Incremental Disbursements of Student Financial Aid

Final Report on Aid Like A Paycheck

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May 2019

BUILDING KNOWLEDGE
TO IMPROVE SOCIAL POLICY

Core funding for this evaluation and the colleges' implementation of Aid Like A Paycheck came from Arnold Ventures and Houston Endowment. Funding for the student survey came from MetLife Foundation. The Bill & Melinda Gates Foundation, The Kresge Foundation, and the Annie E. Casey Foundation were early funders of the Aid Like A Paycheck project during its planning phase.

Dissemination of MDRC publications is supported by the following funders that help finance MDRC's public policy outreach and expanding efforts to communicate the results and implications of our work to policymakers, practitioners, and others: The Annie E. Casey Foundation, Arnold Ventures, Charles and Lynn Schusterman Family Foundation, The Edna McConnell Clark Foundation, Ford Foundation, The George Gund Foundation, Daniel and Corinne Goldman, The Harry and Jeanette Weinberg Foundation, Inc., The JPB Foundation, The Joyce Foundation, The Kresge Foundation, Sandler Foundation, and The Starr Foundation.

In addition, earnings from the MDRC Endowment help sustain our dissemination efforts. Contributors to the MDRC Endowment include Alcoa Foundation, The Ambrose Monell Foundation, Anheuser-Busch Foundation, Bristol-Myers Squibb Foundation, Charles Stewart Mott Foundation, Ford Foundation, The George Gund Foundation, The Grable Foundation, The Lizabeth and Frank Newman Charitable Foundation, The New York Times Company Foundation, Jan Nicholson, Paul H. O'Neill Charitable Foundation, John S. Reed, Sandler Foundation, and The Stupski Family Fund, as well as other individual contributors.

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Overview

Financial aid plays an essential role not only in allowing many students to enroll in college but also in supporting them in attaining completion and success. Often, however, the total amount of aid does not come close to covering the cost of attendance for full-time students. As a result, the majority of students enrolled at two-year public institutions report feeling financial stress related to paying for school. Students often work while attending college to cover the full cost of attendance, but time spent working can have a negative impact on their academic success.

MDRC launched Aid Like A Paycheck to test whether changes to the timing of student aid disbursement could help students stretch their financial aid to cover their expenses throughout the term, and whether such a policy could improve students' academic and financial outcomes. Most colleges distribute financial aid refunds to students in one or two lump sums during the term. Aid Like A Paycheck tested an alternate approach, in which financial aid refunds were disbursed biweekly, with the goal of helping students better budget their existing financial aid.

MDRC conducted a mixed-methods evaluation of incremental financial aid disbursements at two community college systems in and around Houston, Texas, and at a third system in California's rural Central Valley. At the two institutions in Texas, the study included a randomized controlled trial that gathered data from nearly 9,000 students and tracked them for up to two years. The final findings from the study indicate that biweekly disbursements do not result in substantial impacts on student outcomes:

- Students assigned to receive biweekly disbursements and those assigned to receive their aid in the standard way received the same total amount of financial aid.
- Biweekly disbursements reduced students' debt to the college in the first semester, but this reduction in debt was no longer evident at the end of the fourth semester.
- On average, there is no evidence of biweekly disbursements improving students' key academic outcomes.
- There is little evidence that the participating colleges or the government saved money by implementing biweekly disbursements.
- Implementation of the policy was costlier than — and not as simple as — expected, even when implemented without the constraints of the randomized controlled trial design.

Overall, the study suggests that incremental disbursements neither hurt students nor substantially improve their academic or financial outcomes.

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Preface

Research shows that college students' finances affect their academic success, and that providing them with additional financial aid can improve their academic outcomes. Given the important role that finances play for students, one might also ask whether changes in the way that aid is administered — even without increased investment — could improve outcomes as well.

With this in mind, MDRC and the Institute for College Access & Success (TICAS) launched the Aid Like A Paycheck project based on a simple yet potentially transformative idea: Instead of providing financial aid to students in one or two large lump sums each term, colleges could evenly disburse financial aid refunds (the amount remaining after tuition and fees have been paid) to students every couple of weeks throughout the term — like a paycheck. Anecdotal evidence suggests that students who receive lump sum financial aid refunds at the start of the term may work longer hours at a paid job toward the end of the term as their money runs out. The theory was that incremental payments would help students manage their limited aid more effectively and would enable them to make choices leading to reduced financial stress and improved academic outcomes. Incremental payments could also potentially reduce the student debt to a college — or the college's debt to the Department of Education — that can be incurred when students withdraw from courses after receiving their financial aid for the term.

Although the impacts of incremental disbursements were not expected to be large, it was hoped that small impacts accumulated over several semesters could give students an important boost in their academic progress. Likewise, small cost savings accumulated across millions of students could ultimately lead to substantial savings for colleges and the government. On the other hand, there was also the potential that the policy could have adverse effects on finances, suggesting it was important to test for potential unintended consequences as well.

MDRC partnered with three community college systems to conduct a multiyear, mixed-methods study of the impact of biweekly disbursements. The final findings show that incremental disbursements neither hurt students nor substantially improve their academic outcomes. Similarly, the policy does not appear to have an impact on students' financial outcomes, nor does it offer savings for colleges or the government. In short, changing just the timing of financial aid does not have a significant impact on student outcomes; instead, bolder changes may be needed to exert a positive impact on students' financial situations and academic success.

Gordon L. Berlin
President, MDRC

Acknowledgments

The authors are thankful to the financial aid staff and administrators from San Jacinto College, Houston Community College, and the West Hills Community College District, who helped facilitate the successful implementation and evaluation of biweekly disbursements. We are particularly thankful to the financial aid directors at these institutions, who provided invaluable assistance in our efforts at testing and understanding a new way of operating financial aid with the goal of improving student success. These individuals worked closely with MDRC to install new technology, enact alternate financial aid policies, and explain the new practices to key stakeholders at their respective institutions. The research team received invaluable assistance from Robert Merino, Jennifer Anderle, SanJuanita Gonzalez, and Joanna Zimmerman at San Jacinto College; JoEllen Soucier, Roy Torrecampo, and Diana Pino in the Houston Community College System; and Deborah Soria, Mary Mello, Sylvia Dorsey-Robinson, Sandy McGlothlin, Malinali Flood, Rita Grogan, and Kyle Crider at the West Hills Community College District. We are also thankful to those at Mt. San Antonio College and Triton College, where this policy was first piloted. Scores of staff at all five institutions, including the financial aid advisers, information technology staff, and others, provided important assistance and guidance. That they did so on top of their standard responsibilities is laudable.

The Aid Like A Paycheck Advisory Group — including Sandy Baum, Debbie Cochrane, Michael Lawrence Collins, Michelle Asha Cooper, Amy Ellen Duke-Benfield, Nate Johnson, Andrew Kelly, Amy Laitinen, Cindy Lenhart, Jesse O'Connell, and Mamie Voight — was instrumental to the success of the project. The advisory group provided invaluable expertise on Aid Like A Paycheck from its exploratory phase to its wind down, answering foundational questions and supplying key insights and feedback regarding our interpretation of the evaluation's findings. The Aid Like A Paycheck student survey included items from surveys conducted by the Center for Community College Student Engagement at the University of Texas at Austin and the Center for Financial Services Innovation, and benefited from their review and comments. Thanks also to the funders listed at the start of this report for their ideas and insight as well as their generous financial support.

We would additionally like to thank current and recent members of the MDRC Aid Like A Paycheck team, including Amanda Grossman, Marco Lepe, Amy Taub, Andrew Avitable, and Elizabeth Calmeyer. Michelle Ware helped launch the project, and continued as an invaluable thought partner throughout. Thanks also to our senior advisers and reviewers — Alexander Mayer, Rob Ivry, John Hutchins, Gordon Berlin, Mary Visher, and Caroline Schultz — for their careful reading and thoughtful feedback during the review process. We thank Jana Weinstein for editing this report and Ann Kottner for preparing it for publication.

Perhaps most important, we would like to thank all the students in the Aid Like A Paycheck study. Their participation was the foundation for every insight and finding in the report. Many of these students also participated in focus groups or replied to our surveys, sharing stories of successes and challenges they faced while balancing educational pursuits with financial, work,

and family obligations. Their honest and helpful feedback gave us insights that we hope will ultimately translate into better policies and practices to support the success of students across the nation.

The Authors

Executive Summary

Financial aid plays an essential role not only in allowing many students to enroll in college but also in supporting them in attaining completion and success.[1] But even when federal grants and loans cover the costs of tuition, fees, books, and supplies, many students lack the means to afford the housing, food, and other living expenses necessary to succeed in college.[2] Such students often work while attending college in order to cover these expenses, but time spent working can have a negative impact on their academic success.[3] Given these challenges, and the growing costs of postsecondary education, there is significant national interest in finding ways to use financial aid resources more efficiently and effectively to support students' academic pursuits.

In standard financial aid practice, colleges first apply students' awards to tuition and fees, then often allow students to use their aid to purchase books at the start of the term, and finally disburse any remaining funds as a financial aid "refund." Anecdotal evidence suggests that many students who receive refunds — which can be up to several thousand dollars per semester — use this financial aid to pay for substantial expenses, such as rent, car loans, or large credit card payments, and the lump sum sometimes runs out before the end of the semester.

In contrast to the standard financial aid practice of disbursing financial aid refunds in one or two lump sums (after tuition and fees have been covered), colleges also have the option under current U.S. Department of Education regulations of dividing students' remaining aid into roughly equal incremental disbursements that are paid out throughout the term. This approach aims to benefit students *without offering additional financial aid*, and has garnered broad interest and support across the political spectrum, from the Obama administration to House Republicans.[4] Aid Like A Paycheck is a study of this alternative approach.

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[1]Susan M. Dynarski, "Does Aid Matter? Measuring the Effect of Student Aid on College Attendance and Completion," *American Economic Review* 93, 1 (2003), pp. 279-288; Judith Scott-Clayton, *Undergraduate Financial Aid in the United* States (Cambridge, MA: American Academy of Arts & Sciences, 2017); Benjamin L. Castleman and Bridget Terry Long, "Looking Beyond Enrollment: The Causal Effect of Need-Based Grants on College Access, Persistence, and Graduation," *Journal of Labor Economics* 34, 4 (2016), pp. 1023-1073.

[2]Jennifer Ma, Sandy Baum, Pender Matea, and Meredith Welch, *Trends in College Pricing 2017* (New York: College Board, 2017); Sara Goldrick-Rab, Jed Richardson, Joel Schneider, Anthony Hernandez, and Clare Cady, *Still Hungry and Homeless in College* (Madison: Wisconsin HOPE Lab, University of Wisconsin-Madison, 2018); Center for Community College Student Engagement, *Making Ends Meet: The Role of Community Colleges in Student Financial Health* (Austin: University of Texas at Austin, College of Education, Department of Educational Administration, Program in Higher Education Leadership, 2017).

[3]See Laura W. Perna, ed., Understanding the Working College Student: New Research and Its Implications for Policy and Practice (Herndon, VA: Stylus, 2012); Anthony Carnevale and Nicole Smith, Balancing Work and Learning: Implications for Low-Income Students (Washington, DC: Georgetown University Center on Education and the Workforce, 2018).

[4]"Fact Sheet on the President's Plan to Make College More Affordable: A Better Bargain for the Middle Class" (2013), website: https://obamawhitehouse.archives.gov; Promoting Real Opportunity, Success, and Prosperity Through Education Reform Act, H.R. 4508, 115th Cong. (2017). In considering such an approach, it is important to note that many institutions serve relatively few students with refunds, yet even they could be required to make significant changes to their financial aid policies and systems. Nationally, rough estimates suggest

Biweekly financial aid disbursements — including of federal Pell Grants, loans, and other aid — are theorized to help students by means of *mechanical* changes in the timing and disbursements of aid as well as through changes in the *messaging* they receive about budgeting their aid to last through the semester. These changes may help students by reducing their financial stress, and thereby lower their likelihood of withdrawing midterm, improve their performance in class, and reduce their need to take out loans or work excessive hours. In addition, by distributing aid as it is earned rather than in advance, biweekly disbursements may lower the debt that students sometimes incur when they reduce their course loads or withdraw from college. Such enrollment changes can result in student debt to the college or in college debt to the Department of Education through a calculation known as the Return to Title IV (commonly known as R2T4).[5]

However, the current policy of incremental disbursements uses only existing resources to attempt to improve the financial and academic circumstances of students. In evenly distributing a student's existing aid but not offering additional financial support, the procedure the colleges followed in Aid Like A Paycheck could not be expected to substantially change students' immediate economic position. Moreover, the myriad of influences and communications present at any college may limit the influence that one policy can have on students' behaviors and attitudes. Many students also work for pay, receive housing or other support from family members, or have other means of sustaining themselves. The aid being refunded is — for many students — just one part of their financial situation.

MDRC launched the Aid Like A Paycheck study to test the hypotheses about biweekly aid disbursements by rigorously estimating the impacts of the policy on key student outcomes such as total aid received, loans received, student debt to the college, credits earned, and persistence. Aid Like A Paycheck is a mixed-methods evaluation of incremental financial aid disbursements conducted at two community college systems in and around Houston, Texas: San Jacinto College (San Jacinto) and the Houston Community College System (HCC). The study is supplemented by an implementation study of the policy conducted at the West Hills Community College District (West Hills) in California's rural Central Valley.

At HCC and San Jacinto, the study used a randomized controlled trial, an evaluation design that is widely accepted to yield the most credible estimates of the effects of a program or intervention because it makes it possible to estimate not only the outcomes of the intervention but also the counterfactual outcomes, or what happens in the absence of the intervention. In Aid Like A Paycheck, eligible students were randomly assigned either to the program group, whose members were eligible to receive financial aid under the new biweekly disbursement policy, or to the

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that about half of community college students who receive Pell Grants may receive refunds that are large enough for biweekly disbursements; the portion of students receiving large-enough refunds at four-year institutions is likely lower. Michelle Ware, Evan Weissman, and Drew McDermott, *Aid Like A Paycheck: Incremental Aid to Promote Student Success* (New York: MDRC, 2013), website: https://www.mdrc.org/publication/aid-paycheck.

[5]Title IV of the Higher Education Act, which provides the majority of federal student aid, includes a policy that requires the calculation of a R2T4 when a student withdraws from all courses before completing 60 percent of the semester. In these instances, colleges can be required to repay unearned aid funds to the Department of Education. In turn, colleges may attempt to recoup these funds from students, and may bar students who do not repay them from future enrollment.

standard group (also known as the control group), whose members were eligible to receive financial aid under the colleges' standard aid disbursement policy.

This research design, while providing rigorous estimates of the policy's impacts, required that the two institutions in Texas each maintain two sets of financial aid disbursement rules in parallel, which may have dampened the colleges' ability to implement the policy. This fact motivated the inclusion of the third institution in the study, West Hills, where biweekly disbursements of financial aid refunds became the policy used for *all* students in the 2016-2017 academic year. This portion of the study provided additional insight into how the policy of biweekly aid disbursements works when implemented as a campus-wide policy to supplement the impact study's research on how it works when applied to just the randomly selected subsample observed in Texas. West Hills also provides insight into how the policy can be implemented in a different setting.

At all three participating colleges, MDRC researchers collected student-level financial aid, account, and academic transcript data for every student in the study sample; conducted focus groups and interviews with students, financial aid advisers or office staff members, and administrators; and fielded a survey on students' financial health, attitudes, and behaviors.

Results from the two Houston colleges at the midpoint of the study, in 2017, presented a mixed picture. The colleges were able to implement the mechanics of biweekly disbursements as intended; however, college communications about the policy were often unclear to students.[6] Biweekly disbursements did not relieve students' financial stress, but students assigned to receive their aid biweekly were not harmed academically or financially by the policy, and on some measures were better off than those who received a standard lump sum refund. This report updates these findings with research including additional students, longer follow-up, and a deeper look at the program's implementation at West Hills.

Key Findings

Based on the data from nearly 9,000 students who were tracked for up to two years at the two colleges in the randomized controlled trial, the Aid Like A Paycheck study finds that biweekly disbursements of financial aid refunds do not result in substantial impacts:

- **Students assigned to receive biweekly disbursements and those assigned to receive their aid in the standard way received the same total amount of financial aid.** Although there was no average impact on total aid received, those students assigned to receive biweekly disbursements were less likely to receive federal loans over the course of four semesters. However, this reduction in loans appears to be associated with students' lower persistence into the fourth semester at one college, as described below.

[6] Evan Weissman, Oscar Cerna, Dan Cullinan, and Amanda Baldiga, *Aligning Aid with Enrollment: Interim Findings on Aid Like A Paycheck* (New York: MDRC, 2017).

- **Biweekly disbursements reduced students' debt to the college in the first semester, but this reduction was no longer evident by the end of their fourth semester.**

- **On average, there is no evidence of biweekly disbursements improving students' key academic outcomes.** An increase in enrollment observed at one college was offset by a decrease in enrollment and persistence at the other college, and there were no other observed academic impacts. Overall, this finding suggests that the policy did not have an impact on students' academic success.

- **There is little evidence that the participating colleges or the government saved money by implementing biweekly disbursements.** There are small savings in student debt to college in the first semester. However, there is no impact on the amount of financial aid colleges had to pay back to the federal government, nor is there an impact on the amount of financial aid disbursed.

MDRC also conducted analyses of the program's implementation at HCC, San Jacinto, and West Hills. The inclusion of West Hills in the final phase of the study provides insight into whether campus-wide implementation of the policy could reduce staff burden, support clearer communications, and lead students to experience the policy differently. The main findings from West Hills follow:

- As at the two Texas colleges, West Hills was able to implement the new policy as intended, with most students receiving six to eight refunds over the course of the semester.

- In comparison to financial aid staff at the sites in Texas, staff from the financial aid offices across West Hills reported fewer difficulties implementing and communicating about the new policy.

- Generally speaking, there is little in the findings from the institution-wide adoption at West Hills that suggests any major differences from the findings at HCC and San Jacinto regarding how students experienced the policy, or regarding their financial and academic outcomes.

Conclusion

Overall, the study at the two Texas institutions shows that incremental disbursements neither hurt students nor substantially improve their academic or financial outcomes. Likewise, the policy was not found to have an impact on college or government expenditures in any substantial way. Further implementation was not as simple as expected. Research on the policy at West Hills suggests that implementation in this alternative setting — without the constraints of the randomized controlled trial design — may be simpler, but does not necessarily reduce costs substantially. It also does not suggest any major differences regarding students' financial or academic outcomes.

Despite these findings, incremental disbursements of financial aid may still be an attractive option for some institutions. In fact, two of the three institutions in this study continued to disburse aid incrementally to all eligible students in fall 2018. Administrators at San Jacinto and West Hills noted that although the research did not show that incremental disbursements have a direct impact on student outcomes, they believe that more frequent disbursements — and the accompanying recalculations and account reconciliation — ensure that payments to students are "more accurate" in relation to a student's current enrollment. Additionally, they suggested that by applying the policy consistently to all of their eligible students, they were able to more clearly communicate the policy and thus reduce students' confusion and complaints about incremental disbursements. On the other hand, after the completion of the study HCC maintained the policy of one disbursement per semester as the standard for eligible students, noting that the administrative burdens and challenges of communicating the biweekly policy to students outweighed any foreseeable benefits. Regardless, financial aid refunds alone are only a piece of the overall financial picture for most students, and many students struggle to cover the full costs of college attendance. Aid Like A Paycheck demonstrates that changing this economic reality will require more than changing the timing of financial aid.

Incremental Disbursements of Student Financial Aid

Final Report on Aid Like A Paycheck

Financial aid plays an essential role not only in allowing many students to enroll in college but also in supporting them in attaining completion and success.[1] But even when federal grants and loans cover the costs of tuition, fees, books, and supplies, many students lack the means to afford the housing, food, or other living expenses necessary to succeed in college.[2] Such students often work while attending college in order to cover these expenses, but time spent working can have a negative impact on their academic success.[3] Given these challenges, and the growing costs of postsecondary education, there is significant national interest in finding ways to use financial aid resources more efficiently and effectively to support students' academic pursuits.

Introduction

As standard practice, most colleges distribute financial aid — after tuition and fees have been paid — to students in one or two lump sums during the term. But this aid may run out before the end of the semester, potentially requiring students to increase their work hours or drop out of school. Additionally, students who receive a lump sum payment and then withdraw early in the term may be required to pay back a portion of the financial aid they received. An alternative to this typical lump sum approach is to provide students with incremental disbursements, like a paycheck, throughout the term. This approach aims to benefit students without offering additional financial aid, and has garnered broad interest and support across the political spectrum, from the Obama administration to House Republicans.[4] Aid Like A Paycheck is a study of this alternative approach.

Aid Like A Paycheck

In standard financial aid practice, colleges first apply students' financial awards to tuition and fees, then often allow students to use their aid for purchasing books and supplies at the start of the term, and finally disburse any remaining funds as a financial aid "refund." Most colleges distribute this refund to students in one or two lump sums during the term. This system of financial aid disbursement is common at colleges nationwide, but students are most likely to receive refunds in states or at colleges with low costs, with relatively generous state or institutional aid, or that have

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[1] Dynarski (2003); Scott-Clayton (2017); Castleman and Long (2016).

[2] Ma, Baum, Matea, and Welch (2017); Goldrick-Rab et al. (2018); Center for Community College Student Engagement (2017).

[3] See Perna (2012); Carnevale and Smith (2018).

[4] "Fact Sheet on the President's Plan to Make College More Affordable: A Better Bargain for the Middle Class" (2013), website: https://obamawhitehouse.archives.gov; Promoting Real Opportunity, Success, and Prosperity Through Education Reform Act, H. R. 4508, 115th Cong. (2017).

a high portion of students receiving Pell Grants. As such, community colleges tend to have the highest portion of students who receive financial aid refunds.[5] Anecdotal evidence suggests that many students receiving refunds — which can be up to several thousand dollars per semester — often use this financial aid to pay for substantial expenses, such as rent, car loans, and large credit card payments, and the lump sum sometimes runs out before the end of the semester.

In contrast to the standard financial aid practice of disbursing financial aid refunds in one or two lump sums after tuition and fees have been covered, colleges can divide students' remaining aid into roughly equal incremental disbursements that are paid out throughout the term, as depicted in Figure 1.[6] This policy of incremental disbursements fits within the Department of Education regulations, which allow any college to "pay a student at such times and in such installments as it determines will best meet the student's needs."[7] Aid Like A Paycheck is a study of whether biweekly — as opposed to lump sum — financial aid disbursements can help students stretch their financial aid to cover expenses throughout the term, and whether such a policy can improve students' academic and financial outcomes.

Biweekly financial aid disbursements — including federal Pell Grants, loans, and other aid — are theorized to help students by means of *mechanical* changes in the timing and disbursements of aid as well as by changes in the *messaging* students receive about budgeting their aid to last through the semester. These changes may help students by reducing financial stress, lowering their likelihood of withdrawing midterm, improving their performance in class, or lowering their need to take out loans or work excessive hours. In addition, by distributing aid as it is earned rather than in advance, biweekly disbursements may reduce the debt that students sometimes incur when they reduce their course loads or withdraw from college. Such enrollment changes can result in student debt to the college or in college debt to the Department of Education through a required calculation known as the Return to Title IV, or R2T4 (as described in Box 1).

However, this policy of incremental disbursements uses only existing resources to attempt to improve the financial and academic circumstances of students. By evenly distributing a student's existing aid every couple of weeks rather than offering additional financial support, Aid Like A Paycheck cannot be expected to substantially change students' immediate economic position. Moreover, the myriad of influences and communications present at any college may limit the influence that this one policy can have on students' behaviors and attitudes. Many students also work for pay, receive housing or other support from family members, or have other means of sustaining themselves. Thus, the aid being refunded is — for many students — just one part of their financial situation.

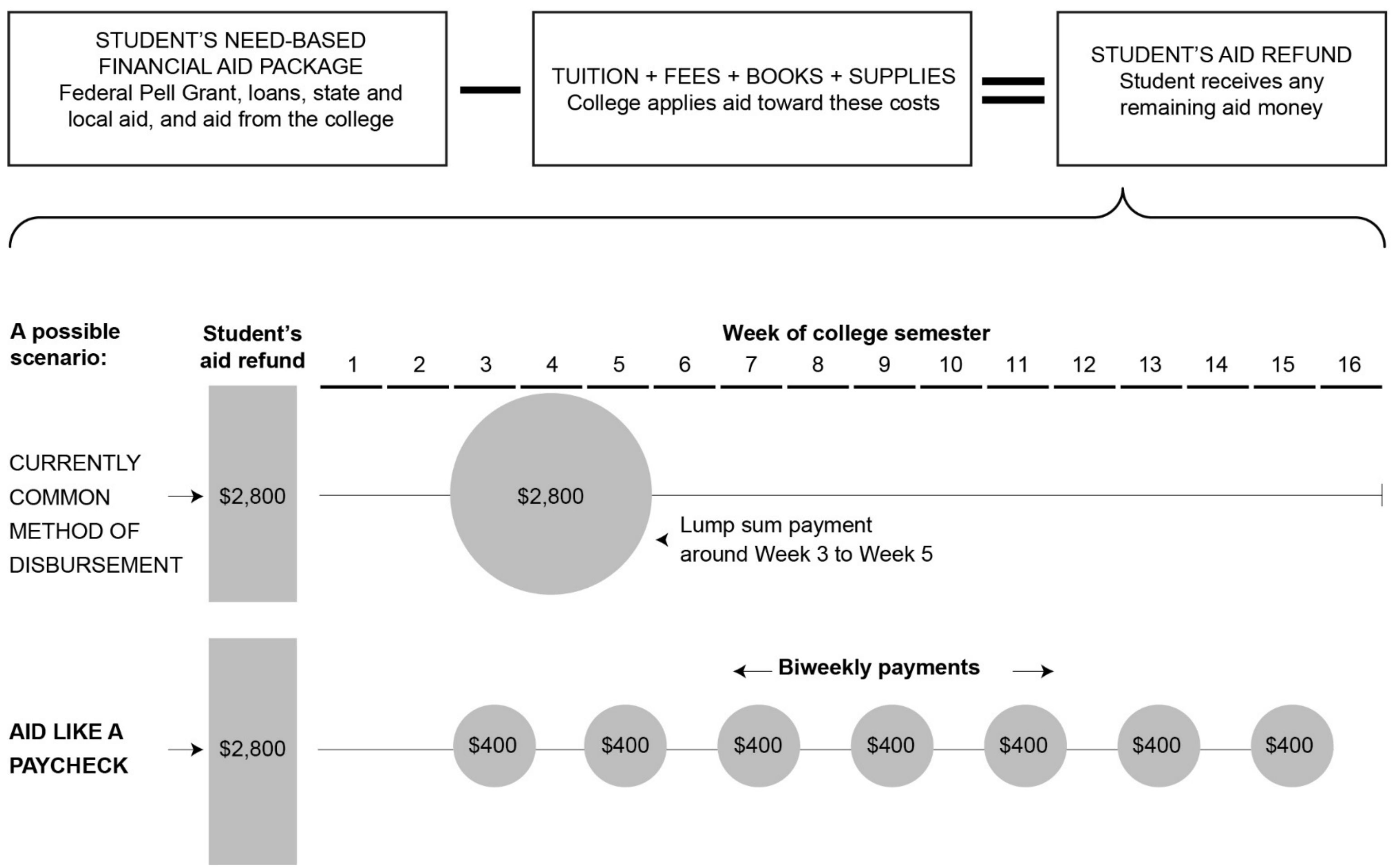
[5]Ware, Weissman, and McDermott (2013).

[6]MDRC's 2017 interim report, *Aligning Aid with Enrollment: Interim Findings on Aid Like A Paycheck* (Weissman, Cerna, Cullinan, and Baldiga, 2017), provides a more detailed description of the rationale and theory of change for disbursing financial aid in biweekly disbursements.

[7]This explicit permission for colleges to determine how federal financial aid is disbursed pertains to all grant and loan funds under Title IV of the Higher Education Act, which provides the majority of federal student aid.

Figure 1

Two Methods of Disbursing Aid



Box 1

Return to Title IV

Title IV of the Higher Education Act, which provides the majority of federal student aid, includes a policy that requires the calculation of a Return to Title IV (commonly known as R2T4) when a student withdraws from all courses before completing 60 percent of the semester. In these instances, colleges can be required to repay unearned aid funds to the Department of Education. In turn, colleges may attempt to recoup these funds from students and bar students who do not repay them from future enrollment. R2T4s are thus generally seen as a problem for both students and colleges.

Financial aid administrators at the colleges discussed in this report explained that beyond the primary goal of helping students perform better in school, an important secondary benefit of implementing Aid Like A Paycheck was the potential for reductions in R2T4 that would result from aligning disbursement of aid more closely with the time that it is earned.

While the intervention of biweekly disbursements may lead to only modest impacts and is only a part of students' overall financial picture, the potential for modest short-term beneficial impacts is hypothesized to be sufficient to lead to increased persistence and greater credit accumulation, which ultimately could lead to increased rates of graduation or transfer. In addition to the potential impacts on students' academic and financial outcomes, biweekly disbursements could provide financial benefits to colleges, particularly if the policy can reduce R2T4 or other student debt to the college.[8] On the other hand, changing the timing of financial aid disbursements to help aid last until the end of the semester reduces the amount of funds available at the start of the term and thus raises the risk that students may feel additional financial stress at the start of the term and suffer academically as a result.

The Aid Like A Paycheck study was launched to test these hypotheses by rigorously estimating the impacts of the policy on key student outcomes such as total aid received, loans received, student debt to the college, credits earned, and persistence. The study finds that incremental disbursements neither hurt students nor substantially improve their academic or financial outcomes. Likewise, the study does not find that the policy has an impact on college or government expenditures in any substantial way.

The Study Design

MDRC conducted a mixed-methods evaluation of incremental financial aid disbursements at two community college systems in and around Houston, Texas: San Jacinto College (San Jacinto) and the Houston Community College System (HCC). This evaluation is

[8]The costs and burden of R2T4 fall primarily on colleges, which may be required to pay back students' unearned aid funds resulting from early withdrawal to the federal government and are only sometimes able to recoup these funds from students. Other student debt to the college can result from students' enrollment changes or factors such as parking tickets, library fines, student fees, and other charges. These costs may be deducted from a student's financial aid refund or billed to the student.

supplemented by an implementation study of the policy at the West Hills Community College District (West Hills) in California's rural Central Valley.

The study includes a randomized controlled trial of the effects of the program at San Jacinto and HCC. The randomized controlled trial is an evaluation design that is widely accepted to yield the most credible estimates of the effects of a program or intervention because it makes it possible to estimate not only the outcomes of the intervention but also the counterfactual effects, or what happens in the absence of the intervention. In Aid Like A Paycheck, eligible students were randomly assigned either to the program group, whose members would be eligible to receive financial aid under the new biweekly disbursement policy, or to the standard group (also known as the control group), whose members would be eligible to receive financial aid under the colleges' standard aid disbursement policy. Because of the random assignment design, members of the two groups can be expected to be alike at baseline in measurable traits (such as education and economic status) as well as in other characteristics that are difficult to measure (like motivation). When the two groups are followed over time, the differences in their outcomes provide a reliable estimate of the program's effects, or impacts.

This research design, while providing rigorous estimates of the policy's impacts, required that the two institutions each maintain two sets of financial aid disbursement rules in parallel, which may have dampened the colleges' ability to implement the policy. This fact motivated the inclusion of the third institution in the study, West Hills, where biweekly disbursements of financial aid refunds became policy for *all* students in the 2016-2017 academic year.[9] This portion of the study provides insight into how the policy of biweekly aid disbursements works when implemented as a campus-wide policy, rather than for just a randomly selected subsample as was done in Texas for the purposes of the impact study. The research at West Hills seeks to answer questions such as: When biweekly disbursements become the policy for all students receiving financial aid at an institution, do there appear to be any substantial differences in college costs or the ability to implement the policy well? Does college-wide implementation allow for clearer communications about the policy? Do students appear to experience the policy differently when it is applied to all students rather than just a subset? If these things are the case, what do they suggest for the potential of the policy at other institutions?

The research at West Hills also provides insight into how the policy can be implemented in a different setting — in this case, a community college district in central California — than the two large Houston-area institutions.

At all three participating colleges, MDRC researchers collected multiple forms of qualitative and quantitative data, including student-level financial aid, account, and academic transcript data for every student in the study sample. Between fall 2014 and spring 2017, MDRC conducted focus groups and interviews with more than 130 students in the program and standard groups, 40 financial aid advisers or office staff members, and about 10 administrators. The purpose of the focus groups and interviews was to better understand the context in which

[9]The policy was dubbed "Paid Like a Paycheck" at West Hills, but to avoid confusion it is termed "Aid Like A Paycheck" in this report.

biweekly refunds were implemented, how different stakeholders experienced the policy's implementation, and how these factors provide insight into the impact findings. Additionally, approximately 1,000 students were invited to complete a survey once per month throughout their first semester in the Aid Like A Paycheck study at San Jacinto and HCC, and over 2,500 students were invited to complete the survey at West Hills. Survey response rates are about 60 percent at the Texas colleges, where there was a robust effort to follow up with students, and 18 percent at West Hills, where the survey was administered via e-mail only.[10]

Study Colleges and Students in the Sample

Two institutions in the study — HCC and San Jacinto — are located in the Houston area, one of the largest metropolitan areas in the United States. HCC primarily serves urban Houston and is the fifth-largest community college district in the country. HCC has six colleges and 21 campuses spread across the city and serves about 85,000 students per academic year. San Jacinto is also quite large but is more suburban and serves about 40,000 students per year at three campuses.[11]

The third institution — West Hills — is in California's rural Central Valley, within Fresno and King counties. West Hills is significantly smaller than the two Texas colleges, serving about 10,000 students at two colleges and one satellite campus, yet is spread out across a rural area geographically larger than the city of Houston.[12] Another notable difference between the areas served is that the unemployment rate in the Fresno metropolitan area of West Hills was 9.5 percent in 2016, whereas Houston's figure stood at 5.3 percent.[13] These differences underscore the different contexts in which the policy of biweekly disbursements was implemented and serve to caution against direct comparisons of college or student experiences or outcomes. However, commonalities across the colleges and their students exist as well and can serve to remind readers that while every community college is unique, there are also many similarities across colleges and the communities they serve.

Students in this study were selected through college records based on the criterion of having an expected financial aid refund amount of at least $800 after tuition and fees were paid and books were purchased. (This cutoff amount was selected so that the biweekly disbursements would not be very small.) At HCC, only new students were included; at San Jacinto, students who

[10]As detailed in the supplemental materials to this report, the lower response rate at West Hills suggests that these findings — and any comparisons with the findings from the Houston colleges — should be interpreted with caution. Additionally, the response rates and differential responses within the Houston colleges suggest that the differences between students in the program and standard groups, and any moderate changes seen over time, should also be interpreted with caution.

[11]Data taken from the Integrated Postsecondary Education Data System (IPEDS), the U.S. Department of Education, the Institute of Education Sciences, and the National Center for Education Statistics for the 2016-2017 academic year.

[12]Data taken from IPEDS for the 2016-2017 academic year.

[13]Bureau of Labor Statistics (2018).

had attempted up to 14 credits were included; at West Hills, all students with an expected refund were included.

Table 1 shows several demographic and financial aid characteristics of students at the time they entered the study. As shown, students at San Jacinto were on average slightly younger and more likely to be financially dependent on their parents than students at West Hills and HCC. The average age of students in the study was about 21 years old at San Jacinto, about 23 at West Hills, and about 24 at HCC.

All three colleges have sizable minority student populations. About two-thirds of the students in the study sample at both West Hills and San Jacinto are Hispanic, as are about one-third at HCC. Almost half of the HCC students are black, whereas that figure is closer to 10 percent at both San Jacinto and West Hills. Women constitute roughly 60 percent of the student sample at all three schools. The majority of students in the sample at West Hills and San Jacinto were enrolled full time, and about 40 percent were enrolled full time at HCC. Between 40 and 55 percent of the students in the study had been placed into developmental education across the three colleges.

By design of the program and the study, all students in the sample at San Jacinto, and the overwhelming majority at HCC and West Hills, were expected to receive Pell Grants. However, far more students expected to take out loans at HCC than at San Jacinto or West Hills. This difference is reflective of the general trends regarding loans at the three colleges, where 19 percent of all full-time beginning undergraduate students at HCC take out loans, and only 4 percent and 7 percent of students at San Jacinto and West Hills do so, respectively.[14] At all three colleges, students in the sample were expected to receive financial aid refunds averaging about $2,500 to $3,000 in their first semester.

Previously Reported Interim Findings

Results from the two Houston colleges at the midpoint of the study, when about 6,000 study participants had been enrolled for at least one semester,[15] presented a mixed picture. The colleges were able to implement the mechanics of biweekly disbursements as intended; however, college communications about the policy and about financial aid in general were often unclear to students. Biweekly disbursements did not relieve students' financial stress, but students assigned to receive their aid biweekly were not harmed academically or financially by the policy either, and on some measures they were better off than those who received a standard lump sum refund. In particular, biweekly disbursements reduced students' use of federal loans and debt to the college after one semester without reducing the overall aid they received. Although there was no

[14]Data taken from IPEDS for the 2016-2017 academic year.

[15]The 2017 report presented the academic and financial impacts of Aid Like A Paycheck on 6,264 students in their first semester, as well as academic impacts for 4,220 of those students in their second semester. At HCC, the first three program semesters were spring 2015, fall 2015, and spring 2016. At San Jacinto, the first three program semesters were fall 2014, spring 2015, and fall 2015. Weissman, Cerna, Cullinan, and Baldiga (2017).

Table 1

Characteristics of Study Participants at Houston Community College, San Jacinto College, and West Hills Community College District

Response	Houston Community College	San Jacinto College	West Hills Community College District[a]
Age (years)	24.1	20.8	22.9
Male (%)	43.9	39.9	41.4
Race/ethnicity (%)			
Hispanic	35.7	64.2	67.1
White	7.9	16.2	17.0
Asian	6.7	4.2	3.7
Black	48.5	14.7	9.0
Other	0.7	0.0	2.9
Planned academic load at baseline (%)			
Less than part time (1 to 5 credits)	6.0	0.0	5.9
Half time (6 to 8 credits)	27.7	6.7	13.2
Three-quarter time (9 to 11 credits)	25.0	32.2	12.7
Full time (12 credits or more)	41.2	61.1	68.1
Developmental education needed (%)	41.2	55.4	41.0
Cost of attendance ($)	11,233	9,022	15,604
Have expected family contribution (%)	23.5	17.3	30.5
Expected refund ($)	3,157	2,494	2,477
Expected financial aid package includes (%)			
Pell Grant	90.9	100.0	95.4
State aid	20.5	30.8	98.6
Loans	48.5	14.6	10.5
Other aid/scholarships	5.3	1.6	35.3
Prior aid received (%)	0.0	16.4	48.2
Prior credits attempted (%)			
0	100.0	82.1	48.9
1-14	0.0	17.9	51.1
Dependent on parents (%)	56.3	71.8	61.7
Sample size	4,200	4,640	2,463

(continued)

Table 1 (continued)

SOURCE: MDRC calculations using baseline data from Houston Community College, San Jacinto College, and West Hills Community College District.

NOTES: Rounding may cause slight discrepancies in sums and differences.
Distributions may not sum to 100 percent because categories are not mutually exclusive.
The first program semesters for the four student cohorts at Houston Community College were spring 2015, fall 2015, spring 2016, and fall 2016. The first program semesters for the five student cohorts at San Jacinto College were fall 2014, spring 2015, fall 2015, spring 2016, and fall 2016.
[a]West Hills students with an expected refund of at least $800, enrolling for the first time in the 2015-2016 or 2016-2017 school year, are presented in this table.

impact on academic success on average, students in the program group at one college were more likely to enroll in their second semester of school. And finally, although the policy raised the possibility of cost savings for the colleges and the federal government, there was little evidence of such savings at the midpoint in the research.

The remainder of this report updates these findings with research including additional students, longer follow-up, and a deeper look at the program's implementation with the addition of West Hills, where biweekly disbursements of financial aid refunds became the standard policy for all students.

Financial and Academic Impacts at San Jacinto and Houston Community Colleges

This section presents the estimated impacts of the Aid Like A Paycheck intervention on about 9,000 students who joined the study in the program's first five semesters at San Jacinto and HCC, with two years of follow-up data included for about 5,500 of those students. With additional semesters of program intake, and a longer period of longitudinal follow-up, the sample for the first program semester is almost 50 percent larger than that covered in the 2017 interim report on Aid Like A Paycheck, and the follow-up period is twice as long. The main findings are:

- Students assigned to receive biweekly disbursements and those assigned to receive their aid in the standard way received the same total amount of financial aid, yet those assigned to receive biweekly disbursements were less likely to receive federal loans over the course of four semesters. This result appears to be associated with program group students' lower persistence into the fourth semester at one college, as described below.

- Biweekly disbursements reduced students' debt to the college in the first semester (especially at San Jacinto), consistent with the findings reported in 2017. This reduction in debt was no longer evident after the fourth semester.

- On average, there is no evidence of biweekly disbursements improving students' key academic outcomes. At one college, students in the program group experienced a 2.7 percentage point increase in enrollment in their second semester of college. This impact is smaller than that observed on the program group sample previously, and after four semesters there was no difference between the program and standard groups' enrollment. At the other college, there is a 4.1 percentage point negative impact on persistence in students' fourth semester.

- There is little evidence that the participating colleges or the government saved money by implementing biweekly disbursements. There were small savings in student debt to the colleges in their first semester. However, there is no impact on the amounts of R2T4 financial obligation in the pooled sample, nor is there an impact on the amount of financial aid disbursed.

Financial Aid Outcomes

Financial aid outcomes for students in the biweekly (program) and standard disbursement (control) groups are presented in Table 2, with the average difference between the groups shown in the third column. As can be seen at the top of the "First program semester" panel, students in both research groups received about the same amount of aid overall in the first semester. The small difference is not statistically significant, as indicated by the lack of asterisks.

In their first semester, students in the program group received the same amount of loans as those in the standard group. This is in contrast to the finding of loan reductions in the smaller sample described in the 2017 report. However, as shown in the "First four semesters, cumulative" panel, students assigned to receive biweekly disbursements were 2.7 percentage points less likely to take out loans than students assigned to the standard group over the course of four semesters. By their fourth semester, the cumulative loans of program group students were on average $200 lower (which is statistically significant). As can be seen in Table 3, the two-year cumulative loan impacts at HCC (shown in the "First four semesters, cumulative" panel) are of larger magnitude than those at San Jacinto, where fewer students took out loans overall. However, the HCC program group students' lower loan receipt, compared with that of the standard group, appears to be associated with the fact that students assigned to the program group were also less likely to be enrolled by their fourth semester, as described in the "Academic Outcomes" section below.

Despite receiving the same average amount of aid, students assigned to receive biweekly refunds received fewer refund dollars than those in the standard group. The most likely explanation for this finding is that colleges can subtract charges that arise during the semester, including for books, parking tickets, library fees, and additional tuition, from the undistributed portion of refunds for students in the program group, lowering the total refund for this group. In this way, charges are covered directly by aid instead of out of pocket.

Students also had less debt to the college in their first program semester, particularly at San Jacinto. As described in the 2017 report, when students reduce their course load from full to part time after receiving a refund, colleges may charge them for the previously distributed aid in excess of their earned aid amount; students who receive their aid in a lump sum may be more

Table 2

Financial Aid Outcomes Among Study Participants at Houston Community College and San Jacinto College, Fall 2014 through Spring 2017

Outcome	Program Group	Standard Group	Difference	P-Value
First program semester				
Financial aid received ($)	3,295	3,337	-42	0.266
Federal grants	2,144	2,133	11	0.562
State grants	343	358	-14	0.227
Other grants	43	35	8	0.194
Loans	765	811	-46	0.152
Students who received loans (%)	23.6	24.6	-1.0	0.281
Loan amount, among those with loans[a]	3,349	3,391		
Financial aid refunded net tuition and fees ($)	2,134	2,231	-96 ***	0.002
Outstanding debt to college including R2T4 ($)	60	77	-17 **	0.034
Students who owe debt to the college (%)	8.0	8.1	0.0	0.952
Outstanding debt to college, including R2T4, among those who owe ($)[a]	768	951		
R2T4 obligation ($)	26	26	0	0.943
Students with R2T4 penalties (%)	3.1	3.5	-0.4	0.298
Among those penalized, R2T4 obligation ($)[a]	834	767		
Official or unofficial withdrawal (%)	6.1	6.7	-0.6	0.244
Sample size (n = 8,840)	4,411	4,429		
First four semesters, cumulative				
Financial aid received ($)	8,041	8,113	-72	0.645
Federal grants	5,361	5,283	78	0.394
State grants	992	955	37	0.374
Other grants	105	91	14	0.388
Loans	1,583	1,784	-200 **	0.047
Students who received loans (%)	22.8	25.4	-2.7 **	0.018
Loan amount, among those with loans[a]	7,123	7,215		
Financial aid refunded net tuition and fees ($)	5,418	5,630	-212 *	0.085

(continued)

Table 2 (continued)

Outcome	Program Group	Standard Group	Difference	P-Value
Outstanding debt to college including R2T4 ($)	9	13	-4	0.389
Students who owe debt to the college (%)	2.9	3.2	-0.3	0.554
Outstanding debt to college, including R2T4, among those who owe ($)[a]	314	427		
R2T4 obligation ($)	59	60	-1	0.921
Students with R2T4 penalties (%)	7.7	9.2	-1.6 **	0.037
Among those penalized, R2T4 obligation ($)[a]	762	650		
Official or unofficial withdrawal (%)	16.1	18.0	-2.0 *	0.052
Sample size (n = 5,541)	2,764	2,777		

SOURCE: MDRC calculations using financial aid data from Houston Community College and San Jacinto College.

NOTES: Rounding may cause slight discrepancies in sums and differences.
Estimates are adjusted by cohort.
A two-tailed t-test was applied to differences between research groups. Statistical signficance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.
The first program semesters for the five student cohorts at San Jacinto College were fall 2014, spring 2015, fall 2015, spring 2016, and fall 2016. The first program semesters for the four student cohorts at Houston Community College were spring 2015, fall 2015, spring 2016, and fall 2016. Since the data are analyzed through spring 2017, only the first three San Jacinto College and the first two Houston Community College cohorts are included in the first four semesters, cumulative figures.
[a]Values are calculated for a subset of the full sample.

likely to be subject to these charges. When a student is unable to pay, such charges show up as a debt to the college. However, this reduction in debt to the college did not remain significant in the two-year follow-up.

Student debt may also arise from R2T4; when a student withdraws before completing 60 percent of the semester, the college may have to return financial aid to the federal government and may pass this penalty on to students. It was hypothesized that biweekly disbursements would reduce R2T4. However, no impact is found on R2T4 amounts that colleges owed to the federal government in the pooled sample despite slightly fewer program group students being penalized by R2T4 in the two-year follow-up period. The difference in these impacts between colleges is also not statistically significant.

Table 3

Financial Aid Outcomes Among Study Participants, by College, Fall 2014 through Spring 2017

	Houston Community College				San Jacinto College				Subgroup
Outcome	Program Group	Standard Group	Difference	P-Value	Program Group	Standard Group	Difference	P-Value	Impact Differences
First program semester									
Financial aid received ($)	3,551	3,634	-83	0.181	3,063	3,068	-4	0.920	
Federal grants	1,901	1,915	-15	0.621	2,364	2,329	35	0.161	
State grants	263	260	3	0.814	416	447	-30 *	0.100	
Other grants	20	17	3	0.565	63	52	12	0.243	
Loans	1,367	1,441	-74	0.191	219	240	-21	0.435	
Students who received loans (%)	42.7	43.8	-1.2	0.452	6.8	7.3	-0.4	0.554	
Loan amount, among those with loans	*3,362*	*3,390*			*3,291*	*3,389*			
Financial aid refunded net tuition and fees ($)	2,424	2,543	-119 **	0.021	1,872	1,948	-76 **	0.031	
Outstanding debt to college including R2T4 ($)	32	29	3	0.542	86	120	-34 **	0.014	††
Students who owe debt to the college (%)	7.2	5.4	1.8 **	0.017	8.8	10.5	-1.7 *	0.051	†††
Outstanding debt to college, including R2T4, among those who owe ($)	*479*	*542*			*980*	*1,145*			

(continued)

Table 3 (continued)

	Houston Community College				San Jacinto College				Subgroup
	Program	Standard			Program	Standard			Impact
Outcome	Group	Group	Difference	P-Value	Group	Group	Difference	P-Value	Differences
R2T4 obligation ($)	8	12	-4	0.102	42	39	3	0.672	
Students with R2T4 penalties (%)	1.5	2.2	-0.7 *	0.071	4.5	4.6	-0.1	0.908	
Among those penalized, R2T4 obligation ($)	*517*	*523*			*936*	*867*			
Official or unofficial withdrawal (%)	2.6	4.0	-1.4 **	0.010	9.2	9.1	0.1	0.885	
Sample size (n = 8,840)	2,095	2,105			2,316	2,324			
First four semesters, cumulative									
Financial aid received ($)	8,361	8,851	-490 *	0.069	7,821	7,606	216	0.249	††
Federal grants	4,528	4,602	-73	0.590	5,933	5,752	182	0.133	
State grants	759	765	-6	0.902	1,152	1,086	66	0.274	
Other grants	54	69	-15	0.290	139	106	33	0.179	†
Loans	3,020	3,415	-396 **	0.050	597	662	-66	0.450	
Students who received loans (%)	43.7	47.9	-4.2 **	0.047	8.6	10.1	-1.5	0.140	
Loan amount, among those with loans	*7,136*	*7,351*			*7,086*	*6,767*			
Financial aid refunded net tuition and fees ($)	5,851	6,363	-512 **	0.018	5,120	5,126	-6	0.967	†

(continued)

Table 3 (continued)

Outcome	Houston Community College Program Group	Houston Community College Standard Group	Houston Community College Difference	Houston Community College P-Value	San Jacinto College Program Group	San Jacinto College Standard Group	San Jacinto College Difference	San Jacinto College P-Value	Subgroup Impact Differences
Outstanding debt to college including R2T4 ($)	5	7	-1	0.778	12	17	-5	0.411	
Students who owe debt to the college (%)	1.9	1.5	0.4	0.501	3.7	4.4	-0.7	0.294	
Outstanding debt to college, including R2T4, among those who owe ($)	*306*	*539*			*334*	*385*			
R2T4 obligation ($)	17	29	-12 **	0.024	87	80	7	0.584	
Students with R2T4 penalties (%)	4.0	5.7	-1.7 *	0.055	10.2	11.6	-1.4	0.191	
Among those penalized, R2T4 obligation ($)	*432*	*513*			*858*	*690*			
Official or unofficial withdrawal (%)	6.5	8.7	-2.3 **	0.043	22.6	24.4	-1.7	0.239	
Sample size (n = 5,541)	1,125	1,132			1,639	1,645			

(continued)

Table 3 (continued)

SOURCE: MDRC calculations using financial aid data from Houston Community College and San Jacinto College.

NOTES: Rounding may cause slight discrepancies in sums and differences.
Estimates are adjusted by cohort.
A two-tailed t-test was applied to differences between research groups. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.
Differences across subgroup impacts were tested for statistical significance. Statistical significance levels (Subgroup Impact Differences) are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.
Values shown in italics are calculated for a subset of the full sample.
The first program semesters for the five student cohorts at San Jacinto College were fall 2014, spring 2015, fall 2015, spring 2016, and fall 2016. The first program semesters for the four student cohorts at Houston Community College were spring 2015, fall 2015, spring 2016, and fall 2016. Since the data are analyzed through spring 2017, only the first three San Jacinto College and the first two Houston Community College cohorts are included in the first four semesters, cumulative figures.

Academic Outcomes

On average, the policy of biweekly disbursements has no impact on students' academic success, as can be seen in Table 4. This finding is consistent with the findings for the first program semester. There are no academic effects in the pooled two-year follow-up sample, either. Looking at the individual colleges in Table 5, there is one statistically significant academic impact at each.

At San Jacinto, there is a 2.7 percentage point increase in students' persistence into their second semester. This increase is smaller than the 5.7 percentage point impact that was noted in the smaller sample described in the 2017 report. Program group students enrolled and attempted slightly more credits in their first two semesters, but this effort did not result in more credits earned or in greater persistence or credit accumulation after two years.

At HCC, students' persistence into the fourth semester decreased by 4.1 percentage points. That is, students were less likely to enroll three semesters after their first program semester if they were assigned to the program group than if they were assigned to the standard group at HCC. This finding appears to have been driven largely by older, independent students at HCC, many of whom planned to take out loans at baseline, with the program group enrolling at lower rates in their fourth semester. However, there is no cumulative impact on credits attempted or earned. The enrollment impact may explain some of the negative impact on cumulative loan disbursements described above: HCC students who were expected to take out loans were less likely to enroll in their second year if they were assigned to the program group, thus lowering the percentage of students who received loans (and the average loan amount) in that group. No other academic impacts were observed at HCC.

These college-specific findings indicate that the effects of biweekly payments varied somewhat by site, but they do not indicate any consistent impact on academic outcomes. Neither

Table 4

Academic Outcomes Among Study Participants at Houston Community College and San Jacinto College, Fall 2014 through Spring 2017

Outcome	Program Group	Standard Group	Difference	P-Value
First program semester				
Enrolled (%)	97.4	97.1	0.3	0.378
Credits attempted	10.8	10.7	0.1	0.147
Credits earned	7.6	7.5	0.1	0.614
Second program semester				
Enrolled (%)	72.0	70.8	1.2	0.202
Credits attempted	7.6	7.5	0.1	0.204
Credits earned	5.5	5.5	0.0	0.720
Sample size (n = 8,840)	4,411	4,429		
Fourth program semester				
Enrolled (%)	39.4	40.2	-0.8	0.542
Cumulative credits attempted	27.7	27.3	0.4	0.319
Cumulative credits earned	20.1	19.8	0.3	0.498
Sample size (n = 5,541)	2,764	2,777		

SOURCE: MDRC calculations using transcript data from Houston Community College and San Jacinto College.

NOTES: Estimates are adjusted by cohort.

A two-tailed t-test was applied to differences between research groups. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

The first program semesters for the five student cohorts at San Jacinto College were fall 2014, spring 2015, fall 2015, spring 2016, and fall 2016. The first program semesters for the four student cohorts at Houston Community College were spring 2015, fall 2015, spring 2016, and fall 2016. Since the data are analyzed through spring 2017, only the first three San Jacinto College and the first two Houston Community College cohorts are included in the first four semesters, cumulative figures.

the field research nor the exploratory analyses of the data (such as the subgroup analyses described below) point to any clear explanations for the difference in impacts between the two colleges.

Savings to Colleges and the Government

The longer follow-up and larger sample that were available for this report did not yield different findings from those detailed in the 2017 report with regard to college or government savings. There continues to be little evidence of substantial cost savings to either the colleges or the government from biweekly payments.

Table 5

Academic Outcomes Among Study Participants, by College, Fall 2014 through Spring 2017

	Houston Community College				San Jacinto College				Subgroup
	Program	Standard			Program	Standard			Impact
Outcome	Group	Group	Difference	P-Value	Group	Group	Difference	P-Value	Differences
First program semester									
Enrolled (%)	96.8	97.4	-0.6	0.254	97.9	96.8	1.1 **	0.018	††
Credits attempted	10.2	10.2	0.0	0.855	11.3	11.1	0.2 **	0.048	
Credits earned	6.9	6.8	0.1	0.614	8.2	8.2	0.0	0.827	
Second program semester									
Enrolled (%)	66.6	67.2	-0.6	0.644	76.9	74.1	2.7 **	0.024	†
Credits attempted	6.4	6.5	-0.1	0.662	8.7	8.4	0.3 **	0.046	†
Credits earned	4.5	4.5	-0.1	0.682	6.5	6.3	0.1	0.441	
Sample size (n = 8,840)	2,095	2,105			2,316	2,324			
Fourth program semester									
Enrolled (%)	37.4	41.5	-4.1 **	0.042	40.7	39.2	1.5	0.382	††
Cumulative credits attempted	25.0	25.4	-0.4	0.517	29.5	28.5	1.0 *	0.076	†
Cumulative credits earned	17.5	17.8	-0.4	0.580	22.0	21.2	0.8	0.200	
Sample size (n = 5,541)	1,125	1,132			1,639	1,645			

SOURCE: MDRC calculations using transcript data from Houston Community College and San Jacinto College.

NOTES: Estimates are adjusted by cohort.

A two-tailed t-test was applied to differences between research groups. Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Differences across subgroup impacts were tested for statistical significance. Statistical significance levels (Subgroup Impact Differences) are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

The first program semesters for the five student cohorts at San Jacinto College were fall 2014, spring 2015, fall 2015, spring 2016, and fall 2016. The first program semesters for the four student cohorts at Houston Community College were spring 2015, fall 2015, spring 2016, and fall 2016. Since the data are analyzed through spring 2017, only the first three San Jacinto College and the first two Houston Community College cohorts are included in the first four semesters, cumulative figures.

R2T4 obligations, a potential source of savings for colleges if they are reduced, remain unaffected by biweekly payments in the pooled sample, and there is no significant difference between colleges in R2T4 impacts. The slight reduction in program group students' debt to college in their first semester observed in the 2017 interim report is still present in the larger sample in this report, and represents a small savings of about $17 per student in the pooled sample. This impact in students' first semester is entirely reflective of students at San Jacinto and is not observed at HCC, nor is it observed at either college at the end of two years of follow-up. Similarly, the lack of effects on persistence in the pooled sample makes it unlikely that colleges should expect increased revenue (or any associated costs) from changes in student enrollment because of biweekly refunds.

The federal government could potentially save money if biweekly payments were to decrease the amount of aid being disbursed — to students not staying enrolled, for example — but no such impact was observed in the pooled sample. At HCC, there was a reduction in the cumulative aid disbursed to students over two years, but this reduction came from loans (both subsidized and unsubsidized), which do not represent as much savings to the government as an impact on Pell Grants might.[16]

The Relationship Among Refunds, Employment, and Persistence

Prior anecdotal evidence suggests that students who receive lump sum financial aid refunds at the start of the term may work longer hours at a paid job toward the end of the term as their money runs out. And increases in work hours — particularly when students work more than 20 hours per week — have been proven to have detrimental effects on college persistence.[17]

The theory of change in Aid Like A Paycheck suggests that biweekly disbursements might address these issues by reducing students' need to work late in the semester, thus helping them focus on their studies. However, the evaluation finds that while survey respondents receiving lump sum disbursements did work more at the end of the semester than at the start, the increase was not as large as expected and was not statistically significant.[18] Moreover, being assigned to receive their disbursements biweekly instead of in a lump sum did not change students' work behaviors.[19]

Further correlational analyses between the survey and academic records support the results of other studies on the relationship between hours worked and academic outcomes. In

[16]Disbursing refunds biweekly, rather than in a lump sum early in the term, can also produce net interest savings for providers of financial aid (whether Pell Grants, state aid, or other aid). During the time of this study, however, real interest rates were at historically low levels and any interest savings would have been insubstantial.

[17]Perna (2012).

[18]Students' work patterns were examined in the survey as detailed in the 2017 interim report, which, in the last two questionnaires (for the second half of the semester), found a 3-4 percentage point increase in the proportion of HCC and San Jacinto students who reported working 20 hours or more per week, as compared with the amount of students who reported working this much in the first two questionnaires. However, there is not a statistically significant trend over the four months of surveys.

[19]Weissman, Cerna, Cullinan, and Baldiga (2017), p. 21.

brief, students who reported working more than 20 hours per week in their first semester of the Aid Like A Paycheck study were less likely to enroll in the second semester. On average, biweekly disbursements changed neither the likelihood of students working 20 hours or more, nor their persistence.

Subgroup Analyses

In addition to the impact comparisons by college, several prespecified exploratory subgroups were analyzed. Generally speaking, the patterns of impacts observed did not offer meaningful insight into groups of students who were more or less likely to benefit from the intervention. Subgroups that were explored include students who identified as financially independent on the Free Application for Federal Student Aid, or FAFSA; students whose Expected Family Contribution (an estimate of the student's ability to pay for college) was zero; students who expected to take out loans; students under 20 years old; students required to take developmental courses; and students who were enrolled full time at the point of random assignment. Additionally, the impacts of Aid Like A Paycheck were examined and compared based on students' gender, racial, and ethnic identification. There were no meaningful differences in the effectiveness of the program based on these subgroups.

Implementation of Aid Like A Paycheck at the Three Study Sites

The implementation of biweekly disbursements and students' experiences in the study at HCC and San Jacinto are detailed in the 2017 interim report. That report shows that both colleges were able to implement the mechanics of biweekly disbursements as intended but that the implementation was more burdensome than anticipated and that communications were often unclear to students.[20] This report updates those findings with additional data from West Hills, where the policy of biweekly disbursements was implemented in a different setting and as a campus-wide policy, rather than for just a randomly selected subsample as at the two Texas colleges. The sections below describe the students' experiences with biweekly disbursements at West Hills, highlight notable similarities and differences between the policy implementation at this school and its implementation at HCC and San Jacinto, and ask what these observations may suggest for other institutions considering adoption of biweekly disbursements. The key findings include:

- Similar to the two Texas colleges, West Hills was able to implement the new policy as intended, with most students receiving six to eight refunds over the course of the semester. Prior to the policy change at West Hills, most students had received two to three refunds per semester.

- In comparison to the financial aid staff at the sites in Texas, the staff from the financial aid offices across West Hills reported fewer difficulties in implementing and communicating about the new policy.

[20]Weissman, Cerna, Cullinan, and Baldiga (2017).

- Students at West Hills generally reported liking biweekly disbursements more than students at the two Texas colleges did.
- Some students at West Hills reported on a survey that they experienced higher levels of financial stress and lower rates of employment than did survey respondents at the Texas colleges. Other behaviors and attitudes were roughly comparable between students at West Hills and the Texas colleges.
- In general, there is little in the findings from the institution-wide adoption of the policy at West Hills that suggests any major differences from the findings at HCC and San Jacinto regarding students' financial and academic outcomes.

Implementing Biweekly Disbursements

West Hills began distributing biweekly aid payments in the fall 2016 semester to all financial aid students who had enough refunds to qualify. While some of the implementation findings point to similarities across West Hills and the two Texas colleges, there were also differences in the disbursement procedures and messaging of the policy that should be noted. Most notably, West Hills assigned biweekly disbursements to *all* eligible financial aid students, whereas at HCC and San Jacinto, eligible students were randomly assigned to receive their aid either in biweekly disbursements or in lump sum disbursements. As a result, the two Texas colleges were required to create two separate disbursement systems to adhere to the random assignment study design.

Prior to the policy change, West Hills typically disbursed aid twice per semester — about half at the beginning of the semester and the remainder in the middle of the semester. Table 6 indicates that in spring 2016, the last semester before the new policy change was enacted, most financial aid students received two or three refunds. As the Texas colleges had done before, West Hills revised its financial aid software systems to automate biweekly disbursements. Students with an expected refund of over $800 were scheduled to receive biweekly disbursements. As shown in Table 6, just under two-thirds of the West Hills students who were expected to receive biweekly aid disbursements received six to eight refunds, averaging about $400 each, in the fall 2016 and spring 2017 terms. Similarly, as shown in Table 6, most students who were assigned to Aid Like A Paycheck in the Texas colleges also received six to eight refunds.

At all three schools, there was some variation from the schedule in evenly spaced biweekly refunds of equal amounts, but as described in the 2017 interim report, these variations were typically a result of financial aid rules, regulations, or changes in students' circumstances rather than mistakes in the processing or refunding of aid. For instance, a key takeaway from the Texas college implementations was that the complexity of financial aid regulations — combined with students' frequently changing circumstances — often made it difficult or impossible to refund aid biweekly in exactly equal amounts. Because West Hills financial aid administrators had the opportunity to learn from the early experiences at the Texas colleges, they implemented the policy with more realistic expectations about the ability to refund aid in perfectly consistent

Table 6

Refund Frequency and Amount Among Enrolled Study Participants, by College, Fall 2014 through Spring 2017

Number of Refunds	Refund Frequency and Amount Among Enrolled Study Participants[a]					
	Percentage of Students			Average Refund Amount[b] ($)		
	Spring 2016	Fall 2016	Spring 2017	Spring 2016	Fall 2016	Spring 2017
West Hills Community College District						
0	10.6	15.6	16.5	0	0	0
1	10.3	7.0	7.0	1,375	899	892
2-3	64.7	5.7	4.3	1,045	594	636
4-5	13.9	7.1	7.9	1,019	511	515
6-8	0.4	63.8	62.4	—	413	394
9 or more	0.0	0.7	1.9	—	—	473
Sample size (n = 9,003)	2,831	3,223	2,949			

	Refund Frequency and Amount Among Enrolled Study Participants, First Program Semester[c]			
	Percentage of Students		Average Refund Amount[b] ($)	
	Program Group	Standard Group	Program Group	Standard Group
Houston Community College				
0	3.9	2.8	0	0
1	8.0	57.5	549	1,878
2-3	8.7	38.0	565	1,702
4-5	13.6	1.7	591	1,250
6-8	65.3	0.0	443	—
9 or more	0.4	0.0	—	—
Sample size (n = 4,080)	2,029	2,051		
San Jacinto College				
0	1.8	1.5	0	0
1	4.5	65.0	538	1,801
2-3	5.7	32.2	333	1,142
4-5	14.2	0.9	314	—
6-8	71.3	0.1	311	—
9 or more	2.4	0.2	422	—
Sample size (n = 4,518)	2,268	2,250		

SOURCE: MDRC calculations using refund data from West Hills Community College District, Houston Community College (HCC), and San Jacinto College.

NOTES: Rounding may cause slight discrepancies in sums and differences.
Table is limited to students who enrolled in the indicated semester for West Hills, and the first program semester for HCC and San Jacinto.
[a]The biweekly aid disbursement policy was implemented at West Hills in the fall 2016 semester.
[b]Amounts not shown for frequencies smaller than 1 percent.
[c]The first program semesters for the four student cohorts at Houston Community College were spring 2015, fall 2015, spring 2016, and fall 2016. The first program semesters for the five student cohorts at San Jacinto College were fall 2014, spring 2015, fall 2015, spring 2016, and fall 2016.

amounts and schedules. As a result, West Hills administrators calculated and generated biweekly disbursements based on a system in which fewer adjustments were likely to be made to disbursement amounts throughout the semester than had been the case in Texas, while still adhering to federal financial aid rules and regulations.

Compared with the very large Texas colleges, the financial aid system was more manual — and less automated — at the smaller West Hills colleges. West Hills financial aid staff, counselors, and advisors generally reported that once the disbursement dates were entered into their existing financial aid software system, executing the disbursements was not difficult. They noted that the policy of disbursing aid in biweekly payments was well implemented and that they followed the disbursement schedule that the district set up. On the other hand, staff in the business office at West Hills — which serves the entire district and issues the financial aid checks — indicated that although they were able to make the change from lump sum to biweekly disbursements, the largely manual reconciliation-and-refund process required ongoing additional staffing beyond what was required before the policy change.

Messaging About Biweekly Disbursements

Biweekly disbursements of aid were theorized to help students not only by changing the timing of aid to make it last throughout the term but also by changing the messaging and communications about aid to facilitate students' budgeting of their time and resources. However, as described in the 2017 interim report, communications at the two Texas colleges — about biweekly disbursements and about financial aid in general — were often unclear to students. The inclusion of West Hills in the study provides insight into whether communications about biweekly disbursements is possibly easier and clearer when the policy is implemented institution-wide. As predicted, communication about the new biweekly aid policy was generally smoother at West Hills.

Responses from the focus groups with West Hills staff indicate that the shift to biweekly disbursements was well communicated across the district staff prior to its implementation in the fall 2016 semester. Campus faculty and student services staff mentioned that financial aid administrators informed them about the policy change several months before the start of the academic year by such means as district-wide professional development days. Members of West Hills student focus groups reported that their financial aid offices distributed e-mails, flyers, and handouts on campus to notify them about the biweekly aid disbursements. A few students also mentioned that their financial aid award letters and the district's online student portal provided information about how the multiple aid payments would be calculated and distributed throughout the semester. While limited staffing in the financial aid office at one West Hills college seems to have affected that office's ability to respond to questions and concerns in a timely manner, this challenge did not appear to be caused by the new policy change, nor did it substantially limit the college's ability to implement and communicate about biweekly disbursements.

In a student survey at West Hills, the majority of respondents reported that they received their refunds in the amounts and at the times they expected.[21] As Table 7 indicates, fewer than one in ten respondents from West Hills reported receiving their aid payments after they had expected them, which is somewhat lower than the portion of Texas student survey respondents reporting the same in the last month of their first program semester. Compared with Texas survey respondents, a notably higher percentage (nearly 25 percent) of student survey respondents at West Hills reported receiving smaller payments than they had expected. The notable difference between the percentages might be attributed to survey response bias (for example, students with no concerns about their financial aid may have been less likely to reply to the survey than others). In small focus groups, most West Hills students indicated they received their payments in the expected amounts.

The ability of West Hills administrators and staff to communicate the policy more broadly and clearly than those at the Texas colleges likely resulted, at least in part, from two factors. First, there are more staff, campuses, and students at the larger Texas colleges, and the training and retraining of staff therefore took significantly longer. Second, because only a subsample of students at the Texas colleges were assigned to receive biweekly disbursements, the staff needed to differentiate the messages sent to students assigned to receive biweekly disbursements from those sent to students receiving lump sum disbursements. At West Hills — where biweekly disbursements became the standard policy for all students — communicating the policy proved more straightforward for the college, and students and their peers also appear to have been exchanging the same messaging, since they were receiving their financial aid according to the same policy and timeline.

Students' Financial Health and Work Behavior

Because the students in the study were all low-income community college students, it is not surprising that a substantial portion reported struggling financially regardless of how they received their financial aid refunds. In the 2017 interim report, survey findings showed that students who were assigned to receive biweekly disbursements at the Texas colleges were even more likely than those receiving a standard lump sum refund to feel that their finances caused significant stress at the start of the term, but by the end of the semester students in the two groups reported comparable levels of financial stress.

Students at West Hills were surveyed about their financial health only once, after the change to biweekly disbursements had occurred. As such, their responses can offer insight into their experiences and attitudes but cannot be used to understand changes from before the policy

[21]As noted previously and detailed in the supplemental materials to this report, the student survey was disseminated once at West Hills, near the end of the semester. At both Texas colleges, the survey was sent out monthly, for a total of four times throughout the semester. Survey response rates are 18 percent at West Hills, where the survey was administered via e-mail only, and about 60 percent at the Texas colleges, where there was a robust effort to follow up with students. These response rates suggest that the results and any comparisons between colleges should be interpreted with caution.

Table 7

Aid Like A Paycheck Survey: Financial Health, Work Behavior, Academic Behavior, and Financial Aid Expectations at Houston Community College, San Jacinto College, and West Hills Community College District, Biweekly Refund Group Respondents

Measure (%)	HCC	San Jacinto	West Hills
Financial aid expectations			
Amount of most recent refund payment was less than expected	9.2	6.5	23.5
Timing of most recent refund payment came after expected	13.3	19.6	8.0
Financial health			
Strongly agree or agree that finances cause significant stress	47.4	43.5	61.8
Often or always worried about paying bills on time	37.4	29.7	40.1
Often or always worried about money to pay for daily needs	30.3	24.6	42.1
Work behavior			
Currently works for pay during the semester	54.5	55.8	42.5
Spent more than 20 hours working for pay in the past 7 days	34.6	31.2	21.8
Currently not working for pay, but looking for work	31.4	24.6	40.5
Academic behavior			
Spent more than 10 hours studying in the past 7 days	35.3	40.6	47.4
Attended all classes in the last 7 days	73.3	85.5	87.9
Sample size			
Respondent sample	157	138	483
Total research sample	263	222	2,664

SOURCE: MDRC calculations using responses from the Aid Like A Paycheck surveys at Houston Community College (HCC), San Jacinto College, and the West Hills Community College District.

NOTES: The Aid Like A Paycheck survey was administered via the web and phone to students who entered the Aid Like A Paycheck study in the fall 2015 or spring 2016 semester at HCC and San Jacinto. West Hills administered its survey between the middle of November and the middle of December 2016, via the Survey Monkey online software. Response rates to the questions included in this table are 60 percent at HCC, 62 percent at San Jacinto, and 17 percent at West Hills.

Average survey responses are presented for all respondents at West Hills, and for the biweekly refund group respondents in the fourth month of the survey (the last month of the first program semester) at HCC and San Jacinto. For more information on the surveys, see supplemental materials.

change or changes throughout the semester. Table 7 presents key findings from the survey at West Hills alongside findings for students in the program group at the two Texas colleges. As shown, West Hills students were more likely than Texas students to indicate that they frequently worried about bills and daily needs, and that their finances caused them significant stress. This higher rate of financial stress may be partially attributed to the higher unemployment rate in rural central California, where the college is located.

Relatedly, about 40 percent of West Hills survey respondents reported working in the prior week, and only about 20 percent reported working more than 20 hours in that week, both figures reflecting lower percentages than were reported by students at the Texas colleges. Given that fewer students at the colleges worked, it is not surprising to see that a higher percentage of West Hills students reported that they were currently looking for work than at HCC or San Jacinto. Some focus group students from West Hills reported only being able to find employment if they were eligible for the Federal Work-Study program, while a few others reported working off campus on a part-time basis. Some students reported looking for work during the school year unsuccessfully, while others discussed how job fairs offered at the college were frustrating because students did not seem to be getting hired as a result of these events. Still others reported selling small handmade crafts or collecting recyclable bottles and cans to earn a few additional dollars when they couldn't find other work.

How Students Experienced Aid Like A Paycheck

Prior to the policy change to biweekly disbursements at West Hills, student perceptions of the upcoming change varied, with students expressing a mix of support for the new policy and concerns that it would make large costs such as rent, child care, and books difficult to pay while they were in school. These sentiments were similar to those of students receiving lump sum payments at the Texas colleges, and most West Hills students stated that they would prefer the option of choosing how often they would receive financial aid disbursements to having the district make that decision for them.

After the policy change was enacted at West Hills, student survey results indicate that a little over half of continuing students who had previously been receiving lump sum payments reported preferring the lump sum method of disbursement to biweekly payments, while a little over half of students new to financial aid reported preferring biweekly payments. This trend is similar in the Texas schools, where findings from small focus groups indicate that students who had received financial aid previously preferred receiving lump sum disbursements more than did students new to financial aid, who were more likely to prefer the biweekly disbursements. Focus groups with students at West Hills painted a more positive picture, with most students in these groups stating that they preferred receiving their aid in biweekly disbursements to receiving it as a lump sum.

Across the three colleges in the study, it generally appears that students who perceived biweekly disbursements as the norm (either because they were new to college or because their college applied the policy to all eligible students, as at West Hills) were less likely to vocalize their frustrations with biweekly disbursements, even if they stated that they would prefer a lump sum.

What Does the West Hills Experience Suggest for Others Considering Institution-Wide Adoption?

As noted above, the West Hills colleges were included in the research to help understand whether implementing a biweekly disbursement policy for all eligible students might have different implications than are present when the policy is implemented for only a randomly selected subsample, as at the two Texas colleges in the study.

Generally speaking, the institution-wide adoption of the biweekly disbursement at West Hills appears to have simplified the policy's implementation and communications. However, there is little in the findings from West Hills that suggests any major differences from the findings at HCC and San Jacinto regarding students' financial and academic outcomes. For example, while each college customized its approach to implementing the biweekly disbursement rules and systems, all three colleges were similarly successful in generating biweekly refunds to students. And although West Hills appears to have had an easier time providing clear messaging about biweekly refunds than the Texas colleges, students' responses to this messaging were not substantially different. For example, the focus groups at West Hills suggested that clearer messaging may have mitigated some of the stress that the Texas students said they felt when they learned that they would receive biweekly disbursements — but interviews with students and staff at West Hills indicate that students' views of financial aid, and the relationship between financial aid and their ability to budget their time and limited resources, remained the same even after the policy changed.

Exploratory analyses of students' academic and financial aid records from West Hills likewise do not suggest any significant changes in key student outcomes over time. Nevertheless, because the study was not designed to estimate the impacts of biweekly disbursements on student outcomes at West Hills, the potential for impacts when the policy is implemented for all eligible students can only be considered an educated guess and should not be taken as definitive evidence. The possibility that the policy had other effects at West Hills or other locations should also not be ruled out.

The Costs of Implementing Incremental Disbursements

The three colleges in the Aid Like A Paycheck study each set up biweekly payment systems at their institutions for the first time, and as discussed earlier in this report, this arrangement posed a number of challenges that required resource expenditures. While only partial cost information was collected from the colleges, three major sets of considerations arose when the schools discussed these challenges and the resources directed toward setting up these systems.

First, generally speaking, the more frequently biweekly payments were recalculated in order to account for changes in course loads or changing financial aid availability, the costlier and more burdensome it was to maintain the system of incremental disbursements. While all three colleges followed financial aid regulations and policies, each exercised discretion in terms of how closely and frequently to check and reconcile students' enrollment or account balances and how consistent each refund amount would be.[22] In broad terms, over time the colleges found that conducting less frequent and less exacting adjustments eased the burden (and lessened the costs) of calculating and clearly communicating about biweekly disbursements. West Hills typically conducted major recalculations only when students withdrew. The Texas colleges generally recalculated more frequently during the study period but reported that over time they reduced the number of these recalculations somewhat in order to lower their burden and costs. However, the disadvantage of these less frequent recalculations is that some students may have received a very different dollar amount in their final refund or had their refunds end earlier in the term when financial aid ran out.

Second, at HCC and San Jacinto, where the changes were largely automated, the cost of up-front reconfiguration of their financial aid systems to enable biweekly disbursements was around $200,000 at each school. At West Hills, where the disbursement system was less automated, the initial cost for the changes was minimal. However, the more manual system of adjustments and reconciliations led to significant ongoing costs, with about 1.5 full-time equivalent employees added to handle the additional ongoing workload. Staff at West Hills reported that although biweekly disbursements increased the amount of staffing needed, they felt that the increase in disbursement frequency made the task of reconciling accounts easier and more accurate.

Third, HCC and San Jacinto needed to set up two systems within the college to accommodate the standard and program groups required by the study design, which added complexity and costs for the colleges because financial aid staff had to program, implement, and maintain two different sets of rules. (This set-up was not required at West Hills since the new policy was applied to all students with substantial refunds.) The dual system also made communications with students more complicated and burdensome. Students appear to have been more likely to ask questions about their biweekly payments when they were aware of other students receiving a lump sum, and staff had to tailor their communications to each student's research group instead of having consistent messaging for all students.

If biweekly disbursements were to become the standard policy at other colleges in the future, it is likely that while some of the costs would not be as high for future adopters, other costs would remain.

[22]As described in the interim report, implementing a biweekly payment system with consistent refund amounts is complicated by changing student course loads; other fees or charges; and varying dates at which loans, Pell Grants, and other aid can be disbursed. This means that in order to even out the refund amounts, remaining aid dollars must be regularly recalculated taking these factors into account. Each time such a recalculation occurs, the disbursement amount might need to be adjusted, after which the amount may need to be reconciled with student accounts to generate a refund.

Conclusion

Based on data from nearly 9,000 students who were tracked for up to two years at the two colleges in the randomized controlled trial, the Aid Like A Paycheck study finds that biweekly disbursements of financial aid refunds do not result in substantial impacts — either positive or negative — on students' academic or financial outcomes. There is also no indication of cost savings for colleges or governments.

In several cases, the theory of change for biweekly disbursements was based on assumed conditions that occurred less frequently in this study than expected. For example, as noted in the 2017 interim report, the overall magnitude of R2T4 was smaller than expected, leaving less room (and perhaps less need) for policies at these colleges to reduce the amount of funds required to be returned. In the same vein, students' likelihood of working more as the semester progressed was less of a trend than expected, again leaving less room for the biweekly disbursements to change the pattern. In both cases, the policy of biweekly disbursements had no impact on the outcome of interest.

Furthermore, research on the biweekly disbursement policy shows that implementation is not as simple as expected and that implementation in another setting — without the constraints of the randomized controlled trial design — may be simpler but would not necessarily reduce costs substantially, nor would it necessarily suggest any major differences from the findings at HCC and San Jacinto regarding students' financial or academic outcomes.

These implementation challenges are particularly notable because of policy proposals that could require all colleges to disburse aid refunds incrementally. In considering such proposals, it is important to note that even though many institutions serve relatively few students with refunds, they would still be required to make significant changes to their financial aid policies and systems.[23]

What Is Next?

Despite these findings, incremental disbursements of financial aid may still be attractive to some institutions, particularly those wishing to signal to students and others that financial aid refunds are intended to support students' expenses while they are in school. In fact, two of the three institutions in this study continued disbursing aid incrementally to all eligible students throughout fall 2018. San Jacinto began providing three disbursements per semester for all eligible students after the study period ended and, as of fall 2018, the college is disbursing five times per semester. At West Hills, the policy is continuing, with all eligible students receiving biweekly disbursements.

[23]Nationally, rough estimates suggest that about half of community college students who receive Pell Grants may receive refunds large enough for biweekly disbursements; the portion at four-year institutions is likely lower. Ware, Weissman, and McDermott (2013).

Administrators at San Jacinto and West Hills noted that although the research did not show that incremental disbursements have a direct impact on student outcomes, they feel that more frequent disbursements — and the accompanying recalculations and account reconciliation — ensure that payments to students are "more accurate" in relation to a student's current enrollment. Additionally, they suggested that by applying the policy to all their eligible students, they were able to more clearly communicate the policy and thus reduce students' confusion and complaints about biweekly disbursements.

On the other hand, HCC has maintained the policy of one disbursement per semester as the standard for eligible students, noting that the administrative burdens and challenges of communicating the biweekly policy to students outweighed any foreseeable benefits.

In reacting to the lack of substantial impacts of biweekly disbursements, several members of the Aid Like A Paycheck Advisory Group noted that incremental disbursements may nonetheless give colleges peace of mind in knowing that they are not providing full disbursements to students who withdraw early in the term. This benefit may be particularly true for institutions concerned about student loans and wanting to ensure that students who receive them are still enrolled as they receive their loan aid. Additionally, they noted that some institutions are looking toward larger comprehensive changes and that there may be a role for incremental disbursements of aid in an institution's restructuring of financial and academic programs and supports.

Regardless, financial aid refunds alone are only a piece of the overall financial picture for most students, and many students struggle to cover the full costs of college attendance. Aid Like A Paycheck demonstrates that changing this economic reality will require more than changing the timing of financial aid.

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Aid Like A Paycheck
Incremental Aid to Promote Student Success
2013. Michelle Ware, Evan Weissman, Drew McDermott.

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