Students at Risk to Withdraw

Reminding students about FAFSA & loan repayment decreased enrollment

Agency Objective Encourage first-year college students to renew their *Free Application for Federal Student Aid* (FAFSA) for the upcoming academic year or prepare to enter student loan repayment.

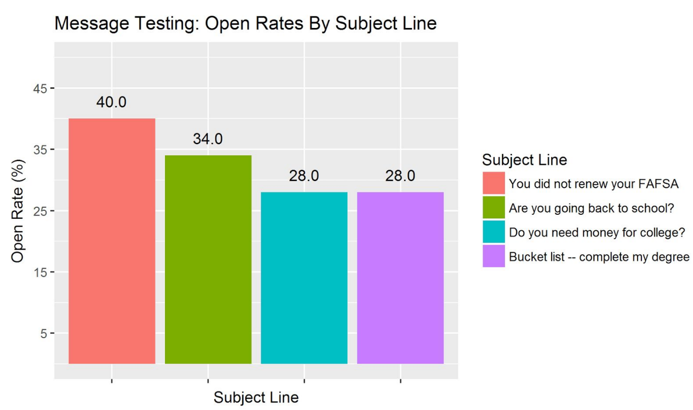
Background Students must renew their FAFSA annually in order to maintain their financial aid, but 15 to 20 percent of freshman Federal Pell Grant recipients in good academic standing do not successfully renew their FAFSA.[1]

Program Change Federal Student Aid (FSA) emailed first-time freshman borrowers at risk of withdrawing from their academic program to remind them that fall was rapidly approaching and to either prepare for the upcoming academic term by completing the FAFSA or prepare to enter student loan repayment.

Evaluation Methods In July 2015, FSA emailed approximately 195,000 freshman borrowers who had completed their first year but were at risk of discontinuing their education in subsequent semesters.[2] An additional 50,000 borrowers were selected into a control group. In the first phase of the trial, FSA randomly assigned borrowers to be sent emails with one of four subject lines. In the second stage, FSA used the subject line generating the highest open rate from the first phase and randomly assigned borrowers to be sent one of two emails, each prompting an active choice. The first email included buttons that linked to the FAFSA web page or the borrower's federal loan servicer's web page, while the second email included text and hyperlinks to the same pages.

Results In the first phase, borrowers receiving emails with the subject line, "You did not renew your FAFSA" had the highest open rate (40.0 percent), which was significantly better than the next best subject line, "Are you going back to school?" (34.0 percent, difference=6.0 ppt, p<0.01, 95% CI [4.69,7.32]).

Borrowers emailed in the second phase were less likely to be enrolled the following spring semester (37.5 percent) than those who were not emailed (38.5 percent, difference = 1.0 ppt, p<0.01, 95% CI [-1.4, -0.5]). The results persisted through the fall 2016 semester, with emailed borrowers 0.9 percentage points less likely to be enrolled (31.3 percent compared to 30.3 percent, p<0.01, 95% CI [-1.4, -0.5]).



Additional analyses suggest that the decrease in enrollment was concentrated among public (decrease of 1.33 ppt, p<0.01) and private, not-for-profit institutions (decrease of 1.56 ppt, p=0.05). There were no significant differences in enrollment when looking at for-profit institutions alone. The results also suggest an interaction with family income, with larger decreases in enrollment among those with lower incomes.

Conclusion Emails reminding borrowers of financial aid and loan repayment decisions decreased enrollment in the second and third program years. Given that the borrowers included in the study were at risk to withdraw, it is possible some made the decision not to return to school earlier than they otherwise would have.

[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] Risk profiles were developed from FSA statistical models.