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FAFSA Completion: Considerations for an Extension-Led Statewide Nudge Campaign

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Abstract. Eight U.S. states have enacted legislation that mandates high school seniors to act on the Free Application for Federal Student Aid (FAFSA) before graduation. At least 10 other states are considering implementing similar FAFSA requirements. While proponents of the law believe it will affect postsecondary education and the workforce positively, dissenters argue that the policy is an unfunded mandate that taxes students and parents without offering adequate resources. This article synthesizes existing literature related to policy-related nudge campaigns to provide an Extension-led, cost-effective strategy to achieve the FAFSA mandate's goal and improve citizens' FAFSA completion behavior.

INTRODUCTION

Through the Free Application for Federal Student Aid (FAFSA), \$112 billion is awarded annually in federal loans, grants, and work-study to support college students (Office of Federal Student Aid, 2022). Yet, Bird et al. (2021) estimated that 35%-50% of high school students do not complete the FAFSA form. Although FAFSA may not be applicable for every family, many students simply do not apply for the aid for which they qualify (Bird & Castleman, 2016). In 2021, approximately 813,000 high school students eligible for the Pell grant did not submit a FAFSA form, leaving \$3.75 billion in Pell Grant monies unclaimed (Breen, 2022). This article explores the usefulness of an Extension-based informational nudge marketing campaign to empower students and parents to make informed decisions about FAFSA. The remainder of this commentary outlines nudge campaigns in financial aid and Cooperative Extension and recommendations for implementing such a campaign.

NUDGES AND FINANCIAL AID

Informational nudge campaigns, also referred to as choice architect interventions, refer to messaging that can be implemented easily and inexpensively that influences "... people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives" (Thaler & Sunstein, 2009, p. 41). Nudges can be classified as System 1 (which describes a process that influences behavior subtly) or System 2 (which requires an intentional action by the individual nudged) (Kahneman, 2011). In an exhaustive review of 200 studies, Mertens et al. (2022) found that nudges are effective in 440 positive behavioral outcomes across numerous domains and nudge techniques. Studies have shown that nudges are a highly effective strategy in increasing college aid applications, post-secondary attendance, and income verification (Benartzi et al., 2017; Bettinger et al., 2012; Castleman et al., 2017; O'Hara & Sparrow, 2019; Page et al., 2020). Further, researchers found that nudging high school seniors through a national financial aid campaign designed to provide concrete FAFSA planning increased first-generation college enrollment by 17% (Bird et al., 2017). At the University of Virginia, a cross-collaborative team of researchers (Castleman et al., 2017) took advantage of university outreach to increase CSS PROFILE filing, a supplemental yet critical added financial aid step for over 300 institutions nationwide. Bird et al. (2021) presented a comprehensive overview of 33 financial aid nudge campaigns and summarized their common features (Table 1).

Table 1. The Most Common FAFSA Nudge Strategies Used in Higher Education

Category	Technique	Count
Delivery Method	Text outreach	4
Delivery Method	Email outreach	3
Messaging Strategy	Personalized to student from institution and staff	6
Messaging Strategy	Opportunity to reply on and interact with staff	4
Messaging Strategy	Data-driven personalization of message content	2
Messaging Strategy	Make upcoming deadlines salient	6
Messaging Strategy	Conversational tone	6
Content Framing	Planning and scheduling prompts	4
Content Framing	Make financial benefits of FAFSA completion salient	6
Content Framing	Identity framing	2

Note. Adapted from “Nudging at scale: Experimental evidence from FAFSA completion campaigns” by K. A. Bird, B. L. Castleman, J. T. Denning, J. Goodman, C. Lamberton, K. Ochs Rosinger, 2021, *Journal of Economic Behavior & Organization*, 183, 105–128. Copyright 2020 by 2020 Elsevier B.V.

The summary of financial aid nudges marketing by Bird et al. (2021) provides insight into the way an effective informational nudge campaign may be structured, including the use of common features, such as texts or emails written in a conversational tone and highlighting benefits and upcoming deadlines. Further, the results also suggested that the relationship between the recipient and the text or email sender may be important.

NUDGES AND COOPERATIVE EXTENSION

Nudges are a touted approach among Extension professionals to promote positive behavioral nutrition (Bonnett et al., 2019; Remley, 2017) and health (Cunha et al., 2017), as well as financial and environmental changes (Hardy & Bartolotta, 2021; Smith et al., 2020). Smith et al. (2020) recommended that Extension professionals use nudges specifically in financial education as a tool to help clients overcome financial anxiety and discomfort, both of which are common. The authors stated that Extension nudges should be simple, targeted to a specific group, and piloted. Further, the authors recommended that financial nudges accompany educational programming. Indeed, one study by the National Bureau of Economic Research suggests that at scale, nudging alone may have little effect on college enrollment or financial aid applications (Bird et al., 2021). However, Extension is well-equipped to offer complementary educational programming to make informational nudges successful. Davidson and Goodrich (2021) offered an example of Extension educators’ use of informational nudging to increase enrollment in insurance. Warner et al. (2019) recommend five ways that Extension professionals may apply nudges to programming:

1. Understand the timing, context, and problems that clients face when making a decision, then alter choices offered to encourage positive decision-making.
2. Inform clients about others who have engaged in the normative behavior or desired action.
3. Create strategies to provide immediate rewards or reduce the time between action and reward. Some strategies suggested include checklists, social media badges, or certificates.
4. Identify clients’ passive defaults and find ways to convert them to active choices. For example, rather than providing each participant with a useful resource list, offer to provide the new resource to those who complete a pre-course registration or post-course evaluation.
5. Offer or suggest several different choices or actions rather than only one. For example, ask clients to pledge to do one of several actions after completing a course.

Smith et al. (2020) recommend that Extension professionals take advantage of partnerships with other stakeholders within academia, federal or state government, or private or corporate entities when executing

Extension-Led FAFSA Nudge Campaign

informational nudges. Holland et al. (2019) outline four key components of successful Extension partnerships: identify a joint issue, define success, clarify expectations, and determine resources. The Money as You Grow Bookshelf program is an example of a model partnership between the University of Wisconsin, Madison Human Development Extension and the Consumer Financial Protection Bureau that encourages parental engagement with youth financial literacy through reading/language literacy programming (CFPB, 2022). Forming a partnership with a tax preparation service is a proven financial nudge method as well (Bettinger et al., 2012). Given that one critique of the FAFSA mandate is the inquiry into parents' private financial information (Graves, 2021), FAFSA nudging from a tax preparer may overcome potential privacy hurdles, as the preparer may have already established trust to use and access sensitive financial information.

RECOMMENDATIONS FOR EXTENSION-LED FAFSA INFORMATIONAL NUDGE CAMPAIGNS

A potential informational nudge campaign should take the findings and recommendations of Bird et al. (2021), Holland et al. (2019), Smith et al., (2020), and Warner et al. (2019) into consideration. The following sections detail the way an Extension-focused FAFSA informational nudge partnership might be designed and implemented.

SIMPLE PLAN

The strategy used should deliver (1) direct email and/or text communications and (2) an informational workshop that (a) increases students and parents' awareness of FAFSA, (b) empowers students and parents to make an informed decision to complete FAFSA or opt out, and (c) supports high school counselors and career coaches.

TARGETED DELIVERY

The nudge should be delivered to high school juniors and seniors and their parents. Selecting schools with historically low FAFSA completion rates and those with large numbers of students with free and reduced lunch increases the likelihood of delivering the programming to those most in need of, and eligible for, FAFSA aid.

STRATEGIC PARTNERSHIPS

Internal partnerships may include family and consumer sciences, financial resources, 4-H, tribal programs, community and workforce development, and urban and rural Extension educators. Local high schools and technical and community colleges are critical external partners. Other potential partners include the state Department or Board of Education, as well as service organizations that support financial behaviors, such as banks and credit unions, financial planners, and tax preparation companies.

MESSAGING, CONTENT, AND FRAMING

Direct nudges should be delivered as emails or texts to the student from a familiar and trusted partner, i.e., a high school counselor, career coach, or educator. Further, the messages should be framed to encourage families to make the right FAFSA choice for their family and financial situation, highlight FAFSA's financial benefits, and provide reminders of deadlines. While initial nudges may be sent to all high school juniors and seniors en masse, targeted personalized messages can be subsequently sent directly to students who have not yet completed the FAFSA form or the opt-out process.

EDUCATIONAL PROGRAMMING

The campaign's programming component should be an informative workshop, event, or series that covers key FAFSA topics such as: addressing FAFSA myths and common concerns; providing a decision matrix on whether the student is eligible for FAFSA; offering a checklist of necessary FAFSA documentation; describing the steps, processes, deadlines, and timelines associated with FAFSA; and providing references to reputable local agencies that assist families with financial aid.

CONCLUSION

In this article, we provided a commentary on developing and delivering FAFSA informational nudges, because citizens need sound education and encouragement to make informed FAFSA choices. An informational nudge campaign, coupled with educational programming, can be an effective and cost-conscious strategy to equip families

with essential information. Because of their expertise in delivering programs and broad reach across the states in which they serve, Extension professionals are well-poised to coordinate and deliver such a FAFSA informational nudge initiative. Our synthesis of the work cited in this article has implications for state government, local city leaders, university and college financial aid offices, high school administrators and counselors, and financial services companies. With respect to the benefits for Extension, a nudge campaign may further its reach and mission of extending the benefits of consumer financial research beyond university campuses by helping individuals and families make informed choices. The recommendations are particularly useful to increase Extension's involvement in public policy. Extension-lead FAFSA nudges help policymakers in states with a universal FAFSA mandate, as nudging serves as an economical solution to support such mandates. In states without FAFSA regulations, our commentary may still serve as a guide for ways Extension can provide much-needed resources to help households make financial aid decisions.

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Extension-Led FAFSA Nudge Campaign

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