mdrc
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16 East 34th Street
New York, NY 10016-4326
Tel: 212 532 3200
Fax: 212 684 0832
www.mdrc.org

Regional Office:
475 14th Street, Suite 750
Oakland, CA 94612-1900
Tel: 510 663 6372
Fax: 510 844 0288

Promoting Innovation to Improve College Access and Completion

Testimony Submitted to the Advisory Committee on Student Financial Assistance

by Alexander K. Mayer, Lashawn Richburg-Hayes, and John Diamond
MDRC

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MDRC is pleased to provide testimony on college access and completion to the Advisory Committee on Student Financial Assistance. MDRC — a nonprofit, nonpartisan research organization based in New York City and Oakland, California — was founded more than 40 years ago to build reliable evidence on the effectiveness of programs for the disadvantaged and to help policymakers and practitioners use that evidence to improve policies and programs. MDRC is known for conducting large-scale evaluations and demonstration projects to test the impacts and cost-effectiveness of education and social programs. Many MDRC studies use a random assignment research design, the most rigorous method for assessing such programs, which is able to determine the effects of an intervention over and above business as usual. This method, analogous to the one used in medical clinical trials, produces the most reliable evidence that a program works. As a result, it is accepted without reservations by the Department of Education's What Works Clearinghouse (WWC).

Access to college has increased substantially over the last 50 years, but student success — defined as the combination of academic success and degree or certificate completion — has not kept pace.[1] Student success, moreover, generally correlates with students' financial resources: Students from high-income families attend and complete college at higher rates than low-income students. There have been marked successes in college access since the passage of the Higher Education Act of 1965, which extended need-based financial assistance to the general population for the first time. Given the size of the financial aid system ($226 billion), renewed attention to innovations in financial aid could lead to improvements in student success.

However, it is challenging to determine whether financial aid does in fact improve student success, because the factors associated with financial need, such as low family income, are also associated with a lack of academic success, making it difficult to isolate the effect of additional financial aid on student achievement.[2] Using randomized controlled trials helps overcome this

[1] Sarah T. Turner, "Going to College and Finishing College: Explaining Different Educational Outcomes," in Caroline Hoxby (ed.), *College Choices: The Economics of Where to Go, When to Go, and How to Pay for It* (Chicago: University of Chicago Press, 2004).

[2] Dynarski, Susan, "The Behavioral and Distributional Implications of Aid for College," *American Economic Review* 92, 2 (2002): 279-285.

challenge. MDRC and other researchers have partnered with institutions across the country to conduct large, randomized controlled trials of innovations in financial aid, demonstrating that financial aid innovations and rigorous research can be effectively paired to produce reliable, useful evidence.

We recommend encouraging financial aid innovation paired with evaluation research, especially randomized controlled trials. This testimony focuses on:

- *Year-round financial aid:* We describe existing research that suggests year-round financial aid could improve access and completion. We also describe strategies to test such a change rigorously before implementing it more broadly.
- *Federal Work-Study and satisfactory academic progress requirements:* We briefly describe two other innovations that could help improve access and completion, namely, retargeting and realigning Federal Work-Study and restructuring the notification of "satisfactory academic progress" (SAP) requirements in the Pell Grant program.
- *Clarifying opportunities for innovation:* The Department of Education could grant waivers more readily if innovations were paired with evaluation research and could clarify where institutions currently have flexibility that does not require a waiver.

Year-Round Financial Aid

Faster is better for college completion. Faster completion can be achieved if students are encouraged to attend college full time when possible and are supported in doing so. Many community college students work and need to attend school part time, but it may be helpful and feasible to encourage them to enroll in more credits than they might otherwise. Year-round attendance could help students catch up or move ahead in their studies, which may be especially important for students who need to combine work and school. In addition, summer enrollment keeps students connected to college without a large break, which may boost reenrollment the following academic year. Evidence from three rigorous studies suggests that year-round aid can increase enrollment during summer and winter intersessions, and that summer and winter enrollment can help students earn more credits.

One of these studies — the Performance-Based Scholarship Demonstration evaluation at two community colleges in New York City — evaluated the effect of adding a summer scholarship offer to scholarships otherwise offered only during the fall and spring. Students in the program group could receive up to $1,300 per semester if they enrolled for a certain number of credits and kept their grades above a "C." Half of the program group could receive the scholarship for two semesters, the other half for two semesters plus a summer term. The summer-scholarship group was 6.8 percentage points more likely to enroll in summer than the group who received scholarships only in the fall and spring, an increase of about 35 percent over the fall-and-spring group's summer enrollment rate of 19.4 percent.[3]

[3]Reshma Patel and Timothy Rudd, *Can Scholarships Alone Help Students Succeed? Lessons from Two New York City Community Colleges* (New York: MDRC, 2012).

Recent research also suggests that undergraduates who attend summer school have better retention rates thereafter and are significantly more likely to complete a degree.[4] Two programs studied by MDRC — the City University of New York's Accelerated Study in Associate Programs (ASAP) and the Opening Doors Learning Communities at Kingsborough Community College — encouraged students to enroll in summer and winter and included financial support for them to do so. Those two studies suggest that increased enrollment during intersessions may be linked to greater credit accumulation over time. Students in both studies could use financial aid during the summer and winter, meaning that the usual financial barriers to year-round enrollment were largely absent.

ASAP is a multifaceted program that includes a suite of requirements and messages, student support services, block scheduling, and financial aid. ASAP's effects on intersession enrollment were dramatic, peaking at 25.2 percentage points during the second semester. That rise in intersession enrollment is responsible for the program group earning on average 2.4 more cumulative total credits over six semesters (the equivalent of taking nearly an additional extra course), about a quarter of the program's total impact on credits earned.[5]

At Kingsborough Community College, freshmen were placed into groups of up to 25 who took three classes together their first semester. The program also provided enhanced counseling and tutoring as well as textbook vouchers. Students were encouraged to enroll in the intersession following the program session and received an additional textbook voucher of $75 if they did. The evaluation found that, on average, program group students enrolled in more intersessions than control group students and earned more credits on average during intersessions: 0.5 credits more in the first year (than the 3.7 credits earned in the control group) and 1.0 credits more after six years (than the 9.2 credits earned in the control group). This gain also accounted for about a quarter of the program's total impact on credits earned.[6]

Taken together, these three studies suggest that a year-round Pell Grant program may be beneficial. It is unknown, however, what the cost would be, or whether students might respond to the offer of summer funding unexpectedly. Reintroducing a year-round program on a pilot scale with a plan for rigorous evaluation of impacts and costs could inform the policy moving forward.

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[4]Paul Attewell and Sou Hyun Jang, "Summer Coursework and Completing College," *Research in Higher Education* 20 (2013): 117-141.

[5]Susan Scrivener, Michael J. Weiss, Alyssa Ratledge, Timothy Rudd, Colleen Sommo, and Hannah Fresques, *Doubling Graduation Rates: Three-Year Effects of CUNY's Accelerated Study in Associate Programs (ASAP) for Developmental Education Students* (New York: MDRC, 2015).

[6]Colleen Sommo, Alexander Mayer, Timothy Rudd, and Dan Cullinan, *Commencement Day: Six-Year Effects of a Freshman Learning Community Program at Kingsborough Community College* (New York: MDRC, 2012).

- *The Department of Education could test Pell Grant funding to cover the summer term of the academic year.* Offering Pell Grant aid in a pilot study to students during the summer would offer an opportunity to test rigorously whether aid during short terms (that is, those less than 12 weeks in duration) helps students make stronger progress toward degree completion. Tying the reintroduction of summer Pell awards to incremental aid disbursements (discussed below) could also help control program costs and make the program more sustainable. In addition, costs may be mitigated by targeting summer aid in various ways, and the program might not be more expensive if analyzed in terms of costs per graduate.

- *The Department of Education (or other parts of the federal government) could also encourage a test of Supplemental Educational Opportunity Grant (SEOG) funding to cover the summer or winter terms of the academic year.* The Office of Federal Student Aid could collaborate with selected two-year and four-year institutions to test offering additional SEOG funds to students during summer and winter terms.[7]

- *States and institutions could be encouraged to use internal or external grant funding to test whether summer funding improves outcomes.* States and institutions with flexible aid money could allocate some of those funds to grants for summer or winter college enrollment. Additionally, states and institutions could seek out partnerships with local and national donor organizations committed to helping low-income students graduate from college. The effect of summer grant aid on students' academic success could be tested by randomly assigning students to one of three groups: aid during the summer and winter, more aid during all academic terms, or no additional aid. Designing a test with these three variable conditions would help to inform the field about how much summer aid helped students, and about whether summer aid alone was enough to see a meaningful impact on student success.

Retargeting and Realigning Federal Work-Study

The Work-Study program could be expanded to more low-income students to reduce their need to take full-time jobs disconnected from their educational pursuits, which puts them at risk for dropping out or prolonging their time to degree completion. In addition, work-study jobs could be better aligned with students' career objectives.[8] A rigorous evaluation of these ideas could suggest ways to alter the formula for work-study funding to promote student success.[9]

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[7]Institutions have discretion over the schedule of SEOG disbursements, so this innovation would need to be a partnership between Federal Student Aid and selected institutions.

[8]Rory O'Sullivan and Reid Setzer, *A Federal Work Study Reform Agenda to Better Serve Low-Income Students* (Washington, DC: Young Invincibles, 2014); Judith Scott-Clayton and Veronica Minaya, "Should Student Employment Be Subsidized? Conditional Counterfactuals and the Outcomes of Work-Study Participation," NBER Working Paper No. 20,329 (Cambridge, MA: National Bureau of Economic Research, 2014).

[9]Current allocation formulas send more work-study funds to institutions with small numbers of low-income students (according to Pell Grant eligibility). The top 10 institutions awarded the most work-study allocations in 2012-2013 are (in order of greatest to least): City University of New York, New York University, Columbia University, University of Southern California, Pennsylvania State University, DeVry University, ITT Technical Institute, University of Michigan (Ann Arbor), International American University of Puerto Rico, and Cornell University. See www.nationaljournal.com/next-america/education/the-ten-colleges-that-get-the-most-work-study-aid-20141001.

- *The federal government could encourage a test that compares the current work-study model with a modified version designed to help low-income students make career advances while in college.* To date, little research has been conducted to test the effectiveness of the Federal Work-Study program. The few studies that have been conducted of such aid have been quasi-experimental and have yielded mixed findings.[10] Given the amount of money expended on this aid program ($972 million in academic year 2011-2012), it would be a worthy endeavor to clarify how that aid can help students most effectively.

Restructuring the Notification of SAP Requirements

Students must make satisfactory academic progress (SAP) to maintain any Title IV federal aid (including Pell Grants). SAP has three components: (1) passing 60 percent of courses attempted (to demonstrate academic progress); (2) earning a GPA of at least 2.0 in these courses (to demonstrate academic performance); and (3) if these first two components are violated, improving performance during an academic probation semester to be returned to good standing. While these criteria appear straightforward, in practice students may fail for several terms before their eligibility is restricted, as two-year institutions are only required to check SAP annually for students in two-year programs (though they can check more frequently). In addition, students may continue to be in violation of SAP, lose their Title IV eligibility, yet remain enrolled without improving their academic performance if the costs of tuition and fees are very low.[11] As a result, the current system may provide only a weak incentive to induce students to alter their behavior.[12]

- *The Department of Education could encourage institutions to adopt and test early notification systems to alert students about their status.* Many students are not aware of an institution's SAP requirements, and institutions typically assess SAP progress at the end of each academic year — so students do not know if they are at risk of failing to meet the standards. One innovation that institutions could implement is an early notification system, so that students have the opportunity to change their behavior if they are at risk of failing to meet SAP standards. While such systems are often labeled student success strategies, they can have sizable implications for financial aid as well. Georgia State University's predictive analytics system is a well-known example of this type of system. Evaluation research could determine the effectiveness of such early notifications and interventions that can be tied to them.

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[10]Judith Scott-Clayton, "The Shapeless River: Does a Lack of Structure Inhibit Students' Progress at Community Colleges?" (New York: Community College Research Center, 2011); Scott-Clayton and Minaya (2014).

[11]For evidence of this in California, see Sue Scrivener, Colleen Sommo, and Herbert Collado, *Getting Back on Track: Effects of a Community College Program for Probationary Students* (New York: MDRC, 2009).

[12]For specific details, see U.S. Department of Education, *Federal Student Aid Handbook 2012-2013* (Washington, DC: U.S. Department of Education, 2012).

Clarifying Opportunities for Innovation

In our experience, institutions are very conscious of complying with Title IV regulations and are reluctant to innovate if such innovation is not clearly protected. In some cases institutions have flexibility, but it is not clear how to best use that flexibility. For example, financial aid in excess of tuition and fees is generally disbursed to students as lump-sum payments at the beginning of each semester. States and institutions, however, can disburse aid using other mechanisms and timetables in order to better support and motivate students' persistence. Disbursing grants and loans to students in small biweekly or monthly increments could help students better budget and manage the financial aid that they receive. These incremental disbursements may also better align with the timing of when aid is earned, which could result in fewer or smaller Returns to Title IV, benefiting colleges as well as students.[13] MDRC is currently conducting large, randomized controlled trials at two colleges to evaluate whether this intervention, called Aid Like A Paycheck, is an effective use of this flexibility to help students and colleges.[14]

- *The Department of Education could provide more information about current flexibility and could use waivers to pair other innovations more directly with rigorous evaluations.* The Department could put out a fact sheet about what colleges can do right now to disburse aid differently without approval from the Department or a legislative change. Waivers could also be granted more readily for experimentation.

Conclusion

Financial aid is an important tool with great potential to improve academic success and postsecondary completion, but there is much to learn about whether new innovations will prove effective. A growing body of work, however, demonstrates that randomized controlled trials — the most reliable method to determine a program or policy's effectiveness — can be effectively applied to financial aid programs to inform policy. Using this type of rigorous evaluation is critical to ensuring that new innovations in the financial aid system are effective, before investments are made to extend new practices more broadly.

[13]Returns to Title IV occur when a student withdraws prior to the 60 percent point in a term, forcing a college to pay back part of the student's aid to the federal government. Students who are unable to settle their debts with the college may not be allowed to reenroll until they do. MDRC does not know of any national data about the scale of these returns or the number of students affected, but anecdotally it seems common for large colleges to report that they lose over $1 million a year due to Returns to Title IV.

[14]Michelle Ware, Evan Weissman, and Drew McDermott, *Aid Like A Paycheck: Incremental Aid to Promote Student Success* (New York: MDRC, 2013).