Abstract Title Page

Title: **"Aid Like A Paycheck: Engaging with Policymakers and Practitioners to Evaluate and Improve Financial Aid"**

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Paper Abstract Body

Aid Like A Paycheck is a large-scale evaluation of whether an innovative approach to disbursing financial aid can improve academic and financial outcomes for low-income community college students. In Aid Like A Paycheck, students receive biweekly financial aid disbursements – like a paycheck – instead of one or two lump-sum payments each term. In this paper session, a lead researcher will discuss how feedback from policymakers, practitioners, and financial aid students helped to shape the design of this financial aid intervention and of its rigorous research model. In addition, a higher education policy expert with experience representing a large group of postsecondary institutions will discuss how policymakers and practitioners use (or fail to use) research to inform their decisions, and how researchers can maximize the relevance and utility of their studies in the field.

Background / Context:

In 2013-14, the federal government provided over $31 billion in Pell Grants to over 8.6 million low-income students, yet too many of these students do not succeed (U.S. Department of Education, 2014; Radford, Berkner, Wheeless, & Shepherd, 2010). Financial aid has been proven to help alleviate barriers to academic success, but significant challenges remain for many students (Castleman & Long, 2013; Dynarski & Scott-Clayton, 2013; Matus-Grossman & Gooden, 2002; Gittell & Holdaway, 1996). For low-income community college students, lack of financial resources and a need to work may be major barriers to successful completion of their educational goals.

In standard financial aid practice, a college applies a student's financial aid award (Pell, loans, and/or other aid) toward tuition and fees, and then disburses any remaining aid as a refund to the student in the form of a single lump sum payment.[*] However, prior research of financial aid, as well as the researchers' interviews, focus groups, and other conversations with state and federal policymakers, college financial aid administrators, students, and other stakeholders suggest that several problems may arise from standard financial aid disbursement practice:

Difficulty managing refunds. Research shows that lump sum payments do not tend to last for long periods of time, so the standard method of a single, often relatively large, financial aid refund disbursement may not help students cover recurring living and school-related expenses that stretch over the course of a term.[†] At most institutions, students typically receive refunds early enough to provide economic support early in the term, but students may spend these funds before the term's end, leaving them without the support needed to cover ongoing expenses (e.g., transportation, food, child care, or rent). As a result, they may experience economic stress,

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[*] Internal research on financial aid refund practices suggests that outside of California, the majority of community colleges operate on a schedule with just one standard disbursement per term. In California, which is home to more than 14 percent of the country's Pell recipients, most community colleges have either two or three disbursements per term, with two disbursements being significantly more common (11 of 14 schools sampled in California).

[†] For example, Barrow and McGranahan (2000) and Goodman-Bacon and McGranahan (2008) show that when low-income families receive lump sum payments from the Earned Income Tax Credit, they tend to spend that money on big-ticket items such as a vehicle or a household appliance. In addition, through preliminary findings from the U.S. Financial Diaries, Morduch and Schneider (2013) illustrate the income variability and uncertainty that make it difficult for many low-income families to budget.

increase the number of hours they work per week as the semester progresses, and/or drop their courses before the end of the term.

Need to pay back unearned funds. Lump sum financial aid refunds do not align well with the timing of when students earn their aid. If a student receives a financial aid refund and withdraws from all classes before completing at least 60 percent of the term, they may be required to pay back part of the amount to the college (referred to as Return to Title IV, or "R2T4").[‡] If a student fails to do so, the college must bear the cost, and that student may not be allowed to reenroll until they settle the debt with the college.

Purpose / Objective / Research Question / Focus of Study:

In the Aid Like A Paycheck Evaluation, researchers are testing how the delivery and design of financial aid can improve postsecondary outcomes for low-income students. Developed by The Institute for College Access & Success (TICAS) in partnership with MDRC in 2009, Aid Like A Paycheck is based on a potentially transformative idea: disburse financial aid refunds to students in several even payments throughout the term – like a paycheck. The theory behind Aid Like A Paycheck is that payments every other week will help students manage their money more effectively and will enable them to make choices that will ultimately lead to positive academic outcomes. Presenters will discuss how incremental disbursements have the potential to make financial aid programs more cost-effective for both students and colleges.

Aid Like A Paycheck was first implemented on a small scale at two colleges: Mt. San Antonio College (Mt. SAC) in southern California and Triton College, just outside Chicago. About 200 students received biweekly disbursements at each of these two colleges (Ware, Weissman, & McDermott, 2013). The initial phase of the project sought to answer three key questions:

1. Could Aid Like A Paycheck be implemented at the colleges, and what practices and policies support successful implementation?
2. Do students and administrators believe the intervention is worthwhile?
3. Are there early indications that the intervention supports students' positive academic behaviors?

Presenters will describe how the pilot not only demonstrated that implementing Aid Like A Paycheck is operationally feasible, but also allowed the researchers to improve the evaluation design for the next stage of the study. In addition to an analysis of student-level financial aid records, the pilot included focus groups with students, interviews with financial aid administrators, discussions with state and federal policymakers, and roundtable conversations with other researchers and stakeholders. These analyses and interactions suggested that the intervention holds promise for students, but are not sufficient to confirm whether incremental financial aid will help students as intended, or whether it could have unintended consequences.

Lessons from the pilot were used as the researchers created and fine-tuned a logic model (Figure 1) depicting activities, outputs, mediators, and hypothesized outcomes from the program (please insert Figure 1 here). This logic model informed the development of a mixed method evaluation

[‡] For more information about Returns to Title IV, see Volume 5 (Withdrawals and the Return of Title IV Funds) of the 2015-2016 Federal Student Aid Handbook.

– consisting of a randomized control trial (RCT), qualitative research, and a student survey – to test the model. Directing the evaluation is a short list of confirmatory research questions investigating impacts of the program:

1. What is the impact of Aid Like A Paycheck on reenrollment in the first term after random assignment?
2. What is the impact of the program on cumulative credits earned after three terms?
3. What is the impact of the program on the net amount of financial aid students receive (for Pell, loans, and state aid) after three terms?
4. What is the impact of the program on the total amount of R2T4 and loan debt after three terms?
5. What is the impact of the program on any amount colleges are required to pay back to the federal government after three terms?

A range of secondary research questions have also been developed to explore potential differential impacts on subgroups (such as independent students), mediators (such as students' spending patterns and time spent studying), and secondary outcomes (such as financial health).

Setting:

The pilot occurred at two colleges: Mt. San Antonio College, in southern California, and Triton College, located just outside Chicago. The full evaluation is currently taking place at two Houston-area institutions: San Jacinto College and the Houston Community College System.

Population / Participants / Subjects:

Students in the study are a diverse group of low-income community college students, all of whom are expected to receive sufficient financial aid (including Pell, federal loans, and/or state aid) to generate a refund of at least $800 in their first semester in the evaluation. Table 1 describes the student population at each of the study colleges (please insert Table 1 here).

Tables 2 and 3 provide a count of the students who have been enrolled in the randomized control trial to date, along with the average refund amount and types of financial aid they are receiving. Sample build-up is ongoing, and is expected to reach up to 5,000 students per college (please insert Tables 2 and 3 here).

Intervention / Program / Practice:

In Aid Like A Paycheck, after tuition and fees are paid, students receive financial aid refunds in biweekly disbursements rather than in a single lump sum. Students are provided first with access to funds for books and supplies, and then remaining aid is divided into roughly even, incremental disbursements throughout the term. The details of the rules for calculating and disbursing these incremental refunds are determined by each college in a manner that works with their practices and student populations, and also follows federal financial aid regulations. For example, each institution sets its own policies for adjusting disbursements when students add or drop classes, and for deciding how to disburse aid when the total refund amount is low. One component of the research is to describe how and why colleges have created their program policies, in order to inform these decisions at other institutions which may choose to implement the program if it proves successful.

The biweekly disbursement structure of Aid Like A Paycheck is hypothesized to help students stay financially stable and promote their success throughout the term and beyond. Notably, the Aid Like A Paycheck intervention is designed to continue as long as a student is receiving financial aid, and thus the impacts of the program are theorized to accumulate each term. Over time, reduced R2T4, less financial stress, more successfully completed courses, and higher rates of persistence are hypothesized to lead to increased college credits earned, increased net financial aid receipt, and, ultimately, increased rates of completion and transfer (as outlined in Figure 1).

Research Design:

All students with an expected refund of at least $800 in Pell, federal loans, and/or other aid are randomly assigned to a program group (Aid Like A Paycheck) or to a control group (standard disbursement), with a fifty percent chance of assignment to either group. No blocking or stratification is being used.

The primary goal of the evaluation is to determine whether Aid Like A Paycheck has an impact on students' academic and economic outcomes when compared to colleges' standard financial aid disbursement process. Additionally, the evaluation will measure the program's economic benefits and costs to students, colleges, states, and the federal government, and will demonstrate the replicability of Aid Like A Paycheck.

Data Collection and Analysis:

Baseline Information. Student-level baseline demographic and financial aid data are being collected from college administrative records to describe the student sample.

Operational Site Visits, Field Research, and Student Survey. The research team is conducting interviews and focus groups with students, program personnel, and school administrators. A student survey was administered four times throughout the fall 2015 semester, and will be administered to a second cohort of students in spring 2016, to understand students' behaviors and attitudes relating to work, school, and financial health throughout the term.

Academic and Financial Aid Outcome Data. Student-level transcript data, including enrollment, credits earned, grades, and withdrawals are being collected for at least three terms for every sample member. Student-level financial aid data, including aid types and amounts, dates of disbursements, and Returns to Title IV (R2T4) are being collected as well. The primary analysis will be an Intent-to-Treat (ITT) analysis, which will estimate differences between randomized groups whether or not everyone in the program group ultimately receives Aid Like A Paycheck payments. The model will be a linear regression of the outcomes on the treatment indicator without covariates (no known strong predictors at this time). The impacts will be analyzed across San Jacinto College and Houston Community College System, using 10,000 sample members, as well as separately by site.

Findings / Results and Conclusions:

Aid Like A Paycheck has garnered the attention of practitioners and stakeholders across the nation, and findings from the analysis described here will be broadly disseminated by the researchers (early findings are scheduled to be released in 2016, and the final report is scheduled for 2018). It is anticipated that the knowledge from this study will be used to inform practices helping a large number of students succeed in college and better manage their finances. Because Aid Like A Paycheck has the potential to affect more than two million students across the nation annually, even small effects may add up to a substantial impact if the program is implemented widely. Findings may also be used to make financial aid programs more cost-effective for students, colleges, and federal and state governments.

Because the program and research design have been developed in coordination with practitioners and policy makers, the findings will speak directly to those parties. The presenters will discuss how these stakeholders are prepared to use the knowledge gained from this study to inform their decisions around financial aid policy and practice to better support student success and college affordability.

Appendices

Appendix A. References

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Appendix B. Tables and Figures

Figure 1
Aid Like A Paycheck
Logic Model

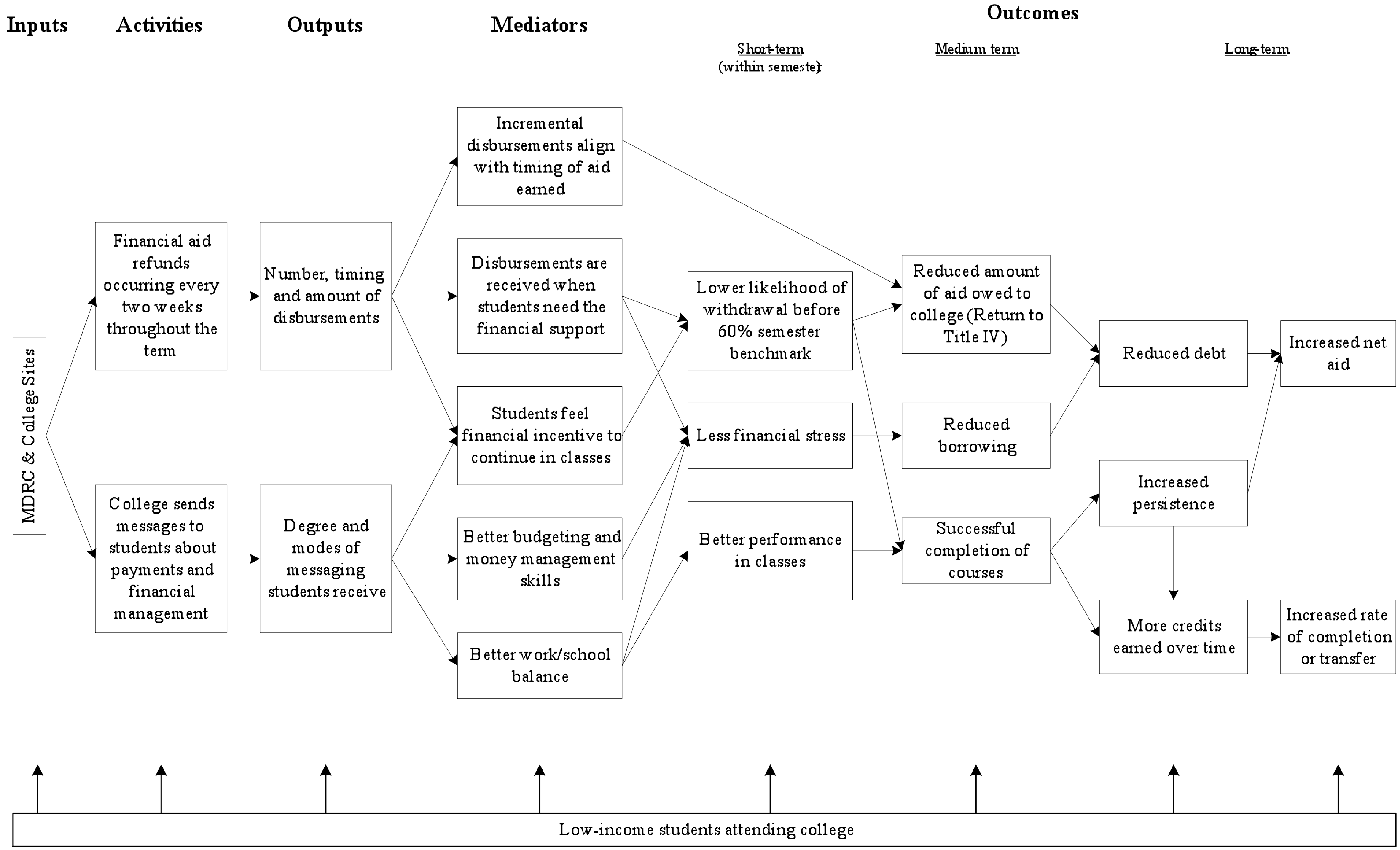

Table 1. Enrollment and Selected Characteristics from Student Populations of Each Study College

Characteristic	Triton College	Mt. San Antonio College	San Jacinto College	Houston Community College
Enrollment (total)				
Full-time	4,728	11,626	9,266	19,039
Part-time	10,525	17,438	20,126	43,976
Gender (%)				
Male	43	49	43	41
Female	57	51	57	59
Age (%)				
24 and Under	50	71	69	54
25 and Over	49	29	31	46
Race/ethnicity (%)				
White, non-Hispanic	37	16	33	17
Black, non-Hispanic	19	5	10	32
Hispanic	30	50	40	30
Asian/Pacific Islander	3	21	5	10
American Indian	0	0	0	0
Race unknown	10	5	9	1
Non-resident alien	0	1	2	9
Number of students receiving Pell Grant	3,013	6,543	7,896	21,101

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).
NOTE: Data for Triton College and Mt. San Antonio College are from the 2009-2010 academic year, and data for San Jacinto College and Houston Community College are from the 2010-2011 academic year.

Table 2. Preliminary Data: San Jacinto College Sample Build-up

Item	Cohort				Sample Total
	Spring 2014	Fall 2014	Spring 2015	Fall 2015	
Study Group					
ALAP	97	719	263	660	1739
Standard	508	719	264	662	2153
RA Total	605	1438	527	1322	3892
Mean Expected Refund ($)	$1,276	$2,064	$2,036	$2,148	$1,966
Students Accepted Loans	45	28	57	36	166
Students Granted State Aid (included in biweekly disbursements)	1	482	95	421	999
Students Granted Other Aid (included in biweekly disbursements)	7	120	14	367	508
Students Granted Pell Only	552	891	373	551	2367
Student Status					
New First Time In College	605	1438	270	1156	3469
Other	0	0	257	166	423

SOURCE: Preliminary MDRC calculations from San Jacinto College administrative and financial aid data.

Table 3. Preliminary Data: Houston Community College System Sample Build-up

Item	Cohort			Sample Total
	Fall 2014	Spring 2015	Fall 2015	
Study Group				
ALAP	81	477	649	1207
Standard	90	480	652	1222
RA Total	171	957	1301	2429
Mean Expected Refund ($)	$3,357	$3,615	$2,924	$3,227
Students Accepted Loans	149	480	574	1203
Students Granted State Aid (included in biweekly disbursements)	20	393	334	747
Students Granted Other Aid (included in biweekly disbursements)	3	0	39	42
Students Granted Pell Only	12	209	480	701
Student Status				
New First Time In College	171	957	1,301	2,429
Other	0	0	0	0

SOURCE: Preliminary MDRC calculations from Houston Community College System administrative and financial aid data.