

Increasing FAFSA Renewal Rates

Emails increase the rate of FAFSA renewal early in the aid cycle

Agency Objective Increase the rate of Free Application for Federal Student Aid (FAFSA) renewal for continuing students.

Background The FAFSA is the entry point to many types of financial aid. Students must renew their FAFSA annually in order to maintain their financial aid, but 15 to 20 percent of freshman Pell Grant recipients in good academic standing do not successfully re-file their FAFSA.¹

Program Change For the 2018 award year, the FAFSA was available three months earlier – beginning October 1, rather than January 1 – and required income information from two years prior, instead of the previous year. Federal Student Aid (FSA) emailed all students who submitted a FAFSA for the 2017 academic year to alert them to the changes and encourage them to renew their FAFSA for the 2018 academic year.

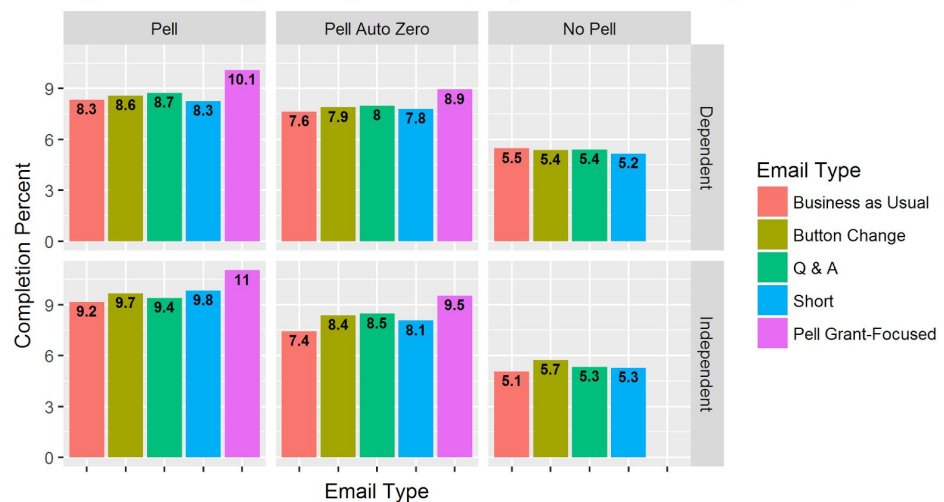
Evaluation Methods

FSA emailed 14 million borrowers between October 4 and November 17, 2016. Students were separated into six groups. Students were first classified as either independent or dependent, then within each group were separated into automatic zero Pell Grant eligible, other Pell Grant eligible, and not Pell Grant eligible students. Students within each group were randomly selected to be sent different, customized versions of email

messages.

In an early phase of the pilot, a business as usual email was tested against emails that (1) included a button directing the borrower to the FAFSA renewal webpage, (2) were scripted as a series of questions and answers, (3) contained a shorter version of the message, and (4) for Pell recipients, focused on Pell Grants. Each group was sent 20,000 emails per message variation. Emails were sent between October 7 and October 8, 2016.²

Figure 1: Message Testing FAFSA Completion Rates Through Oct. 24, 2016



In the final phase of the pilot, the most effective email was taken for each group and the sent to the remainder of borrowers. While all borrowers were emailed, the large number of borrowers necessitated sending emails over a period of 21 days – a maximum of 750,000 borrowers could be emailed each day. Due to operational requirements and customer service considerations, emails were sent Monday through Thursday. The day on which each borrower was sent an email essentially was selected at random, allowing for a comparison of FAFSA completion rates among the daily send groups. For example, the group selected to be

¹ Bird, K., & Castleman, B. L. (2016). Here today, gone tomorrow? Investigating rates and patterns of financial aid renewal among college freshmen. *Research in Higher Education*, 57(4), 395-422.

² The dependent, Pell Grant eligible group was the only group sent emails on October 8.

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emailed on November 15 is equivalent to a randomly selected control group for the group selected to be emailed on October 25. The difference in FAFSA completion rates of the two groups as of November 14 (leaving the November 15 group “untreated”) is an unbiased estimator of the treatment effect of sending the email after 20 days.

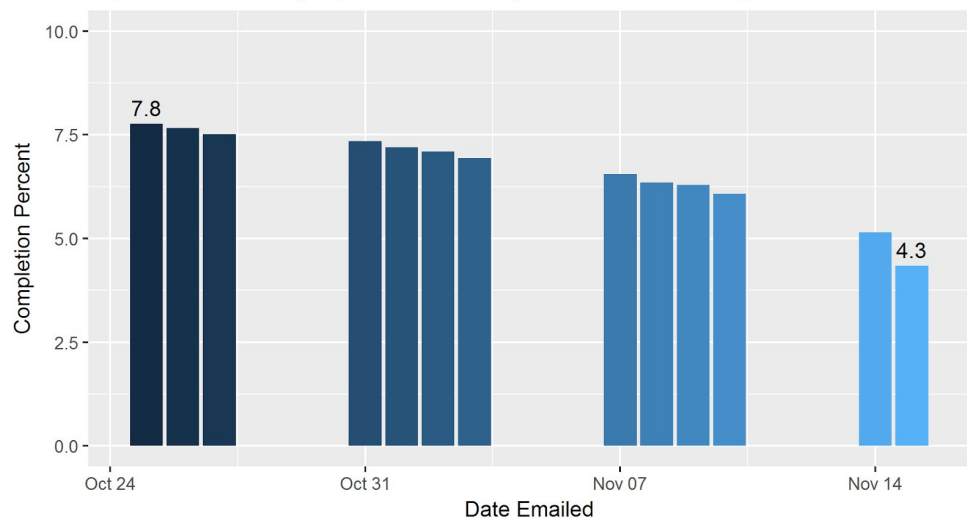
Results Figure 1 shows the results from the message testing. In general, the FAFSA renewal rates among Pell Grant-eligible students were higher than among non-Pell Grant-eligible students. The Pell Grant-specific messages were most effective for all Pell Grant-eligible groups, and the difference between the Pell Grant-specific email and the next best email was statistically significant in all cases. Among non-Pell Grant-eligible students, the different messages performed similarly (i.e., there were no statistically significant differences). The baseline message had the highest completion rate among dependent, non-Pell Grant-eligible students, and the message with a button linking to the FAFSA renewal site was most effective for independent, non-Pell Grant-eligible students.

Figure 2 displays the FAFSA completion rates as of November 14 for the groups of students selected for each day of emails. Those who were sent an email October 25 had 20 days to complete the FAFSA after being sent the email, whereas those selected to be sent the message on November 15 did not see the email until after the outcome was

measured.

Sending an email increased FAFSA submission rates 3.43 percentage points within 20 days (base rate=4.34%, $p < 0.01$, 95% CI [3.34, 3.51]). The shape of Figure 2 suggests that while the effects of an email may be largest right after it is sent – the rate increases are largest one day after the email is sent – they persist over time. There is a nearly linear increase in completion rates across the full 20 day time period. The estimated effect is restricted to 20 days. It is possible the email induced those who would have completed the FAFSA in the absence of the email to complete it

Figure 2: Full Campaign FAFSA Completion Rates Through Nov. 14, 2016



sooner. Even if the emails only generate a pull-forward effect, they can still be valuable. Completing the FAFSA earlier may result in higher award offers given the limited availability of some financial aid.

Conclusion An email reminder can increase the FAFSA renewal rate at the beginning of the FAFSA open season. The campaign led to an increase of approximately 250,000 FAFSA submissions between October 25 and November 15, 2016. Messages focusing on the Pell Grant were particularly effective for those who were eligible

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for the grant the previous year.