

## APPENDIX 2

# Communications Plan

Understanding the differences in the multiple state aid programs, their eligibility requirements and award levels, and how they all fit together is difficult even for experts in California student aid; there is little doubt that the programs' complexity creates significant barriers to students applying for college and to enrolling. CSAC has already launched several important initiatives to try to minimize those challenges. Consolidating state aid programs should remove more of those barriers and, importantly, provide CSAC with an opportunity to breathe new life into a statewide, college-going culture. CSAC should use this moment to launch a sustained public communications initiative to ensure that all Californians understand their student aid options; revamp its online presence to provide usable personalized information to students and families; and use outreach interventions informed by research in behavioral economics. CSAC can begin scaling up its communications efforts immediately, even as the legislature considers program reforms.

### **RECOMMENDATION 1: Leverage the spotlight and launch a statewide marketing campaign to highlight CalGrant 2.0.**

If California takes on *Expanding Opportunity, Reducing Debt*, CSAC and partners will have a unique moment in time to leverage the spotlight on student aid and college choices.

#### *What We Know*

Research shows that misperceptions about colleges costs are common, and that low-income students often have the least information.<sup>1</sup> In 2011-12, 31 percent of independent students in the U.S. did not apply for federal aid. Among dependent students, 10 percent of those whose parental income was below \$25,000 and 21 percent of those from families with incomes between \$25,000 and \$50,000 did not apply.<sup>2</sup> Many low-income and first-generation students who would qualify for admission to selective institutions never even apply, and many potential college students are unaware of the availability of financial aid and believe that the published sticker price of tuition is what they will have to pay if they attend.<sup>3</sup> As a result, they do not investigate their options. Surveys show that that students turn to parents, friends, and counselors or teachers as they make educational decisions.<sup>4</sup> Yet friends and family may struggle to fully grasp the system, and guidance counselors at high schools serving low-income students generally have high caseloads and little time or training for college advising. Few states provide the resources

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<sup>1</sup> Lindsay Page and Judith Scott-Clayton, "Improving College Access in the United States: Barriers and Policy Responses," National Bureau of Economic Research, <http://www.nber.org/papers/w21781.pdf>, 7.

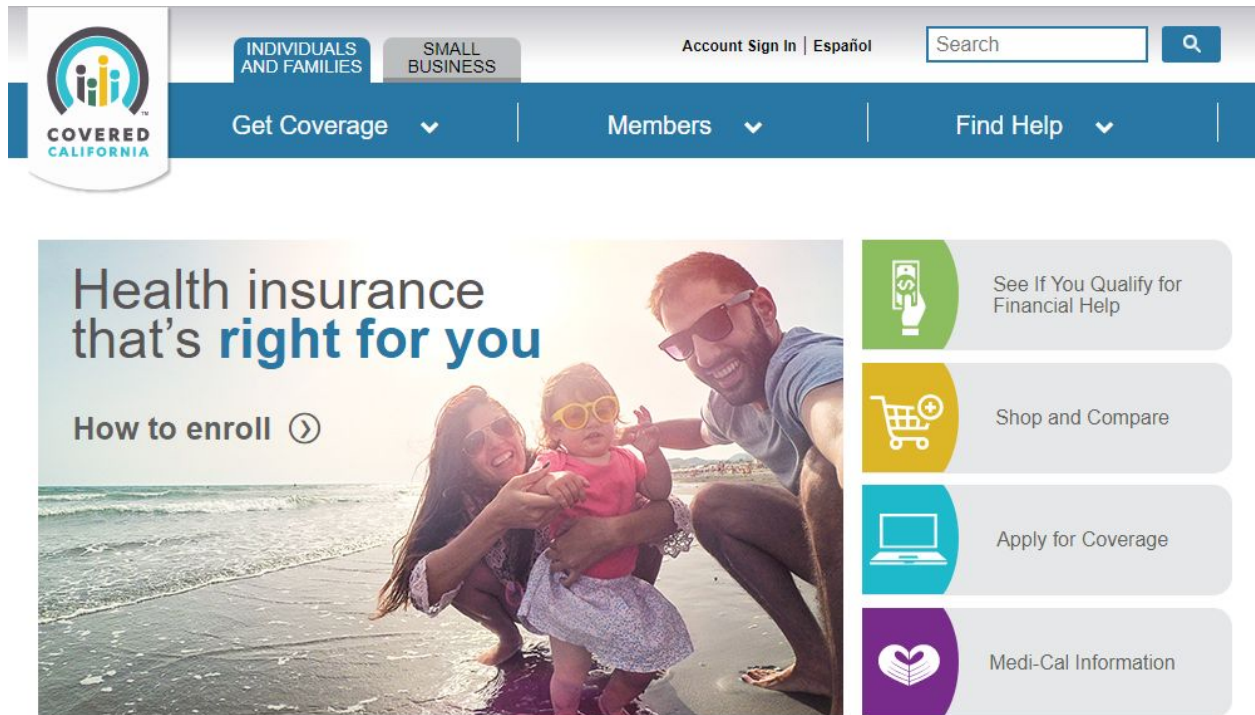
<sup>2</sup> National Center for Education Statistics, National Postsecondary Student Aid Study 201, Power Stats, author calculations.

<sup>3</sup> Caroline Hoxby and Christopher Avery, "The Missing 'One-Offs': The Hidden Supply of High-Achieving, Low-Income Students," *Brookings Papers on Economic Activity* 46, no. 1 (2013): 1–65.

<sup>4</sup> "Report on the Economic Well-being of U.S. Households in 2016," Board of Governors of the Federal Reserve System, 2017, <https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf>.

necessary to ensure that all families have the tools they need to make informed choices. Below we detail two models that provide lessons learned for CSAC to build on in crafting an ambitious communications plan.

*Model 1:* When Tennessee launched its statewide Tennessee Promise program, it used the moment to launch outreach to ensure that students filled out the FAFSA (also critical to ensuring that students could take advantage of the program). The Tennessee Higher Education Commission also used weekly data analysis to determine which localities had the lowest FAFSA completion rates and directed resources, such as workshops and one-on-one advising, to those locations in real-time.<sup>5</sup> The campaign has been successful: Tennessee now has the highest FAFSA completion rate in the country.<sup>6</sup>



*Model 2:* The experience of Covered California, the state’s online health insurance marketplace, provides relevant lessons in communicating complicated decisions to low- and moderate-income residents. In 2013, California launched Covered California to provide a competitive marketplace where low- and moderate-income consumers can buy plans and receive large discounts; consumers cannot receive those discounts if they purchase plans off the marketplace, giving insurers a large incentive to participate. To make it a success, Covered California spent over

<sup>5</sup>Adam Tamburin, “How Tennessee Plans to Use its Winning FAFSA Strategy to Boost College Graduation Rates,” *Tennessean*, <https://www.tennessean.com/story/news/education/2017/07/25/how-tennessee-plans-use-its-winning-fafsa-strategy-boost-college-graduation-rates/503655001/>.

<sup>6</sup> Tennessee increased its FAFSA completion rate from about 60 percent in 2014 to about 70 percent in 2016. Tennessee Promise Annual Report, 2017, [https://www.tn.gov/content/dam/tn/thec/bureau/research/promise/2017\\_TN\\_Promise\\_Report.pdf](https://www.tn.gov/content/dam/tn/thec/bureau/research/promise/2017_TN_Promise_Report.pdf). This compares to California’s FAFSA completion rate of 59 percent in 2016. Education Trust West, “FAFSA and Cal Grant Application Rates,” <http://financialaid.edtrustwest.org/>.

**\$100 million per year** to run paid ads, an earned media campaign, and community outreach efforts.<sup>7</sup> They researched their target audiences to understand their motivations, demographics, and even the sectors where they are mostly likely to work.<sup>8</sup> Doing so allowed them to tailor messages, digital platform usage, and in-person outreach. The results have rolled in. Covered California has 1.4 million enrollees each year making the complex decision to purchase insurance. Their overall take-up rate was higher than in states without these extensive marketing efforts, and they also brought in more of their “target” consumers.

### *What CSAC Can Do*

We recommend that CSAC significantly scale its outreach and communications capacity and incorporate lessons learned from other models. Specifically, CSAC should:

- Use the California Cal Grant revamp moment and the Covered California blueprint to launch a large, research-driven annual communications campaign to improve FAFSA completion rates and send students to CSAC’s new website to learn about how they can afford college. This campaign should include marketing (large paid media buys), with a scaled social presence on a range of platforms to reach target communities, community outreach through a larger Cal-SOAP program, and earned media during key decision times of the year.
- Use real-time data to target resources throughout the year to non-high-income districts with low FAFSA completion rates or with the fewest localized resources.
- Calculate and use easy-to-understand affordability benchmarks that send a clear message to potential aid recipients. For example, if all families under a certain dollar figure should expect at least free tuition, use those clearly understandable benchmarks in marketing. The UC system already uses this benchmark through its Blue and Gold guarantee.
- Continue scaled-up outreach beyond the first year, tracking and evaluating the impact of outreach strategies, and using data to inform adjustments in future years. Fund annual outreach at scale by using a funding mechanism similar to that employed by the Covered California insurance marketplace: a fee for institutional participation. A per-Cal-Grant-recipient fee charged to all private colleges that receive Cal Grant dollars should, combined with state appropriations, provide enough to support the web portal and annual outreach.

### **RECOMMENDATION 2: Provide students with personalized, early information through CSAC’s revamped online presence.**

Making data available to students is important, but in order to have a real impact, the data must be actively communicated and personalized enough to speak to individual circumstances.

### *What We Know*

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<sup>7</sup> Peter Lee, Vishaal Pegany, James Scullary, and Colleen Stevens. “Marketing Matters,” Covered California, September 2017,

[http://hbex.coveredca.com/data-research/library/CoveredCA\\_Marketing\\_Matters\\_9-17.pdf](http://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17.pdf).

<sup>8</sup> “Marketing, Outreach, and Enrollment Assistance Stakeholder Working Group,”

[http://hbex.coveredca.com/stakeholders/Marketing-Outreach-Enrollment/PDFs/Background\\_Reading.pdf](http://hbex.coveredca.com/stakeholders/Marketing-Outreach-Enrollment/PDFs/Background_Reading.pdf).

Since 2011, Congress has required every college to post a net price calculator on its website, providing an estimate of how much students in different circumstances would be likely to pay for a year at that institution, after taking grant aid into consideration. In addition, the federal government has long had a College Navigator website<sup>9</sup> with detailed information about the prices, enrollment, graduation rates, financial aid,<sup>10</sup> and more, and it recently developed a site that added information about post-college earnings.<sup>10</sup> But even detailed information on financial aid made available on websites may not be sufficient to support informed student choices. The individuals most in need of this information don't know about it, don't seek it out,<sup>11</sup> and may need help understanding how that information applies to their specific circumstances. Low-income students are unlikely to be aware that, because of differences in financial aid, they may pay more at Cal State or even at a community college than at the University of California.<sup>12</sup>

Experimental evidence confirms the importance of customizing information for individual students and of direct contact with and assistance from advisors. An experiment in which students and families received assistance with filling out financial aid applications at their local H&R Block offices when they went to get help on their tax returns provides a compelling example. Merely providing information on financial aid availability had no effect on application and enrollment outcomes; but when staff filled out the forms with potential students or their parents, there were large positive effects on applications to and enrollments in college.<sup>13</sup> Among the findings, low-income high school graduates who received this service were eight percentage points more likely than others to enroll in college.<sup>14</sup>

In another experiment, researchers focusing on high-achieving, low-income high school students developed a program to improve access to highly selective colleges. They provided students with a set of highly-ranked colleges for which they might qualify, as well as others that would be very likely to accept them. They also provided them with information on attainable financial aid, based on their family incomes, and a waiver of application fees. This low-cost intervention (\$6 per student) dramatically changed application patterns, increasing the probability that students would enroll at an institution matching their qualifications by 46 percent. On average, students who received the mailing enrolled in colleges with graduation rates that were 15 percent higher, instructional spending that was 22 percent higher, and student-related spending that was 26 percent higher than similar students not receiving the information.<sup>15</sup>

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<sup>9</sup> "College Navigator," National Center for Education Statistics, <https://nces.ed.gov/collegenavigator/>.

<sup>10</sup> "College Scorecard," U.S. Department of Education, <https://collegescorecard.ed.gov/>.

<sup>11</sup> Ben Castleman, "Prompts, Personalization, and Pay-Offs: Strategies to Improve the Design and Delivery of College and Financial Aid Information," in *Decision Making for Student Success: Behavioral Insights to Improve College Access and Persistence*, ed. B. Castleman, S. Schwartz, and S. Baum (New York: Routledge, 2015).

<sup>12</sup> Mac Taylor "Creating a Debt-Free College Program," California Legislative Analyst's Office, January 2017, <https://www.asccc.org/sites/default/files/LAORReport-Debt-Free-College-31Jan17.pdf>.

<sup>13</sup> Eric Bettinger, Bridget Long, Philip Oreopoulos, and Lisa Sanbonmatsu, "The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment," *Quarterly Journal of Economics* 127, no. 3 (2012): 1205–42.

<sup>14</sup> Ibid.

<sup>15</sup> Caroline Hoxby and Sarah Turner, "Expanding College Opportunities," *Education Next* 13, no. 4 (Fall 2013). It is important to note that this strong response to personalized information delivered through the mail may be specific to the targeted group. These students represented a very small segment of the

Finally, the limited evidence around “early commitment” college access programs suggests that bolstering the information and commitments made to students earlier in the process can have a measurable impact on enrollment.<sup>16</sup>

### *What CSAC Can Do*

The state should provide early information to children and families to familiarize them with the availability of financial aid and ensure the information is relevant to each families’ personal circumstances.

- CSAC should manage a process that would use information from state tax filings to send annual notices to parents of school children about the federal and state grant aid for which their children would be eligible if their current circumstances persist. This information will help parents and students to prepare for college both financially and academically. CSAC could also build partnerships with other state agencies administering means-tested programs where families with school children could receive notifications about federal and state grant aid.
- CSAC’s new online presence should provide quick gateways to easily accessible, personalized information and estimates about what level of aid students and families can expect (see *Expanding Opportunity, Reducing Debt* report).
- CSAC should require schools participating in the Cal Grant program to provide their net price calculators through the CSAC website and design functionality that makes it easy for students and families to make comparisons across institutions while on the site.
- CSAC should require schools participating in the Cal Grant program to provide their aid award letters only through the CSAC website and students should go to their personalized CSAC portals to accept any aid awards.<sup>17</sup> This will send students directly to the CSAC website, and in the process expose them to a searchable, comparable format to help them make decisions.
- CSAC should ensure its personalized information is mobile friendly. While it may be less likely that students and families make major decisions while viewing information in a mobile format, mobile phones are more likely to be the primary source of Internet access for young people, low-income individuals, and nonwhites.<sup>18</sup>

### **RECOMMENDATION 3: Use lessons from behavioral economics to guide all external communications and pilot targeted outreach programs.**

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population, all scoring in the top 10 percent of SAT and ACT takers; they were applying to colleges with generous enough financial aid to make these highly selective institutions less expensive for them than most other options. This may help to explain the difference between the effectiveness of information alone in the H&R Block study and the information provided in this experiment.

<sup>16</sup> Robert Kelchen and Sara Goldrick-Rab, “Accelerating College Knowledge: A Fiscal Analysis of a Targeted Early Commitment Pell Program,” *Journal of Higher Education* 86, no. 2 (2014): 199–232, <http://theeduoptimists.com/wp-content/uploads/2014/01/Accelerating-College-Knowledge-Accepted-Version.pdf>.

<sup>17</sup> Just as insurers can only sell discounted insurance plans on Covered California.

<sup>18</sup> “Mobile Fact Sheet,” Pew Research Center, <http://www.pewinternet.org/fact-sheet/mobile/>.

As CSAC considers revamping its web presence and communicating new eligibility requirements to the general public, we recommend the Commission leverage research-backed “nudge” strategies to support students through the financial aid and college choice process.

### *What We Know*

There is strong evidence from behavioral economics and the cognitive sciences that it is not sufficient just to make information available and expect that the people who need it will have the awareness, time, and wherewithal to take advantage of it. Although having a wide array of choices can be a good thing, people frequently have difficulty making decisions that require comparisons involving many different criteria. Weighting the importance of graduation rates, geographical location, programs offered, size, price, and many other factors can be daunting. The bandwidth required to process college information creates particular strains for students from disadvantaged<sup>19</sup> backgrounds who have to devote time and energy to addressing immediate survival issues.

The evidence from behavioral sciences about the impact of reminders provided *at critical times*, of asking people to commit in advance to carrying out tasks at a specified time, and of simplifying and ordering the options people face is mounting.<sup>20</sup> Low-cost, low-touch interventions can have a significant impact on both behaviors and attitudes. For example, a seminal study showed that switching a pension plan registration from requiring new employees to check a box if they wanted to join the plan to requiring<sup>21</sup> them to actively opt out if they did *not* want to participate significantly increased participation.

Researchers and practitioners have begun to apply these principles to decision making in higher education. The idea of making the “default option” one that is mostly likely to lead to success is behind the creation of structured curriculum pathways in community colleges. Leaving students to choose without guidance among thousands of courses is less effective<sup>22</sup> than designing a set of courses they will take unless they actively choose to make substitutions.

Additionally, several higher education studies have used “nudge” text messaging and shown results. In one experiment, researchers found that an automated, personalized text-messaging campaign to remind high school graduates of important summer tasks significantly increased the

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<sup>19</sup> Ben Castleman, “Prompts, Personalization, and Pay-Offs: Strategies to Improve the Design and Delivery of College and Financial Aid Information,” in *Decision Making for Student Success: Behavioral Insights to Improve College Access and Persistence*, ed. B. Castleman, S. Schwartz, and S. Baum. (New York: Routledge, 2015).

<sup>20</sup> Richard Thaler and Cass Sunstein, *Nudge: Improving Decisions about Health, Wealth, and Happiness* (New Haven: Yale University Press, 2008). Healey Whitsett and Tom Allison, “College Information Design and Delivery,” 2015, <http://younginvincibles.org/wp-content/uploads/2017/04/college-information-design-5.28.2015-FINAL.pdf>.

<sup>21</sup> Brigitte Madrian and Dennis Shea, “The Power of Suggestion: Inertia in 401(K) Participation and Savings Behavior,” *Quarterly Journal of Economics* 16, no. 4 (2001):1149–87.

<sup>22</sup> Judy Scott-Clayton, “The Shapeless River: Does A Lack of Structure Inhibit Students’ Progress at Community Colleges?” in *Decision Making for Student Success: Behavioral Insights to Improve College Access and Persistence*.

number of disadvantaged students accepted to college who actually enrolled in in the fall.<sup>23</sup> In another, researchers sent a series of text messages to twelfth-graders in Texas and Delaware high schools who provided a mobile phone number reminding them to complete a FAFSA, with the option to access follow-up assistance. The estimated marginal cost was approximately \$8 per student. In Delaware, FAFSA completion rates increased by five percentage points, and in Texas, students completed their FAFSAs earlier and were four percentage points more likely to matriculate.<sup>24</sup>

### *What CSAC Can Do*

It is becoming increasingly clear that changes in the way information and options are framed can have a significant impact on student choices, and that small and subtle pushes or “nudges” can measurably improve student outcomes. We recommend that:

- CSAC create texting campaigns that send reminders at critical times to ensure students apply for financial aid, designing the outreach in a way that allows the Commission to evaluate differences in outreach techniques over time and connect students to follow-up assistance as needed.
- CSAC work with the State Franchise Tax Board to recommend, at the appropriate time in the tax filing process, that families okay getting personalized information about financial aid, rather than making it a neutral option.
- CSAC’s website allows students to sort personalized information based on critical decision points. For example, if CSAC provides award notices in a standard template through their website, allow students to sort awards by factors students should consider, such as graduation rate, overall total net cost and aid gaps, and other decision factors. CSAC should order the default presentation of information by the level of importance of information, given the research on college choice and success, and limit the sortable options to those that are most important and useful to students and families.<sup>25</sup>

### **Conclusion**

The California Student Aid Commission has a unique opportunity to launch an ambitious and well-designed state communications campaign to increase informed access to college aid. CSAC can build on the progress made through program reforms to run a statewide marketing campaign, build a research-driven web presence and online functionality, and launch outreach programs that build on growing evidence from the field. CSAC should begin implementing these strategies immediately—most do not require the adoption of other reforms and can be prioritized based on potential impact and available resources.

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<sup>23</sup> Benjamin Castleman and Lindsay Page, “Summer Nudging: Can Personalized Text Messages and Peer Mentor Outreach Increase College-Going Among Low-Income High School Graduates?” EdPolicyWorks Working Paper Series No. 9, April 2013.

<sup>24</sup> L. C. Page, B. Castleman, and K. Meyer, “Customized nudging to improve FAFSA completion and income verification,” Social Science Research Network, 2016, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2854345](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2854345).

<sup>25</sup> See discussion of order effects, Healey Whitsett and Tom Allison, “College Information Design and Delivery,” 2015, <http://younginvincibles.org/wp-content/uploads/2017/04/college-information-design-5.28.2015-FINAL.pdf>.