

How do we stop spinning our wheels?

Can we better engage parents and students with information about affordability and access and if so, do we need to "recreate the wheel" or simply tweak our delivery of the message?



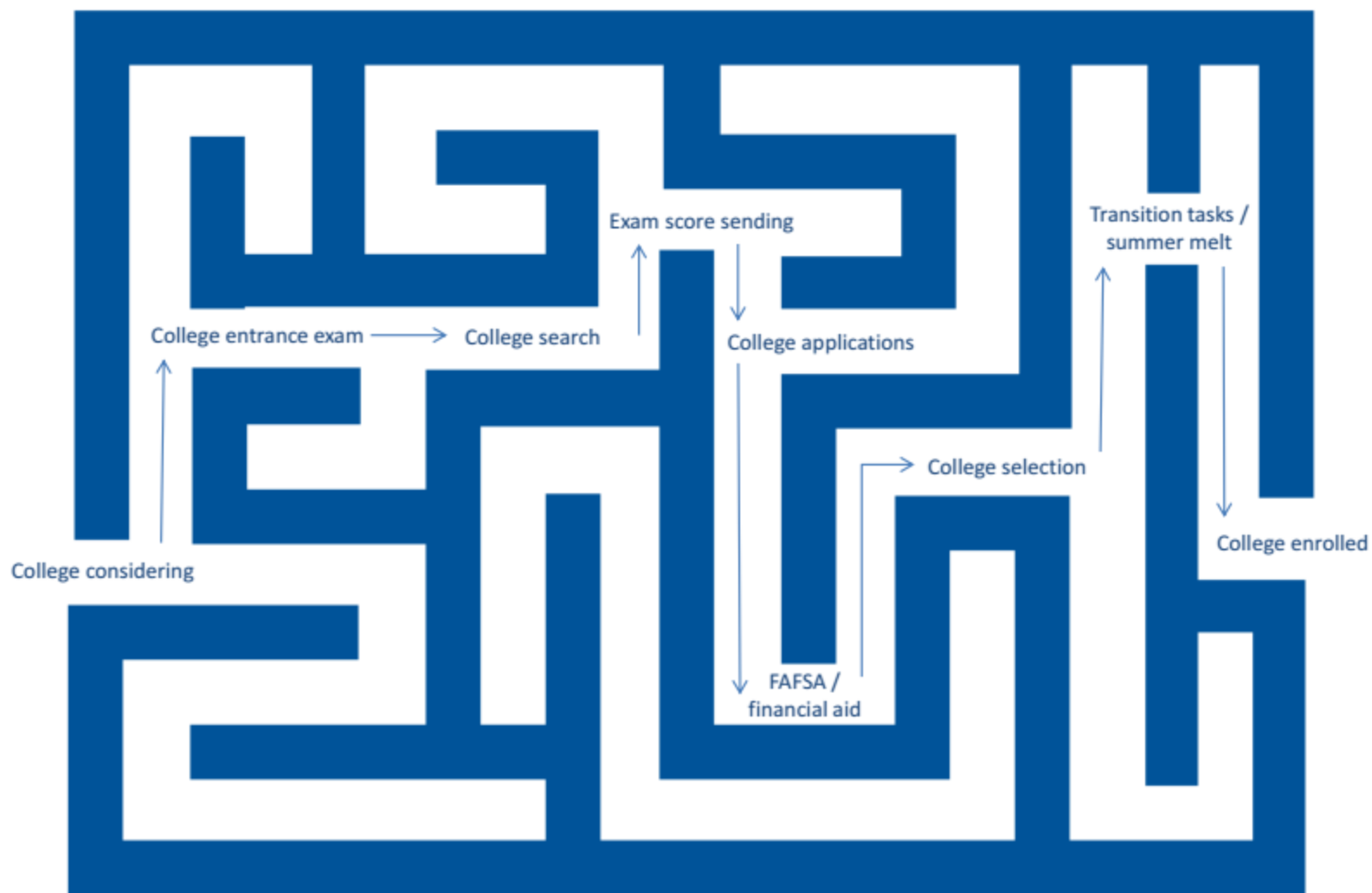
Presenters

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Page, L. C. & Scott-Clayton, J. (forthcoming, 2016). Improving college access in the United States: Barriers and policy responses. *Economics of Education Review*.

**State Grant
Deadline is
May 1.**

**Students still
file their
FAFSA late.**

College Costs Money

Some parents
are surprised
by that.

Mindset

Temporal Discounting - we feel more mentally invested in what is happening right now than we do about the future.
(also called Present Bias in business economics)

People don't change their behaviors unless there is a reason. Usually need to be highly motivated.

What motivates us?

- Health
- Money
- Opportunity

Parents v. Students

- Inter-generational Communication
 - Parents may not be tech savvy; parents sometimes defer to their students for direction
 - Students don't want paper or email; if first generation student, may not know how to guide their parents
- Suggestions for alternative parent/student communications - sooner??

But people may change their behavior if a problem is explained to them in the right way.

In one academic study, college-age students who were shown digitized pictures of themselves as they might look in old age, allocated more than twice as much of their income to retirement savings as students who were shown contemporary photos.

FAFSA Completion

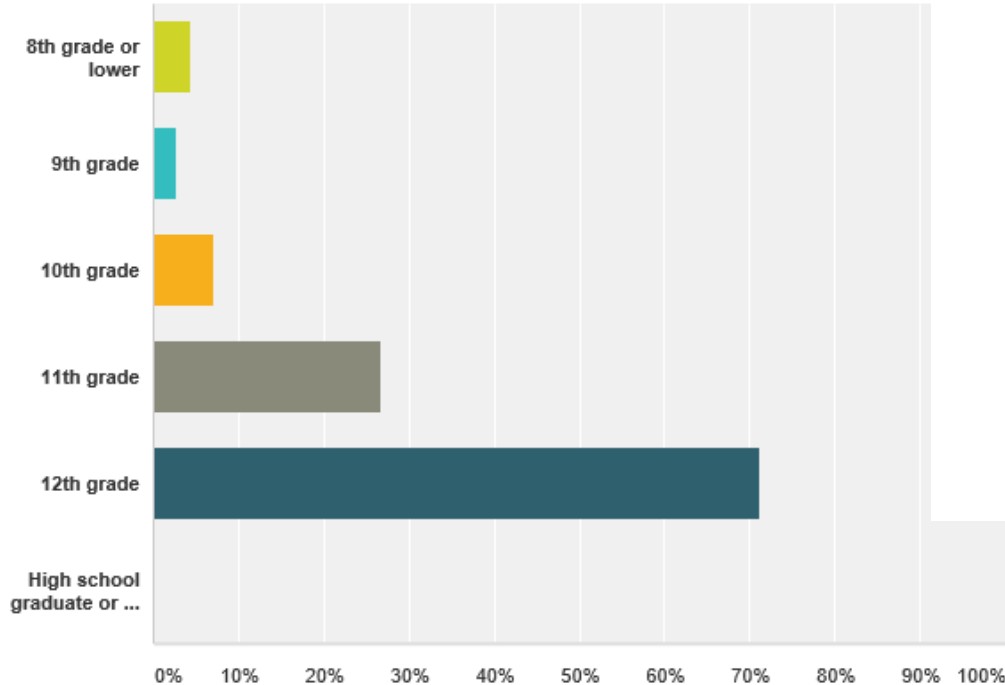
- In terms of comparing 2015-16 FAFSA completers v. 2011-12, the sharpest drop-off would be those who fall in the \$50k - \$80k range.
- Those with the highest incomes have experienced increases every year since 2011-12.
- After a few years of steady numbers, the \$0 - \$19,999 is seeing the biggest losses so far in 2015-16.

*stats from Dave Kerbaugh at PHEAA.

Parent Surveys

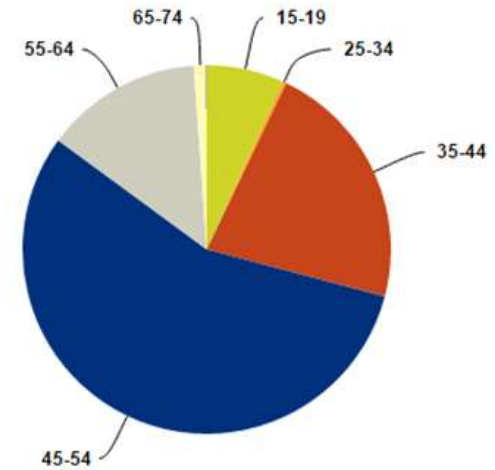
What is the current grade level of the student(s) for which you are here? (Check all that apply).

Answered: 250 Skipped: 0



In which age bracket do you currently fall?

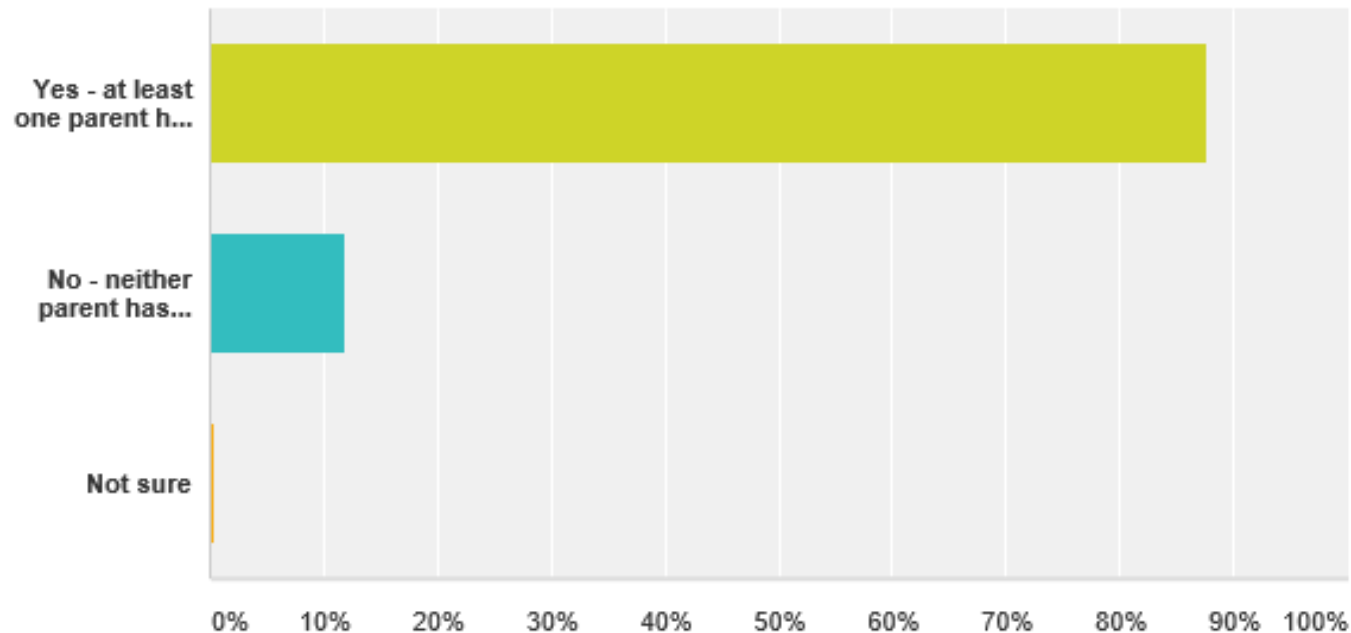
Answered: 268 Skipped: 1



Parent Surveys

**Have either of the student's parents
attended school beyond high school?**

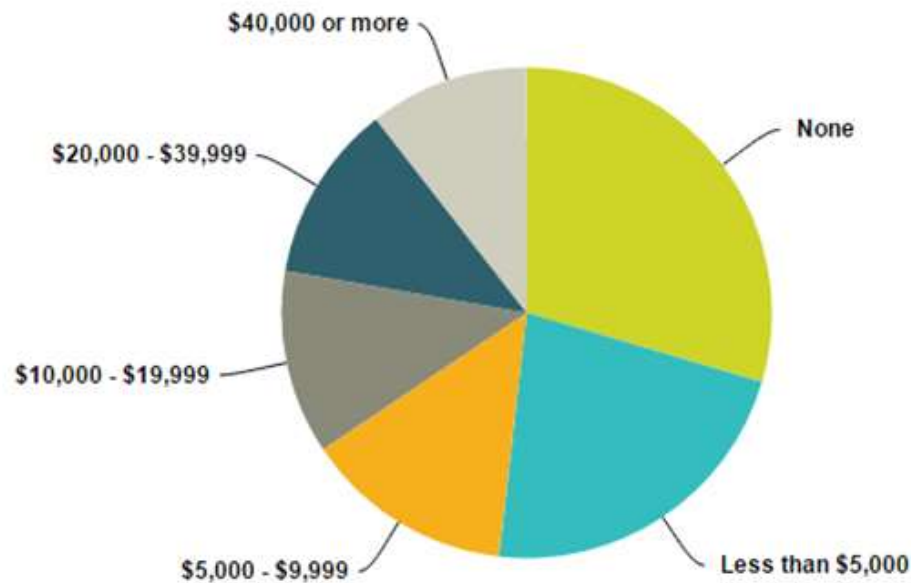
Answered: 250 Skipped: 0



Parent Surveys

Using the ranges below, how much money is currently saved to help the student attend college? (Include bank savings, 529 college savings plans, investments, etc.)

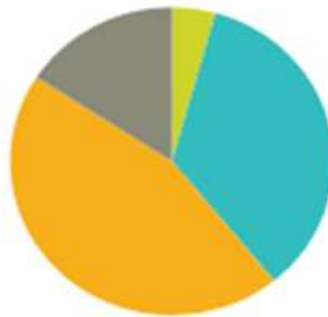
Answered: 247 Skipped: 22



Parent Surveys

How prepared are you to pay for your student's tuition, books, and other possible living expenses including housing and cafeteria costs?

Answered: 253 Skipped: 16

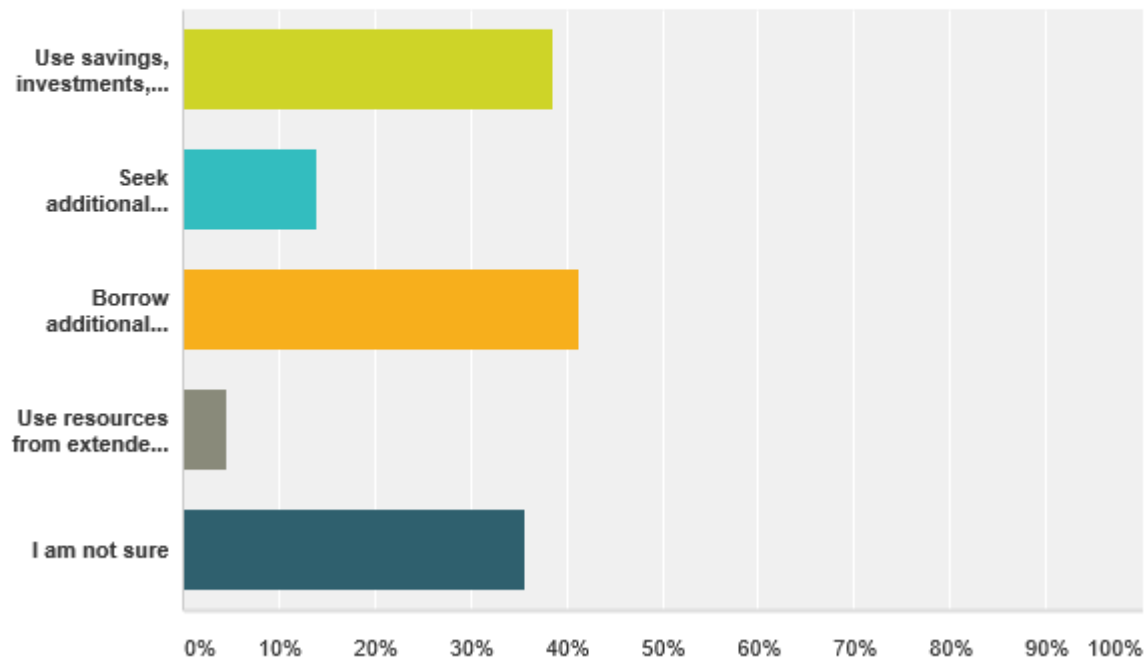


- Very Prepared - We will have no trouble paying tuition bills and other related costs, such ...
- Sort of Prepared - We still need to research additional options for paying tuition bills an...
- Not Very Prepared - We've been thinking about it, but we haven't done much to pre...
- Not Prepared at All - We were surprised by how much college costs, and we don't know ho...

Parent Surveys

How do you plan to pay for college expenses not covered by financial aid or student loans? (Check all that apply).

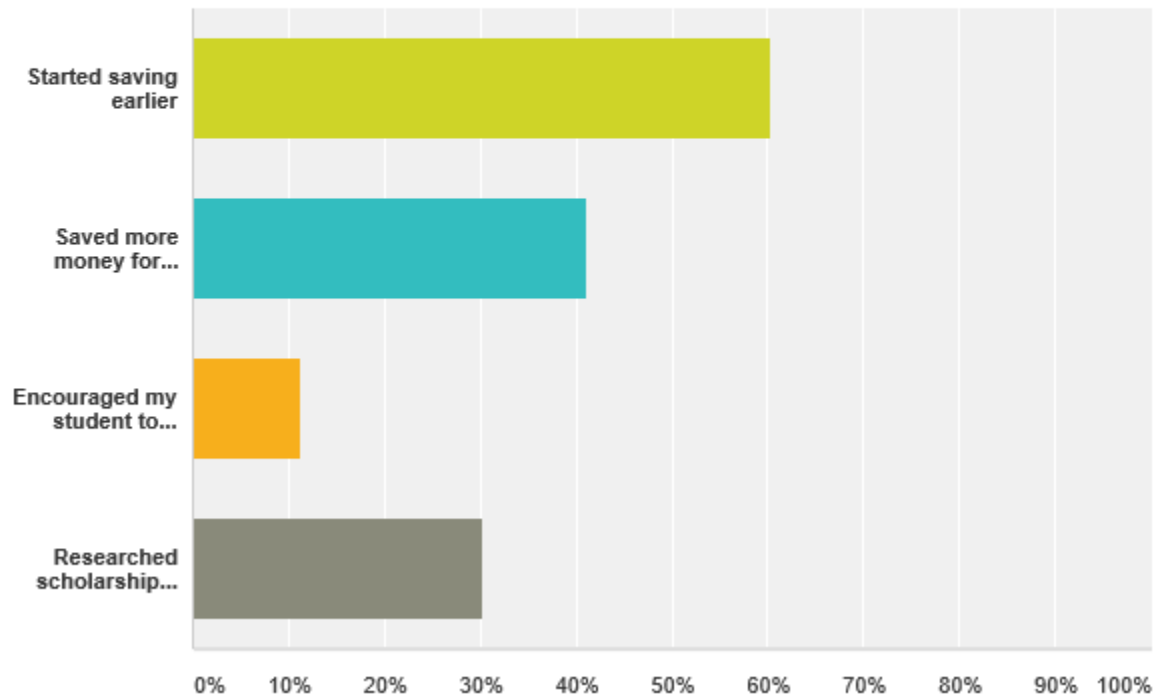
Answered: 235 Skipped: 15



Parent Surveys

If you could change one thing in preparing to pay for your student's education, what would you have done differently? (Check all that apply).

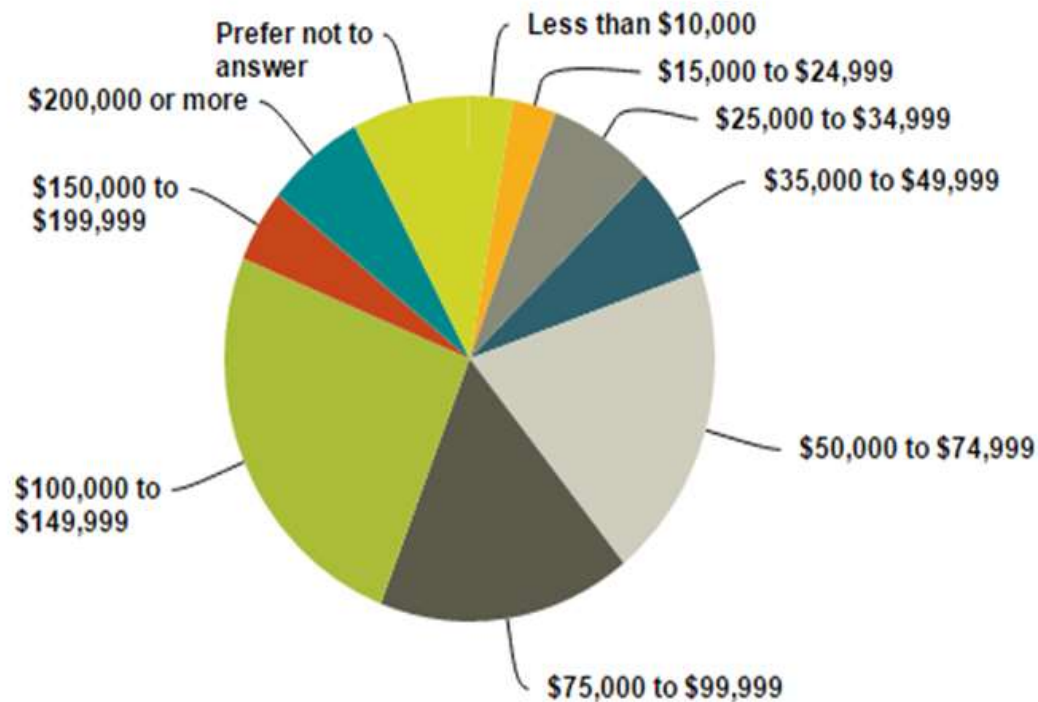
Answered: 214 Skipped: 36



Parent Surveys

What is the current household income bracket for the student?

Answered: 245 Skipped: 24



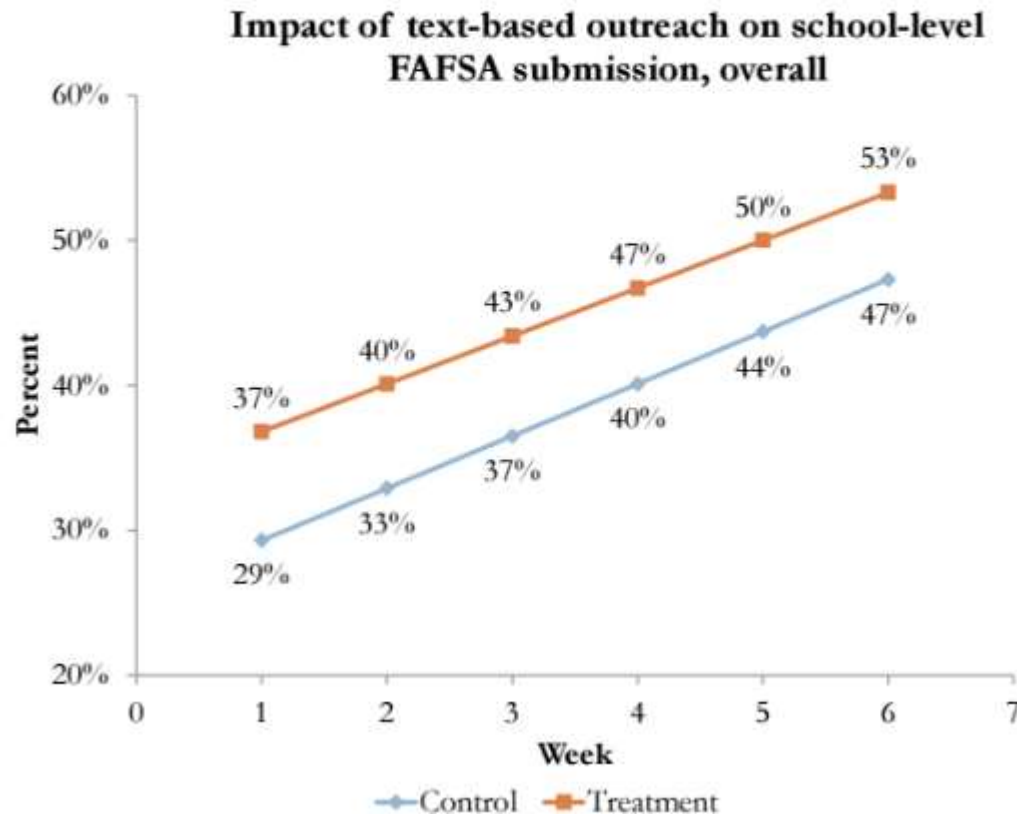
Which nudges give the biggest shove?






Nudge Theory

- Changing the rules
- Sending simplified information
- Reminders
- Low-hanging fruit - people were already going to make that decision
- Nudge 2.0 - address the decision-making person more holistically (identity, psychology, emotions, competing forces)
 - Example nudges: personalized messages, visually appealing graphics, frame behaviors as the “norm”.

Nudge Theory 2.0

Preliminary impacts of FAFSA messaging



Partner	Intervention Description	Result
 <p>ARIZONA STATE UNIVERSITY</p>	Increased FAFSAs filed by priority deadline among continuing students through behavioral emails to students and parents	+72% FAFSA filers by priority deadline +\$236-643 in scholarships or grants per student
 <p>SAN JOSÉ UNIFIED SCHOOL DISTRICT</p>	★ Increased financial aid applications and awards among incoming freshmen through helpful reminders	+22% FAFSA applications submitted +81% financial aid awards
 <p>CCBC The Community College of Baltimore County</p>	★ Reduced student borrowing among incoming students through text messages about how borrowing works as well as an offer to connect with a CCBC aid counselor	-9% total Stafford loans -12% unsubsidized Stafford loans
Anonymous community college	★ Increased likelihood of borrowing and improved academic success by changing the default loan package to \$3,500 or \$4,500 instead of \$0	+39% likelihood of taking a loan +0.12 GPA for every \$1000 borrowed
 <p>VALENCIA COLLEGE</p>	Increased financial aid access by helping students choose aid-eligible courses through redesigned emails sent before and after registration	+\$150 in financial aid access +0.22 in completed credits
 <p>VALENCIA COLLEGE</p>	Improved student GPA and financial health through financial goal-setting and plan-making exercises along with text message reminders	+0.09 GPA +11% in self-reported financial satisfaction +9% in self-reported ability to access emergency funds

Source: Ideas42 report “Nudging for Success” <http://www.ideas42.org/wp-content/uploads/2015/12/Nudging-for-Success-ideas42-FINAL.pdf>

Text messaging for deposits

SMS-Based Outreach

Making Judicious Use of High Schoolers' Primary Mode of Communication

Test

SMS Deadline Reminders for Deposit



SMS reminders were also tested for other purposes across the enrollment timeline, from search through application and yield.

Impact

Results from Deposit-Deadline Reminder Test

27%

Of contacted students responded to SMS deadline reminders

2 hours

Is the timeframe within which 80% of responding students replied

1.3x

Higher deposit rate for students receiving SMS reminders

Highly efficient—one text message often gets the response you would have to send many emails to get.

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Source: Royall & Company research and analysis.



EAB @EAB · 57m

Missed your enrollment goals this year? Maybe your students need a nudge: okt.to/qjlc9b #highered #emchat #studentsuccess

Is your institution nudging students to make choices that conflict with your message?

Examples:

- **Students decline to apply for financial aid because they believe that admissions process is not “need blind” even when it is.**
- **Accepting admissions offers in an effort to get first choice in housing before they fully understand their financial aid and costs.**

[illegible]

How to nudge and or simply message about your FAFSA priority deadline

- **Prominently advertise your recommended FAFSA filing date on your web site. Don't bury it.**
- **Send multiple reminder messages – texts, emails, post cards etc.**



Pick the low hanging fruit first!

Financial Literacy

Can colleges and universities make up for what students aren't being taught or they just don't know and make up for lack of preparation?

Crain, S. J. (2013). Are universities improving student financial literacy? A study of general education curriculum. *Journal of Financial Education*, 39, 1–19.

Financial Literacy

Genl 120

This course is designed to help students make wise financial decisions and understand financial choices. The course will provide students with ways to develop a planned budget to manage money based on household incomes. The course will stress the importance of saving, and explore investment opportunities.

Course Objectives: The Student Will:

- Know how to create a budget

- The importance of savings and how it impacts future fir

- Compare career choices with college costs

What Didn't Work

- On campus Financial Literacy Workshops
- Presenting at Dean's meetings to share with faculty and offer classroom time
- Speaking at Guidance Counselor Workshops

What Finally Worked

Positive Relationships

Admissions Director

High School Presentations

VP of Academic Affairs

Test Course

Strong Case

Social Media - Student Loan Debt!

Low Income Population

Rising Cost of Education

16 Credit Program Requirement

Other Areas That Benefit Students

- Active Confirmation of Loans
- Yearly Entrance Reviews
- USA Funds Default Management Program

Biggest Impact

“I came into this class not knowing what to expect and I can leave the class knowing it could possibly be one of the only classes I ever take which will be carried past the education level.”

Laura Kilby

Student Quotes

“You have taught me the importance of paying off loans and which loans to pay off first. I will take everything I have learned in this class with me for life.”

Shane Stouffer

“With the addition of this class to my wealth of knowledge, I am sure that I will be more financially stable in the years to come.”

Jake Belles

Student Quotes

“I’ve opened a saving account and am excited to start saving! Thank you for a great class and helping me with my future!”

Karah Smith

“I took a lot away from this class. I learned a lot of stuff I never even heard of before.”

Macy Markle

What's Next

Teaching the course online

GENL 120 required course for all
incoming Freshman

What is the PA 529 College Savings Program?



- PA 529 College Savings Program
 - PA 529 Guaranteed Savings Plan (GSP)
 - PA 529 Investment Plan (IP)
- Offered by the Commonwealth of PA
- Administered by the PA Treasury

PA 529 GSP

- Established in 1993 with PA state only benefits. In 1996, federal 529 law provides additional federal benefits.
- As of 06/30/2016, there are 106,917 accounts with \$1.76 billion in assets
- Growth tied to tuition inflation rates

PA 529 IP

- Established in 2002.
- Fund management with Vanguard.
- As of 06/30/2016, there are 100,992 accounts with \$1.876 billion in assets
- Returns tied to market performance

Why you Need a Plan for Saving



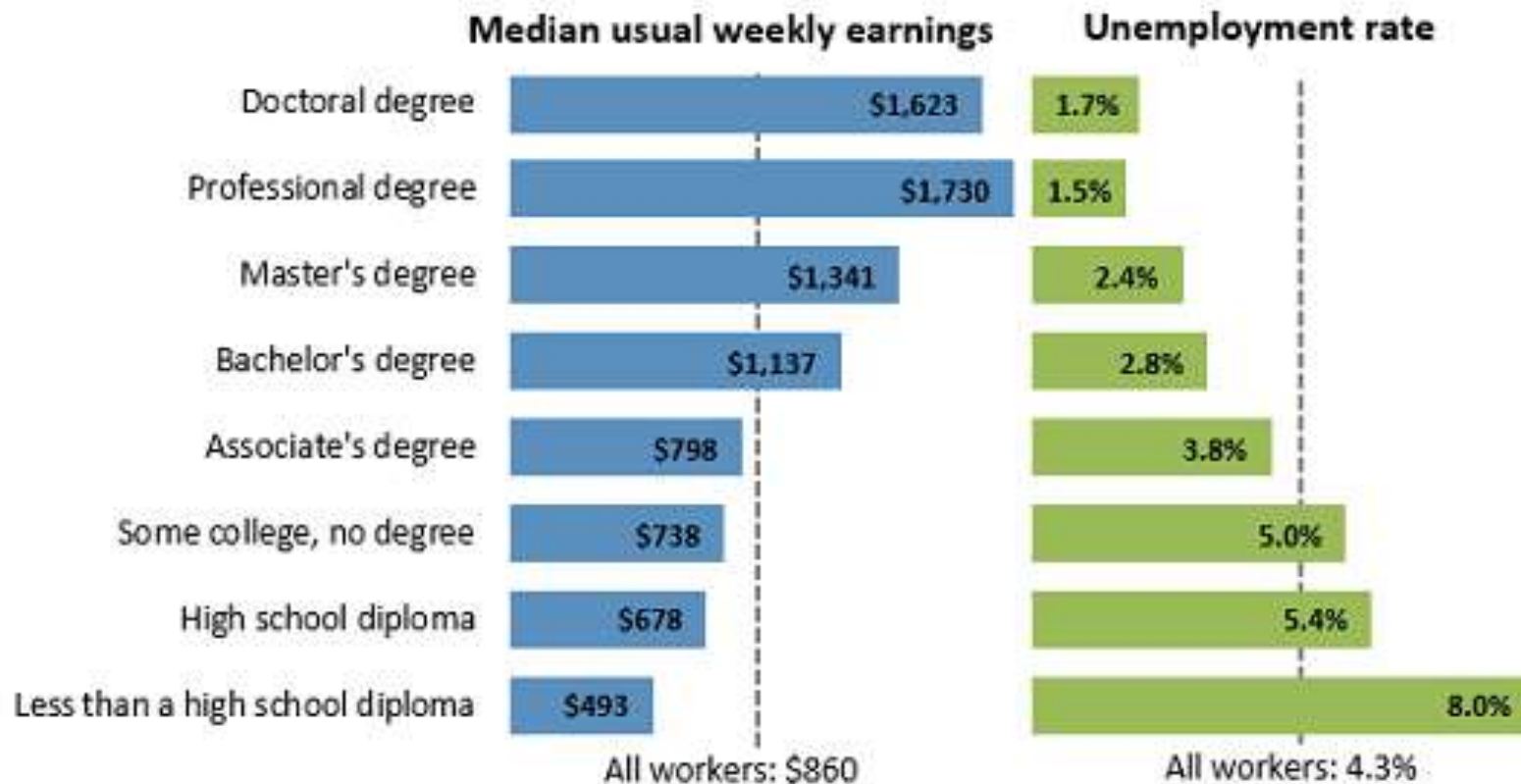
- Affording college is a major financial concern of American families.
- Still, 9 in 10 parents expect their children to pursue higher education.¹
 - By 2020, nearly **65%** of job vacancies will **require** some form of post-secondary education and/or training.²
- Youth who expect to graduate from a four-year college and have a savings account in their name are more **six to seven** times more likely to go to college.³
- College graduates earn, on average, over **\$800,000 more** than high school graduates by retirement age.⁴

Sources: ¹Sallie Mae - How America Saves for College 2015 | ²Recovery: Job Growth and Education Requirements Through 2020 - Georgetown University Center on Education and the Workforce | ³The Role of Savings and Wealth in Reducing "Wilt" between Expectations and College Attendance - William Elliott III & Sondra Beverly | ⁴Federal Reserve Bank of San Francisco - Economic Letters - Is It Still Worth Going to College? (May 2014)

It Pays to Save for College



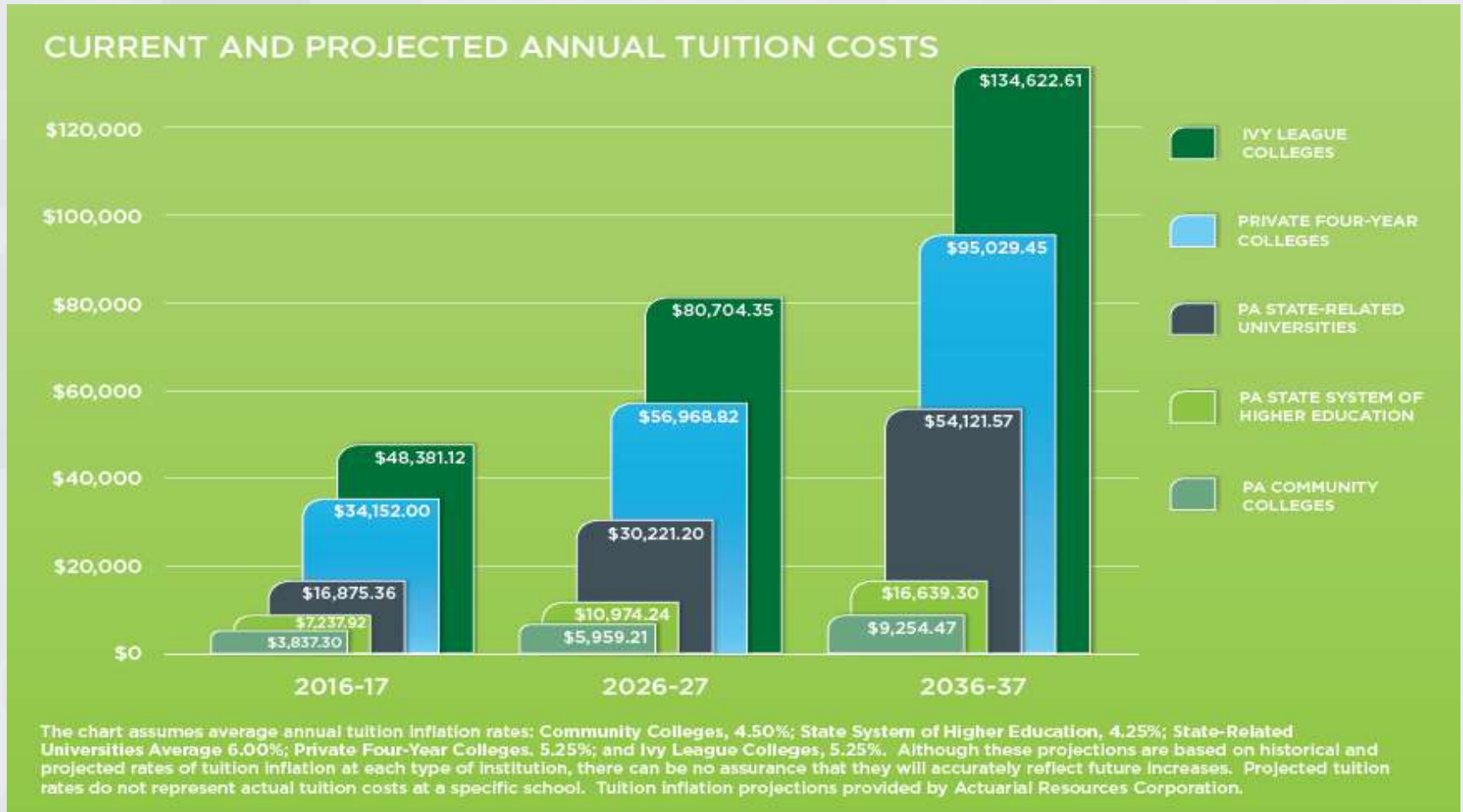
Earnings and unemployment rates by educational attainment, 2015



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, Current Population Survey

College Costs



In Pennsylvania, student loan debt for the class of 2014 was \$33,264, which places Pennsylvania as the 3rd highest average debt state.

Why You Need a Plan for Saving (con't)

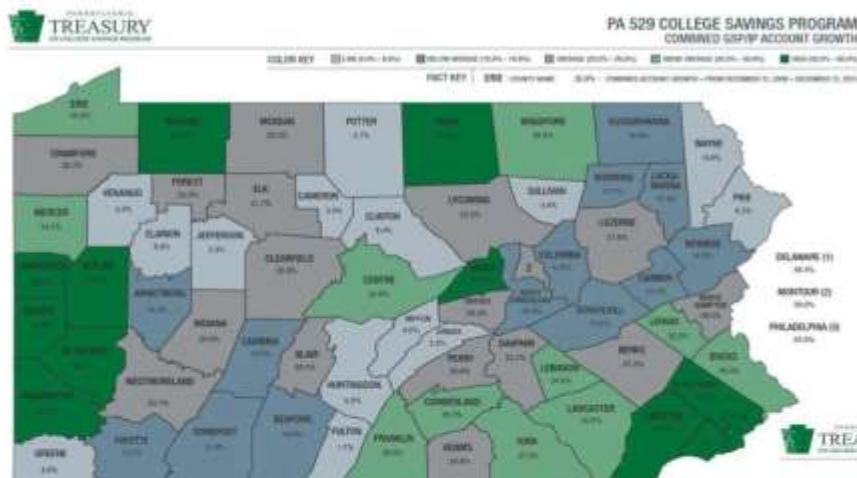
- Save and earn interest vs. borrow and pay interest
 - If you were to save \$25/month for 18 years (6% interest), you would have about \$9,700. If you were to borrow \$9,700 for higher education, you could end up paying back more than \$17,000 (at a 6.8% interest rate).¹
 - Class of 2015 is most indebted in history.²

Impact of Interest Capitalization				
Standard 10- Year Repayment				
Interest Rate	5%	6%	7%	8%
Total Disbursements	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00
Balance at Repayment	\$ 30,605.00	\$ 31,268.00	\$ 31,930.00	\$ 32,593.00
Balance Ratio (Repay/Disbursements)	113%	116%	118%	121%
Total Payments	\$ 38,954.00	\$ 41,656.00	\$ 44,489.00	\$ 47,453.00
Ratio Total Payments or Disbursements	144%	154%	165%	176%
Standard 20- Year Repayment				
Interest Rate	5%	6%	7%	8%
Total Disbursements	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00
Balance at Repayment	\$ 30,605.00	\$ 31,286.00	\$ 31,930.00	\$ 32,593.00
Balance Ratio (Repay/Disbursements)	113%	116%	118%	121%
Total Payments	\$ 48,476.00	\$ 53,763.00	\$ 59,413.00	\$ 65,429.00
Ratio Total Payments or Disbursements	180%	199%	220%	242%

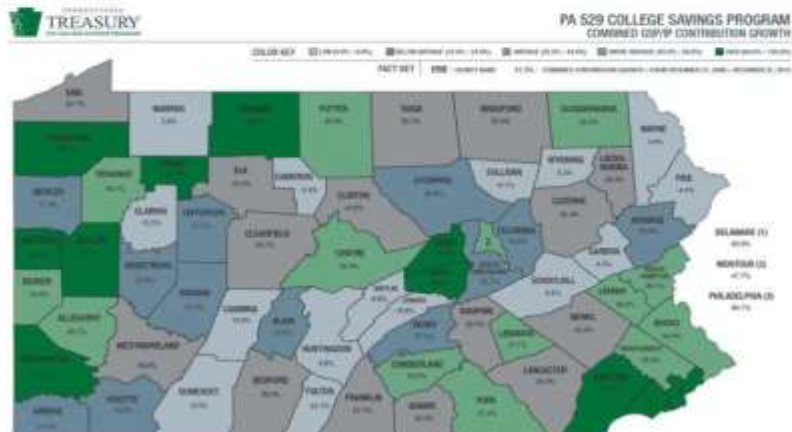
Source: Edvisors Network, Inc. (www.edvisors.com)

Source: Sources: finaid.org/calculators | Mark Kantrowitz = Edvisors.com

PA 529 – Strategic Plan 2021



PA 529 combined plan
account growth between
12/31/2009 and 12/31/2015.

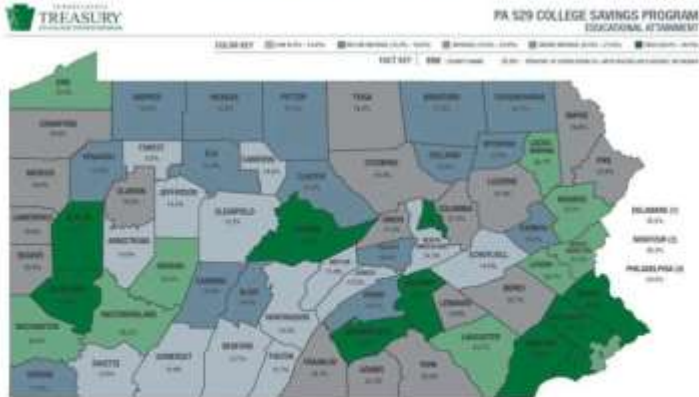
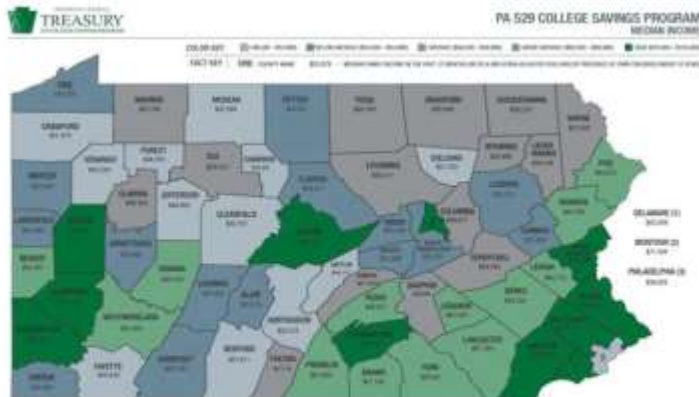
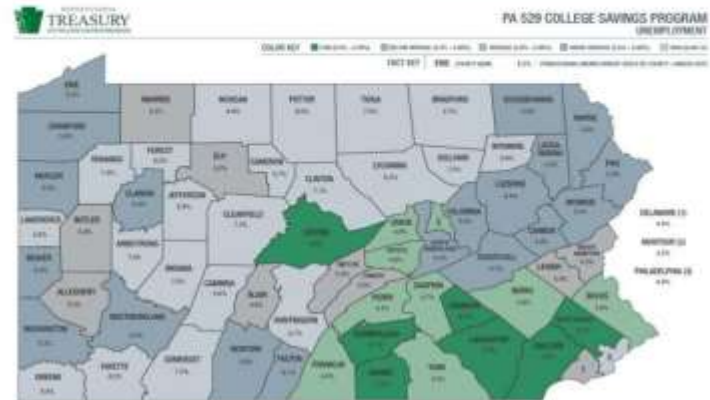
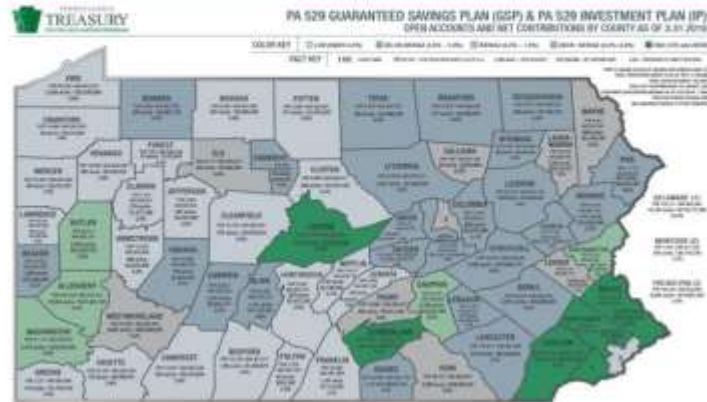


PA 529 combined plan
contribution growth between
12/31/2009 and 12/31/2015.

PA 529 at a Glance



PA 529 – Strategic Plan 2021



How is PA 529 reaching families?

- Employer channel
 - Voluntary benefit
 - Payroll program
 - For-credit with HR professionals
- School channel
 - Difficult because of district policies
 - Alt. methods?
- Community channel
 - Time consuming
 - Half are not primary audience (children, seniors, etc.)
- Direct (most effective)
 - Direct mail
 - Email
 - Digital

Focus Messaging



There's a *much* better way
to save *for* college.

PA
529
COLLEGE
SAVINGS PROGRAM

The Smart, Easy Way to Save for College

Pennsylvania Has Two 529 Plans to Help You Save

PA 529 Guaranteed Savings Plan (GSP):
A lower-risk plan to help your savings keep pace with rising tuition costs.
(growth is based on historic increases)

PA 529 Investment Plan (IP):
Offers 12 investment options provided by The Vanguard Group.

Enter To Win

\$529

For College

PA529.com

Questions?

Sign up for a
FREE Webinar
at PA529.com

Free Enrollment*
through September 30, 2015

\$50

The Enrollment Code: **CEARS**

*For the PA 529 GSP, Enrollment in the PA 529 Investment Plan is free.

The Pennsylvania 529 College Savings Program sponsors two plans: the PA 529 Guaranteed Savings Plan (GSP) and the PA 529 Investment Plan (IP). The guarantee of the PA 529 GSP is an obligation of the GSP Fund, not the Commonwealth of Pennsylvania or any state agency. Before investing in either plan, please carefully read that plan's disclosure statement (available at PA529.com or by calling 800.448.4800) to learn more about that plan, including investment objectives, risks, fees, and tax implications.

PENNSYLVANIA
TREASURY
OFFICE OF COLLEGE SAVINGS PROGRAM
ADD RECORD, STATE TREASURER

PREORDERED
FIRST-CLASS MAIL
U.S. POSTAGE
PAID
HARRISBURG, PA
PERMIT NO. 626



PA529
COLLEGE
SAVINGS PROGRAM

SAVE FOR COLLEGE. SAVE ON TAXES.

Contribute by December 31 to maximize
your Pennsylvania state tax deduction!

1
First Name **Last Name**
Address 1 **Address 2**
City **State** **ZIP**
Phone

THE GIFT THEY'LL NEVER OUTGROW.

Turn holiday spending into college savings with Ulight®.

Instead of a traditional holiday gift, use it to help and finally to contribute to your child's PA 529 account with Ulight®.

Here's how it works:

- Log on to your PA 529 account.
- Go to the website and click on the Ulight® link.
- Generously provide friends and family with a unique code to make gifts online.

Ulight® contributions to a PA 529 account are great for the giver, too. Gifts are tax deductible (within limits).

Learn even bigger deductions this tax season.

Pennsylvania may deduct up to \$14,000 in contributed gifts per beneficiary per year, or up to \$18,000 for married couples with two children.*

Parents and family members can make tax-advantaged gifts of up to \$70,000 per beneficiary in a single year.*

*Ulight® is a registered service mark of American Broker-Dealer Services, Inc. Used with permission.
*Included each spouse has at least \$14,000.
*Excluded over five years for federal gift tax purposes.

Set it and forget it with an automatic investment plan.

The Pennsylvania 529 College Savings Program sponsors two plans - the PA 529 Guaranteed Savings Plan (GSP) and the PA 529 Investment Plan (IP).

An automatic investment plan (AIP) lets you choose to have contributions deducted automatically and regularly from a savings or checking account. You can save slowly and steadily, without having to write and mail a check every month.

Start your AIP with \$15 a week for a PA 529 GSP account or \$25 for a PA 529 IP account, or more if it's manageable for your budget.

Get started at PA529.com or call 800-448-4800 for more information.

**SAVE
\$50**

*For the PA 529 Guaranteed Savings Plan.
Based on the PA 529 Investment Plan is free.

**ENROLL FOR FREE*
THROUGH 12/31/2015.
USE ENROLLMENT
CODE: FAMILY**

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PA529.com | 800-448-4800 | Believe in them. Invest in them. | Timothy A. Rees, State Treasurer

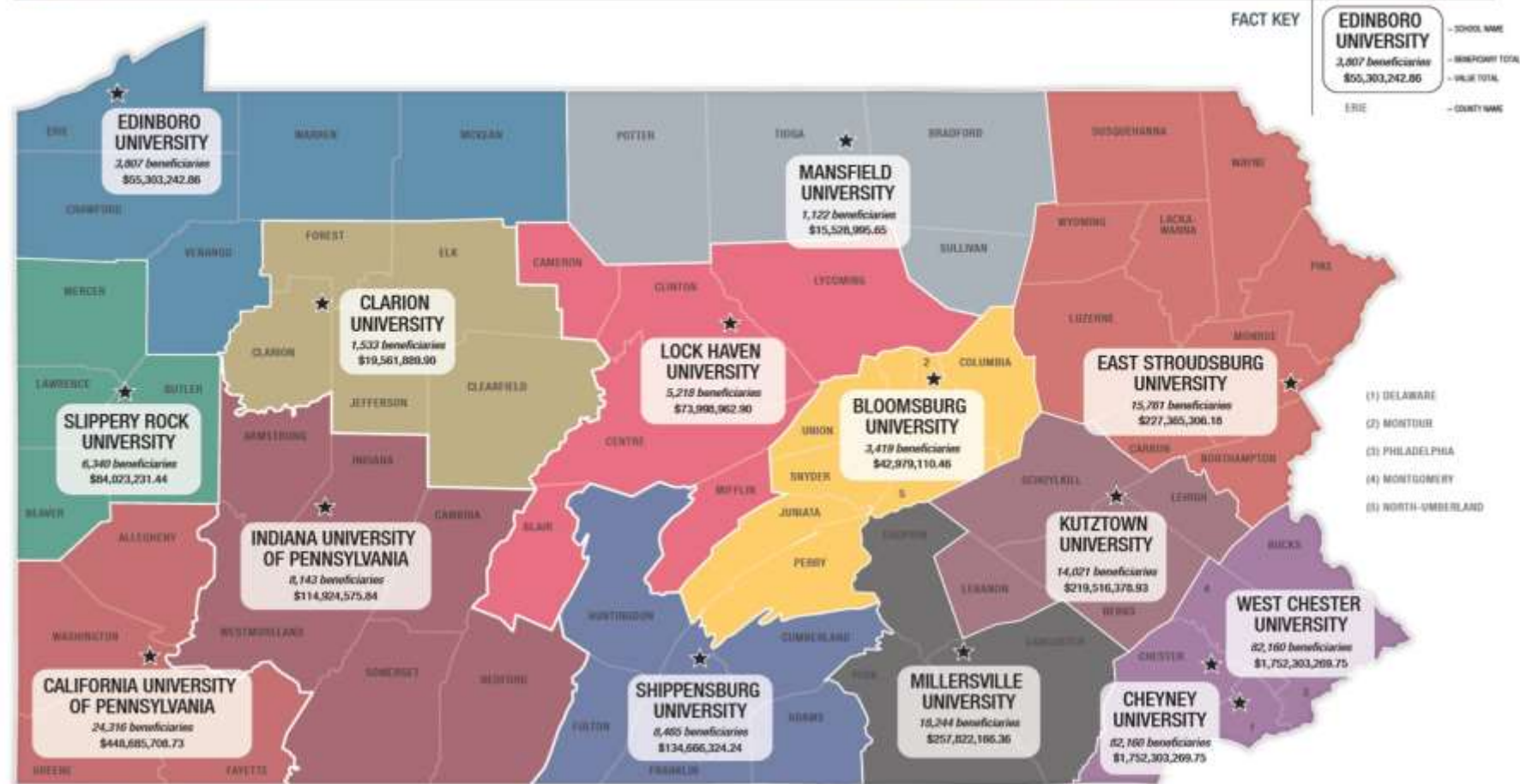
- New program manager contract coming up
 - PA 529 in much better position since last negotiations
 - PA 529 assets nearing \$4 billion (\$1.46 b in 2006)
- School channel
 - Hyper-focus resources
 - Develop SOP for expansion
 - IU outreach/engagement
- Employer channel
 - Re-engage CWOPA employees
 - Engage with United Ways
- Message differentiation
 - Direct mail
 - Email
 - Digital

Possible Pilot Programs

- Contribution Enhancement
 - Gift card option
 - Employer match
- Scholarship Outreach
 - Legislative initiative
 - Public/Private partnership
- Legislative Outreach
 - Tax parity
 - Scholarship development (PASSHE)
 - Financial education program

Possible Pilot Programs

PA 529 GUARANTEED SAVINGS PLAN (GSP) & PA 529 INVESTMENT PLAN (IP) COMBINED PLAN BENEFICIARIES AND ACCOUNT VALUES AS OF 06.30.2016



- Families can open and use for current college expenses.
 - Potential to effectively reduce qualified expenses by 3.07% (PA's current income tax).
 - No minimum investment period, but may limit growth opportunities.
 - PA 529 GSP requires contributions to meet a "maturity" period to be used with growth.

Differences Between PA 529 Plans



PA 529 Guaranteed Savings Plan

Residency: Required

Investment Manager: Treasury

Fees: \$50 enrollment (**discounted**)
0.44% annual w/ paper delivery
*0.35% annual w/ e-delivery

Growth: with tuition inflation

PA 529 Investment Plan

Residency: Not Required

Investment Manager: Vanguard

Fees: No enrollment fee
0.33% - 0.46% annual
**\$18.00 maintenance per account

Growth: with financial markets

Withdraw funds for any reason at any time
(subject to taxes and penalties).

*E-delivery required for statements and transaction/profile confirmations.

**Waived with e-delivery of statements and transaction/profile confirmations.

Final Thoughts

Change the message and/or how the message is communicated.

Repeat the message.

Make sure students' needs are met (food, shelter, clothing).

Engage the community.

Discussion

What is your school doing to address lack of preparation around paying for college?

Affordability?