutions. Researchers also assessed which type of college (community college versus four-year) students choose. Secondary outcomes of interest included graduation, persistence, and ongoing claiming of Cal Grant awards beyond the first year of enrollment.

Ethical Considerations: After measuring the effect of the simplified letter on initial engagement in Year 1, researchers removed the "Baseline” letter from the evaluation in Year 2 to uphold ethical principles in research. In their words, "once there was preliminary evidence that the 'Simplified' letter was more effective than the 'Baseline' letter, we no longer used the Baseline letter in subsequent experiments. A second ethical consideration is whether making costs more salient is in fact appropriate, even if it nudged students away from college options that some may find more optimal in the long run. We believe that principles of transparency are central to the use of nudges and providing students with more information so they can make informed decisions is ethically appropriate in this case."

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Notification letters that contained simplified and behaviorally informed language increased Cal Grant account registration but had no impact on eventual take-up of financial aid. Letters including individualized net cost estimates as well as psychological nudges slightly increased enrollment at community colleges.

During the 2017-18 school year, simplified letters and letters containing social belonging language improved account registration by 5.5 and 6.8 percentage points (an 8.9 percent and 11 percent change) respectively, compared to the baseline letter.

During the 2018-19 school year, when the new baseline letter was the simplified letter from the previous school year, the letter featuring personalized, net cost information had the only measurable impact, with a 3.0 percentage point increase in registration (a 4.6 percent change) compared to the simplified letter from the first year.

These net cost letters also altered where students decided to enroll, with a 1.6 percentage point increase (a 10.4 percent change) in the lowest net-cost option, and a 1.9 percentage point increase (12 percent change) in enrollment at community college, which was often the lowest-cost option. However, neither simplified language, behavioral language, nor individualized letters ultimately increased take-up rates of the Cal Grant, implying that though students may have passed the first hurdle for accessing financial support, other barriers are still present for low-income students.

Although Cal Grant take-up rates remained unchanged, there is evidence that both behavioral barriers and information constraints can play a role in receiving higher education. The fact that individualized net cost letters containing psychological nudges increased enrollment at community colleges indicates that when students are given clear and transparent information, they make adjustments in the decision-making process around which colleges to pursue.

From a policy standpoint, these results offer evidence of how simple, low-cost interventions can help students navigate the financial aid process and combat both administrative burdens and psychological barriers. Given that a combination of

psychological nudges and individualized cost information helps students decide which schools to enroll in, policymakers can adopt different strategies to target multiple 'pain points' in the college enrollment process, depending on their policy goals. For example, to combat barriers at each stage in the process, strategies could include direct assistance in filling out FAFSAs, earlier language changes around financial aid availability, or reducing the number of steps required to receive financial aid. Evaluating the right combination of information and nudges can help policymakers address various policy goals, such as increasing applications for scholarships like the Cal Grant, or increasing registration at particular schools, such as four-year institutions.

Use of Results: CSAC adopted the simplified letter as their base letter in 2018-19, based on preliminary results from this evaluation.

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