# Aid Like A Paycheck Incremental Delivery of Financial Aid to Promote College Success

A large-scale evaluation of whether an innovative approach to disbursing financial aid — through biweekly payments, like paychecks, instead of one or two lump-sum payments — can improve academic outcomes for low-income college students.

### **How does Aid Like A Paycheck work?**

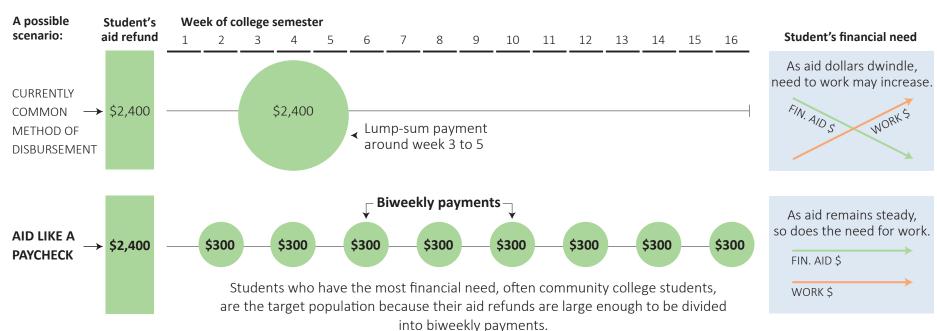
**1. Uses aid refunds.** Many low-income college students receive "refunds" if their financial aid packages exceed the cost of tuition and fees.

STUDENT'S NEED-BASED FINANCIAL AID PACKAGE Federal Pell Grant, loans, state and local aid, and aid from the college.

TUITION + FFFS + BOOKS + SUPPLIES College applies aid toward these costs.

STUDENT'S AID REFUND Student receives any remaining aid money.

2. Modifies distribution method to smooth student's income and provide an incentive to stay enrolled.



### What are the potential benefits of Aid Like A Paycheck?



May improve the academic outcomes of low-income students



May improve efficiency for colleges and government, which spend billions to support students

LUMP-SUM **PAYMENTS** 

Do not tend to last over a term. Growing financial needs may force students to work more or drop classes.

Students who drop all classes before completing at least 60 percent of the term may have to pay back part of the aid. They cannot otherwise reenroll.

If students fail to repay their debts, the college must bear the cost. The primary goal of financial aid — helping needy students succeed — remains unmet.

AID LIKE A **PAYCHECK**  Over the term, students may:

- Budget aid more effectively
- Face less financial stress
- Balance school and work

In the long run, students may:

- Pass more courses
- Accumulate credits and stay enrolled
- Attain credentials at higher rates

Colleges face lower costs from returning aid money when students withdraw. By using existing resources to boost performance and persistence, financial aid programs may become more efficient and cost-effective.

### **How is MDRC evaluating Aid Like A Paycheck?**

Aid Like A Paycheck was developed by The Institute for College Access & Success and MDRC.

2009 2010 2011 2012 2013 2014 Findings will be released in 2016 and 2018.

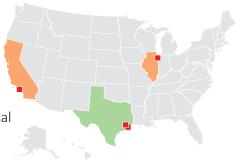
2018

2016 2017

## Feasibility assessment

Pilot studies in Los Angeles and Chicago found that colleges were able to implement the model for small numbers of students. It was well received by staff members and students.

Larger-scale implementation requires technological resources; may require increased staffing and better communication to students as well.



#### **Evaluation of program impact and implementation**

2015

A randomized controlled trial was launched in two colleges in Texas; a third college may be added soon. The goal is to:

- **1. Enroll** 5,000 students into the study at each college
- 2. Randomly assign half to receive biweekly aid payments
- **3. Assess what it takes to implement** the program for this large group of students who receive biweekly payments
- 4. Compare their academic and financial outcomes to the other half who receive lump-sum payments



MDRC's evaluation of Aid Like A Paycheck is supported by the Laura and John Arnold Foundation, the Houston Endowment, The Kresge Foundation, the Annie E. Casey Foundation, and MetLife Foundation. Initial development of the project was supported by the Bill & Melinda Gates Foundation. For more information about Aid Like A Paycheck, please visit www.mdrc.org/project/aid-paycheck.