

Financial Aid Lessons from the Field

Today exists countless financial aid programs that aim to increase postsecondary readiness, access and/or completion. Education researchers and evaluators have made tremendous strides in identifying elements of successful financial aid programs in recent years. Below is a list of some of the top lessons we've learned from the field.

- 1. Design with the end in mind.** Good financial aid programs help students pay for college. Better programs promote college readiness, so students are successful once they get there. The best programs? They leverage money to increase academic preparation, college access and degree completion. Is your program designed to do all three?
- 2. Keep it simple.** Here's a test for your financial aid program – can you explain what it is and what's required to a middle schooler in a sentence or two? Research shows the complexity of a program's eligibility and delivery can impact the quality and size of the applicant pool.¹
- 3. Use money to get more money.** What's better than free money for college? Even more free money for college! Use your program eligibility requirements to give students a chance to get all the money they are eligible for by requiring students to complete the Free Application for Federal Student Aid (FAFSA) and state financial aid forms. Federal and state aid represents over half the amount of grant aid available to students.²
- 4. If you market it, they will come.** Low levels of awareness about financial aid is a major barrier for college access. If a program is not marketed properly, it's unlikely to be fully utilized, let alone successful. Is your program easy to find for students, parents, counselors and advisors? How are you pushing the information so students can know about it? Show students the money!³
- 5. Be intentional to achieve equity.** Research shows that racial/ethnic minority students are less likely to receive scholarships compared to their white peers. A nationally representative sample of college students looking at the distribution of private scholarships showed that white students represent 69% of private scholarships while representing only 62% of the college student population.⁴ One of the reasons for this is:
- 6. The truth about test scores.** High performance on college entrance exams such as the ACT and SAT is correlated with family household income. Because of this, the higher the test score requirement is set, the more restrictive the program will be for low-income, limited English speaking and minority college students.⁵
- 7. Time is the enemy of graduation.** So says the influential report from Complete College America released in 2011.⁶ Data on Florida students shows the uphill climb part-time students face. Less than 1 in 5 (19.5%) students attending 4-year public institutions part-time graduated within 6 years, significantly lower than the graduation rate of full-time students (79.3%).⁷ Financial aid programs should aim to help students take classes full-time, ideally 15 credits a semester to graduate on time. Many would prefer to attend full-time, but cannot, because of reasons like work and family obligations.

Financial Aid Lessons from the Field

8. **While there are no guarantees, more is generally better.** Research shows that grant aid supports student retention and graduation, but no amount of aid is a guarantee of success in college.⁸ Less than half of Pell grant recipients who attend public colleges and universities complete a degree or certificate in six years, despite over \$28 billion spent on the program in 2016. Grants and scholarships can help students meet their unmet financial needs to pay for college,⁹ but. . .
9. **Supports can make money go even farther.** The vast majority of students now use financial aid to pay for college, but wrap-around supports can help students with their non-financial needs. Examples of such supports can include adequate nutrition, transportation, housing and childcare as well as tax and legal services.¹⁰ Look to partner with colleges and universities that provide such supports before investing scholarship dollars.
10. **Make your program great – evaluate!** If you want to make sure your program has impact, make evaluating your outcomes a part of the process. Data sharing agreements with local postsecondary institutions and access to National Student Clearinghouse data can make tracking the outcomes of your students manageable. Data like this is needed to ensure your program meets its desired outcomes, or to make informed changes if the program is not working.

Sources

¹ Dynarski, Susan and Scott-Clayton, Judith. Financial Aid Policy: Lessons from Research. National Bureau of Economic Research. January 2013. Retrieved from <http://www.nber.org/papers/w18710>.

² O'Shaughnessey, Lynn. 7 Things You Need to Know About Private Scholarships. U.S. News Education, February 2011. Retrieved from <https://www.usnews.com/education/blogs/the-college-solution/2011/02/01/7-things-you-need-to-know-about-private-scholarships>.

³ Fishman, Rachel. 2015 College Decisions Survey Part III: Familiarity with Financial Aid. New America, August 2015. Retrieved from <https://www.newamerica.org/education-policy/edcentral/collegedecisions3/>

⁴ Kantrowitz, Mark. The Distribution of Grants and Scholarships by Race. September 2011. Retrieved from <http://www.finaid.org/scholarships/20110902racescholarships.pdf>.

⁵ Florida Legislature Office of Program Policy Analysis and Government Accountability (OPPAGA). Bright Futures Contributes to Improved College Preparation, Affordability and Enrollment. February 2003. Retrieved from <http://www.oppaga.state.fl.us/reports/pdf/0317rpt.pdf>.

⁶ Complete College America. Time is the Enemy: The Surprising Truth about Why Today's College Students Aren't Graduating, and What Needs to Change. September 2011. Retrieved from <https://eric.ed.gov/?id=ED536827>.

⁷ State-by-State Breakdown of Graduation Rates. The Chronicle of Higher Education. Retrieved from <http://www.chronicle.com/interactives/state-graduation-rates>.

⁸ Castleman, Benjamin and Terry Long, Bridget. Looking Beyond Enrollment: The Causal Effect of Need-based Grants on College Access, Persistence and Graduation. National Bureau of Economic Research. August 2013. Retrieved from <http://www.nber.org/papers/w19306.pdf>.

⁹ U.S. Department of Education Office of Federal Student Aid. 2016 Annual Report. Retrieved from <https://studentaid.ed.gov/sa/sites/default/files/FY-2016-Annual-Report.pdf>.

¹⁰ Lumina Foundation. Beyond Financial Aid: How Colleges Can Strengthen the Financial Stability of Low-income Students and Improve Outcomes. September 2015. Retrieved from <https://www.luminafoundation.org/beyond-financial-aid>.