



H&R Block FAFSA Randomized Experiment¹

Streamlining the Federal College Financial Aid Application for Low and Moderate Income Families, and Providing Assistance in Form Completion, Increases Their College Enrollment by 26 Percent

Study Background and Purpose: To be eligible for federal financial aid for college, students must normally complete an eight-page detailed application (the Free Application For Federal Student Aid, or FAFSA), with over 100 questions and three additional worksheets with over 40 questions. This study was a large, well-conducted randomized controlled trial, conducted at H&R Block tax preparation offices in Ohio and North Carolina, that evaluated whether greatly streamlining the FAFSA process for low and moderate-income families, and providing them with assistance in form completion, would increase college enrollment.

Sample Population: Low and moderate income families (incomes less than \$45,000/year) that (i) contained at least one person between ages 17 and 30 without an undergraduate degree; (ii) filed their tax return in 2008 at one of 156 H&R Block tax preparation offices across most of Ohio and the Charlotte, North Carolina area; and (iii) expressed interest in learning more about college, and gave verbal consent to participate in the study.

Within this overall population, there were two main samples of interest:

- (i) **The “Dependent Sample”** – i.e., families with high school seniors and recent graduates that were dependent on their parents financially. This sample contained approximately 1,155 families who were randomly assigned. Their average family income was \$23,000.
- (ii) **The “Independent Sample”** – i.e., families with independent adults age 30 and younger. This sample contained approximately 20,588 families who were randomly assigned. Their average family income was \$17,000.

The Intervention: The samples were randomly assigned to one of three groups --

- (i) **A FAFSA treatment group** that received help from their H&R Block tax professional in completing the FAFSA through a streamlined process in which (a) the family’s tax return was used to pre-populate the FAFSA, and (b) the H&R Block tax professional conducted a brief (10 minute) interview with the family to answer the remaining questions. The tax professional then provided immediate estimates of the amount of aid the student was eligible for, and the net tuition cost of four nearby public colleges. If all FAFSA information was complete, the tax professional then offered to submit the FAFSA electronically to the Department of Education.
- (ii) **An information-only group**, for whom the tax professional provided financial aid eligibility estimates based on the family’s tax return, and information on the tuition cost of nearby colleges.
- (iii) **A control group**, for whom the tax professional provided only a brochure on the importance of higher education and general information on college cost and available aid.

Results: (All effects shown below are statistically significant at the 0.05 level.)

- **For the Dependent Sample**, FAFSA treatment group members –
 - Were 36% more likely to file a FAFSA than the control group (54.8% of the FAFSA treatment group filed a FAFSA, vs. 40.2% of the control group);

- Were 33% more likely to receive any Pell Grant -- the primary needs-based federal grant (39.6% vs. 29.8%);
 - Experienced an increase of 28% in the total scheduled amount of federal grants (\$1,738 vs. \$1,363); and
 - Were 26% more likely to attend college the following fall (33.7% vs. 26.8%).
- **For the Independent Sample**, FAFSA treatment group members were more likely than control group members to file a FAFSA and receive a Pell Grant. However, they were not significantly more likely to attend college the following fall, compared to the control group.

The information-only treatment had no significant effect on any of the outcome measures.

Discussion of study quality:

- This was a large, multi-site study that evaluated the FAFSA treatment as implemented at scale in 156 H&R Block tax preparation offices in two states, thus providing evidence that the treatment is effective under real-world conditions.
- FAFSA treatment and control group members in the follow-up samples were highly similar in their observable pre-program characteristics (e.g., demographics, educational expectations).
- The study measured outcomes for all families assigned to the FAFSA treatment group, regardless of whether they actually completed their interview with the tax professional (i.e., the study used an “intention-to-treat” analysis).
- All outcomes were measured using administrative data collected by independent organizations – namely, the Department of Education (for data on FAFSA filings and financial aid awarded), and the National Student Clearinghouse (for data on college attendance²).
- Study limitations:
 - (i) The study only measured outcomes through the fall of the school year following the intervention.
 - (ii) The study had moderate sample attrition: It was unable to obtain outcome data for 25% of the original sample (because some of the H&R block tax professionals mistakenly sent the study consent form home with the participants). However, there was no difference in attrition rates between the FAFSA treatment and control groups, suggesting that attrition was not influenced by group assignment and thus did not undermine the equivalence of the two groups.

Thoughts on what more is needed to build strong evidence: Longer-term follow-up, to determine if the sizable effects on college attendance persist into subsequent school years and/or lead to improved workforce outcomes. This is important because short-term effects are not always a reliable predictor of longer-term impacts on more final outcomes.

¹ Eric Bettinger, Bridget Terry Long, Philip Oreopoulos, and Lisa Sanbonmatsu, “The Role of Simplification and Information in College Decisions: Results from the H&R Block FAFSA Experiment,” NBES Working Paper No. 15,361, September 2009, <http://www.nber.org/papers/w15361>.

² The National Student Clearinghouse collects data for higher education institutions containing 92% of U.S. college students.