



**National  
College  
Access  
Network**

October 2016

# Financial Aid Eligibility Mindsets Among Low-Income Students

---

**Why Do Some  
Believe They Can't  
Receive Financial  
Aid for College?**

In collaboration with **HUGE**

*NCAN is grateful for the support of the Bill & Melinda Gates Foundation, whose financial assistance made this report possible.*

*The findings and conclusions contained within are those of the authors and do not necessarily reflect positions or policies of the Bill & Melinda Gates Foundation.*

## INTRODUCTION

Research has shown that the main reason why low-income students do not complete the Free Application for Federal Student Aid (FAFSA) is because they believe they are ineligible to receive financial aid. In order to capture some of the reasons why low-income students believe that they are ineligible to receive financial aid for their postsecondary education, NCAN commissioned Huge to conduct research in the summer of 2016. The results of this research will be used to guide NCAN toward a future strategy for a new national campaign, Form Your Future, to promote FAFSA completion.

## RESEARCH OVERVIEW

Previous research has demonstrated that most low-income students who do not apply for aid—despite a large percentage of these students being eligible to receive aid—believe that they are ineligible. According to the 2011–12 National Postsecondary Student Aid Survey (NPSAS) where students were given a choice of five reasons why they did not apply for aid, 44.7 percent of students believed that they were ineligible.

Huge entered into this research with the following objectives:

1. To explore current attitudes and behaviors toward financial aid across the U.S. population of low-income students
2. To identify why low-income students believe they are ineligible to receive aid
3. To identify the actual needs of the population and capture participant dynamics, specific language, and critical decision points when it comes to financing college

## HIGH-LEVEL SUMMARY

NCAN asked Huge to explore some of the reasons why students might believe they were not eligible to receive aid. Our research demonstrated that the option “I did not think I was eligible,” which was used for the NPSAS survey and for our own research, might be a catchall option for students who do not know if they are eligible. This current research showed that many students who selected “I did not think I was eligible” actually simply did not know *if* they were. It is important to make this distinction as the opportunity for intervention shifts. Students who do not think they are eligible will already have a strong understanding of why and might not seek further information. But students who do not know they are eligible might apply if information regarding eligibility were made more easily available to them.

NCAN and Huge have learned that students are either greatly misinformed or completely uninformed about financial aid for postsecondary schooling. First, providing all students with clear and accurate information at the onset of college exploration is key. Second, finding other points to intervene for those who do not receive accurate information early on will present an opportunity to recover those students who do not know if they are eligible. This also provides opportunities

to those who might still explore options to pay for schooling later on in their decision-making process. Huge suggests focusing on a strategy that urges information-givers such as teachers, college counselors, advisors, mentors, and other faculty and staff to provide all students with information about financial aid prior to college exploration. We also suggest focusing on a strategy that provides students with a direct channel at multiple points to accurate, simple information they can understand on their own without feeling overwhelmed during their college exploration process.

## KEY FINDINGS

1. The whole question of “eligibility” is moot if students don’t actually know anything about financial aid.
2. There is no lack of information about financial aid; it’s just not getting to the students who need it most.
3. Students who did not apply for financial aid were more likely to have a negative perception of loans.
4. Males were more likely to be misinformed or uninformed about financial aid and to not want aid in general.
5. Students who did not apply for financial aid were more likely to prefer to pay for their schooling out of pocket.
6. Many students who did not apply for financial aid were not confident that they could rely on their schools for support.
7. Students who did not apply for financial aid were more likely to believe that their parents did not want to share their information.
8. Students whose parents did not attend college were as likely to apply for financial aid as those whose parents did attend college.
9. Hispanic students were more likely to believe that there were opportunities to receive financial aid.

## METHODOLOGY

Using a combination of qualitative and quantitative methodologies, Huge sought to tell a fuller and more detailed story about what drives students’ perceptions of aid eligibility and to what extent demographic and economic factors contribute to this perception. In order to achieve these goals, Huge included a pool of students from low-income backgrounds who either believed they were ineligible or believed they were eligible for financial aid to best understand the behaviors and attitudes of this group. A qualitative bulletin board included 100 participants, and a subsequent small-scale national quantitative survey included 150 secondary school (or equivalent) graduates who were either currently enrolled or planned to enroll in a postsecondary education program.

### Qualitative Bulletin Boards

From June 14 through June 17, 2016, two researchers led approximately one hundred (100) 17- to 19-year-olds through a series of preplanned questions and probes, which participants were asked to respond to each day. After responding to the initial questions that were posted, participants were also guided to respond to the answers of other participants, as well as additional researcher probes.

Huge designed a discussion guide in advance to lead participants through the bulletin board topics of each day. Day 1 of the bulletin boards focused on the participants' education goals, as well as their attitudes toward higher education. Day 2 focused on college planning, or lack of, and Day 3 honed in on participants' knowledge of financial aid and the FAFSA.

This approach helped us to explore perceptions around ineligibility, and the insights gathered from these boards informed the questions used for the survey that followed.

Details on instrument:

- Online bulletin boards are a qualitative research tool in which users participate in a text-based, narrative virtual forum. Recruited participants engage with preplanned moderator questions, extemporaneous moderator probes, and responses or comments from other users.
- Participants are screened (for age, grade point average [GPA], FAFSA ineligibility beliefs, etc.) to ensure a distribution of users within the proper population.
- Huge typically fields bulletin boards for three consecutive days.
- The online setting of the bulletin boards allows for remote access and gives us the ability to gather hard-to-reach users.
- Bulletin boards exist within a secure and password-protected online site.

### Quantitative Survey

Following the qualitative bulletin boards, Huge created a short survey to more deeply explore some of the insights gained from the boards. Participants were screened on questions related to age, GPA, income and belief of aid ineligibility/eligibility among other questions. Those who did not answer these screener questions according to the demographic(s) targeted did not progress to the actual survey. Those who fit the criteria were instructed to continue further.

The survey instrument consisted of 35 Likert-scaled phrases, with the option to choose from 1 through 5, with one (1) being "I Strongly Agree" and five (5) being "I Strongly Disagree."

## RECRUITMENT CRITERIA

A third-party recruiter recruited a variety of participants who were either currently enrolled in a postsecondary education program, planning to enroll in the fall of 2016 or would want to be enrolled if they could. Huge aimed for a 50/50 ratio of male and female students who were U.S. citizens or permanent residents with a high school diploma or the equivalent. The participant criteria were as follows:

### Participant Criteria Bulletin Boards\*:

- Aimed for 100 participants total; 50/50 gender distribution
- Age 17–19
- Household income less than \$50,000
- Graduated public high school in last two years or received an equivalent diploma
- GPA 2.0 or higher
- U.S. citizens or permanent residents
- 50/50: Did not apply for financial aid due to assumed ineligibility/Did apply for financial aid

\*Note: Huge aimed for 100 participants for a 50- to 60-percent completion rate. In total, 17 participants who did not apply for aid and 20 participants who did apply for aid completed all three days of bulletin boards. Because these bulletin boards were qualitative, and qualitative explorations do not require a large sample, Huge is still confident that the information provided by our 37 participants served as a beneficial guide for our quantitative survey.

### Participant Criteria Small-Scale Quantitative Survey\*\*:

- 150 participants total; aimed for 50/50 gender distribution\*\*
- Age 17–20
- Household income less than \$60,000
- Graduated public high school in last two years or received an equivalent diploma
- Currently enrolled or planning to enroll in a postsecondary education program in fall 2016
- GPA 2.0 or higher for those currently enrolled
- U.S. citizens or permanent residents
- 50/50: Did not apply for financial aid due to assumed ineligibility/Did apply for financial aid

\*\*Note: While we aimed for a 50/50 gender recruitment, our final sample was 63.5 percent female and 36.5 percent male. However, recent research shows that the gender divide between male and female students enrolled in college is currently increasing with women attending college at a higher rate than men. A National Center for Education Statistics (NCES) study shows that in 2012, 56.5 percent of students enrolled were female and 43.5 percent were male. Although our sample is skewed toward women, we still believe that the insights gathered provided necessary points for further exploration.

## DATA ANALYSIS

Huge Analytics used a logistic regression model to identify any strong relationships between our predictor variables (sociodemographic) and our dependent variables (attitudes, behaviors and beliefs regarding financial aid). The quantitative data from the surveys were modeled using R statistical computing software.

Because the logistic regression model requires a binary outcome, Huge Analytics coded positive responses to a question as a 1 and all other responses as a 0. Following this step, Analytics recoded the remaining responses into their numerical equivalents. For example, income levels were coded as an incremental variable on a scale of 0–8 that represented each

level. Coding in this way permitted us to calculate the expected value for participants who fell within a specific demographic (age, marital status, etc.) by plugging those predictor variables into the model equation.

The regression model helped us to identify strong relationships within subgroups of our data and specific attitudes and behaviors toward financial aid. The statistical results provided evidence of our key findings. Despite our sample size (150 people), our results are significant at the .05 level.

## DETAILED FINDINGS

**1. The whole question of “eligibility” is moot if students don’t actually know anything about financial aid.** Most students who did not apply for aid *did not have any contextual understanding* of what aid was, let alone their eligibility. Despite this, previous research has consistently asked research participants who have not applied to identify their knowledge of their eligibility status. The survey instrument asked students to identify the types of financial aid that they knew about, and 64 percent of students who did not apply for aid responded, “None” or shared inaccurate understandings, such as “food stamps” and “food/housing.” These responses make it difficult to assume that these same participants would know their status regarding eligibility.

Table 1

“When you think of financial aid, what are the different types of financial aid that come to mind? Please enter a response in the box provided.”	
APPLIED	DID NOT APPLY
FAFSA	None
Scholarships	None
Grants	None
Ohio Opportunity Grant	None
Perkins Loans	None
Pell Grant, Federal Work-Study grants	Food/housing
Unsubsidized loans, Subsidized loans	Food stamps

When asked, “What have you heard about financial aid? How would you describe it? What’s good about it? What’s not so good? If you haven’t heard anything about financial aid or aren’t sure what it is, please tell me what you think it is,” some of our bulletin board participants who had not applied wrote:

*“I have not heard much about financial aid.”*

*“I’m not sure about financial aid but isn’t that like support from friends and family to help you in college? Or is that like FASFA [sic] to help get you started?”*

*“I haven’t heard much about financial aid. I think it’s where you get payed [sic] for your college by the government.”*

NPSAS data tell us that when students were asked to select from a number of options for why they did not apply for aid, the option that was most selected was “I did not think I was eligible.” However, our research showed that the majority of students who did not apply for financial aid also did not actually know what it was, nor did they have any idea about the eligibility requirements. Therefore, they could not be expected to know whether they were eligible. Participants’ responses did not support the notion that students actually did not think they were eligible, but rather that they did not know if they were.

During our qualitative bulletin boards, we asked, “what are the **different ways you know of for getting financial aid**? What do you **need to have** in order to get financial aid? How do you know what you need? How did you figure that out?” Our participants who had not applied for financial aid provided various responses, such as:

*“I’m not very sure how you would get financial aid, I never had to take out loans or anything for college, fortunately.”*

*“Scholarships and student loans? I think you’d have to be in a certain percentage to get financial aid?”*

*“I’m not really sure what you need to apply but I think you can apply at the college you want to go to or online.”*

*“The only way I know you get it is by talking to the staff in the school office.”*

*“At the school I was looking at, you applied for the courses and then they helped you fill out financial aid. You had to bring diploma, birth certificate, license all that stuff.”*

*“I have no clue. It might be talking with your local counselor and seeing if you’re eligible.”*

*“I’m not sure completely, so don’t want to give a false answer.”*

“I did not think I was eligible” became a catchall phrase that students utilized to signify that they did not know about their eligibility. When asked to explain further (via bulletin boards), and when presented with phrases regarding their financial aid knowledge (via Likert-scaled survey), it appeared that students rather did not know about their eligibility and selected the option that they believed fit best with that response. This response misrepresented how students really conceptualized their eligibility for financial aid. Importantly, this seemingly small nuance, which might seem like semantics, leads to vastly different actions and attitudes on the part of students



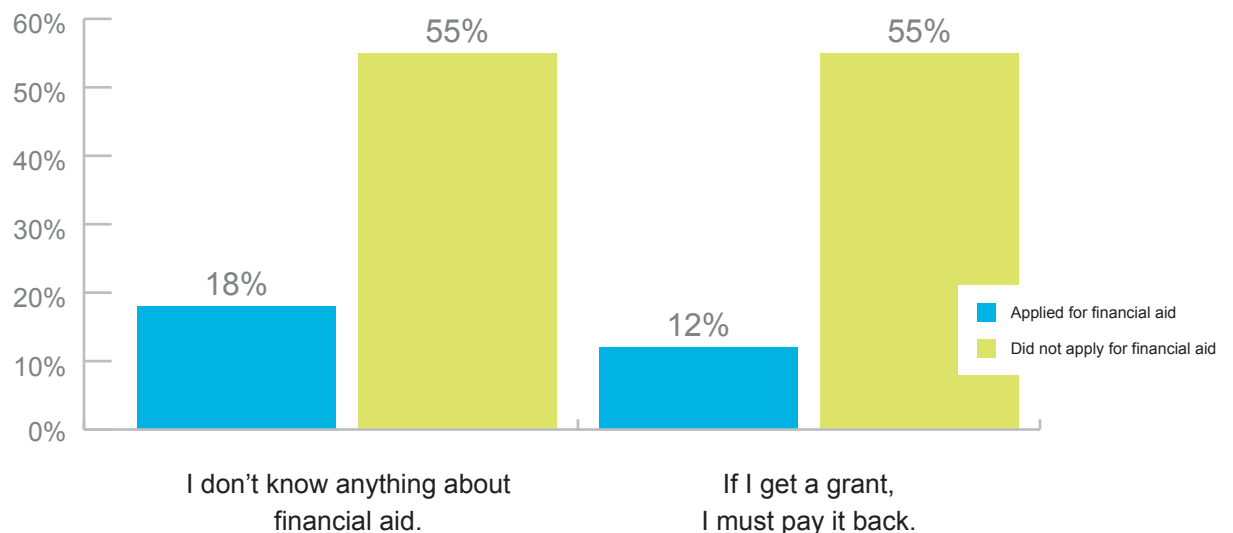
and therefore different opportunities to intervene and provide information to assist students before they give up on applying for financial aid.

**2. There is no lack of information about financial aid; it's just not getting to the students who need it most.** Students who do not apply for financial aid are most likely to be generally misinformed or uninformed about what financial aid is. According to the data, when students are misinformed or uninformed, they do not pursue financial aid. While there are many opportunities for students to find information on financial aid, especially through the internet, even when students find the information, they do not understand it or they feel overwhelmed by it.

Table 2

### More than half of students who did not apply for aid said they “don’t know anything about financial aid.”

NCAN/Huge Survey 2016



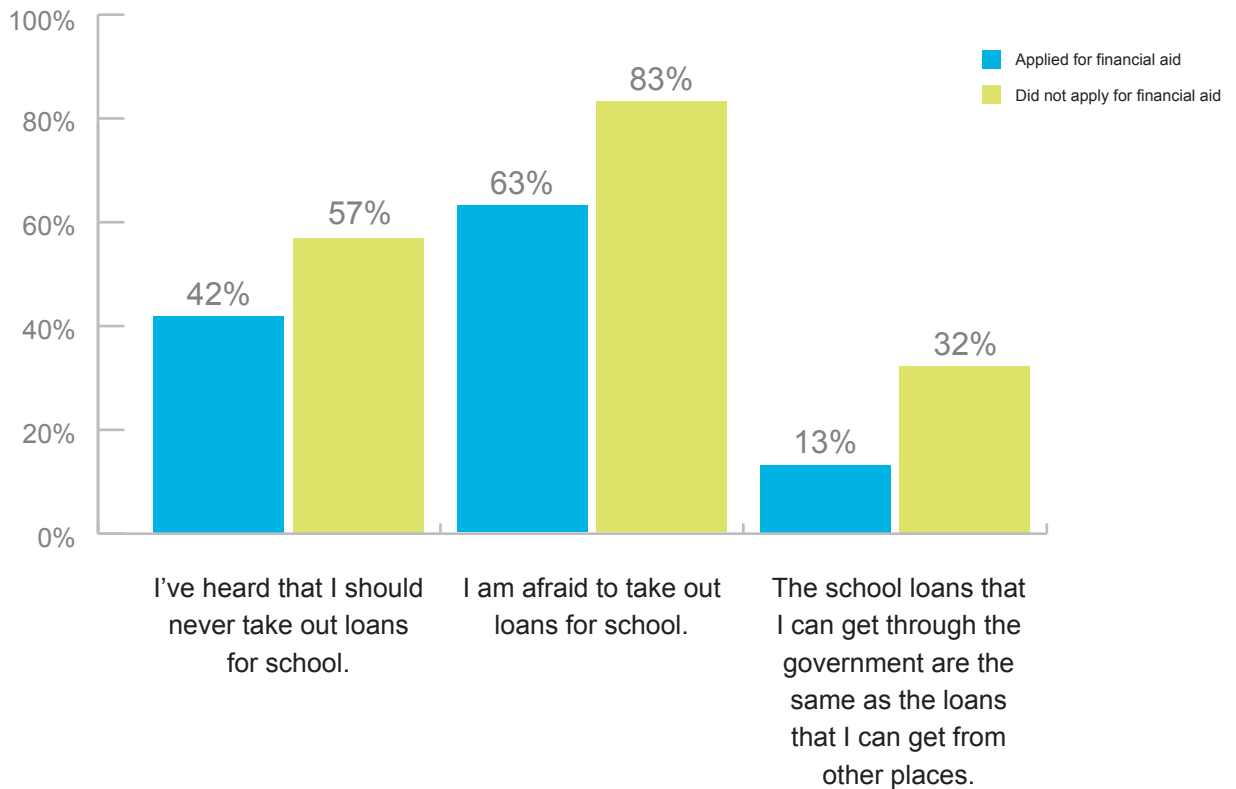
More than half of the students in our sample who did not apply for aid agreed with the statement, “I don’t know anything about financial aid,” and the same amount agreed with the statement, “If I get a grant, I must pay it back.” When students were misinformed, they were “negatively” misinformed, meaning they believed that there were fewer opportunities for them to acquire aid rather than more.

**3. Students who did not apply for financial aid were more likely to have a negative perception of loans.** Both the bulletin boards and the quantitative data demonstrated that students who did not apply for aid had negative perceptions of loans. One participant noted that loans were the “death of credit,” while others were adamant that they did not want to take out loans. Of those who did not apply for aid, 57 percent agreed with the statement, “I’ve heard that I should never take out loans for school,” versus 42 percent of those who did apply. Additionally, 83 percent of those who did not apply agreed with the statement, “I am afraid to take out loans for school,” versus 63 percent of those who did apply.

Table 3

### Students who didn't apply for financial aid have misconceptions about federal loans.

NCAN/Huge Survey 2016



Further, those who did not apply for aid also have misconceptions about federal student loans and loans that can be acquired from banks and private companies: 13 percent of students who applied for aid agreed with the statement, “The school loans that I can get through the government are the same as the school loans that I can get from other places,” versus 32 percent of those who did not apply.

Finally, when asked, “Which of the following financial aid options would you consider applying for in the future?” the data showed significant differences between those who would consider loans and those who would not.

- Participants who identified as white were 2.43 times more likely to respond that they would consider a loan.\*
- Participants who lived in urban areas were 2.4 times more likely to respond that they would consider a loan.\*
- Participants who had previously applied for aid were 2.75 times more likely to respond that they would consider a loan.\*

\*Results are significant at the .05 level

**4. Males were more likely to be misinformed/uninformed about financial aid and to not want aid in general.** Our male participants were more likely to agree with incorrect statements regarding financial aid and also more likely to prefer to pay for college directly. In fact, males were also more likely to believe that financial aid would not help them that much.

Our male participants were:

- 3.25 times more likely to agree with the statement, “I don’t want financial aid.”\*
- 2.6 times more likely to agree with the statement, “Financial aid won’t help me that much.”\*
- 2.62 times more likely to agree with the statement, “The school loans that I can get through the government are the same as the school loans that I can get from other places.”\*
- 3.89 times more likely to agree with the statement, “You cannot get financial aid if you attend a community college or trade school.”\*
- 2.34 times more likely to agree with the statement, “I would prefer to pay for school with my own money rather than use financial aid.”\*
- 5.16 times more likely to agree with the statement, “If my parents are not U.S. citizens or permanent residents, I cannot apply for financial aid.”\*

\*Results are significant at the .05 level.

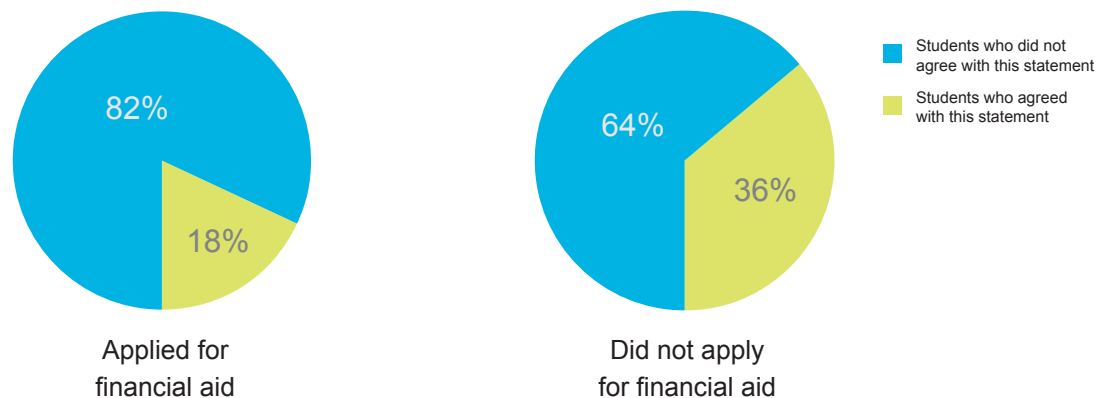
**5. Students who did not apply for financial aid were more likely to prefer to pay for their schooling out of pocket.** While 18 percent of students who applied for aid agreed with the statement, “I would prefer to pay for school with my own money rather than use financial aid,” 36 percent of students who did not apply for aid agreed with this statement. It is likely misinformation that influences those who do not apply for aid to prefer to pay for their schooling out of pocket.

Table 4

**Students who did not apply are more likely to prefer to pay for their schooling out of pocket.**

NCAN/Huge Survey 2016

“I would prefer to pay for school with my own money rather than use financial aid.”



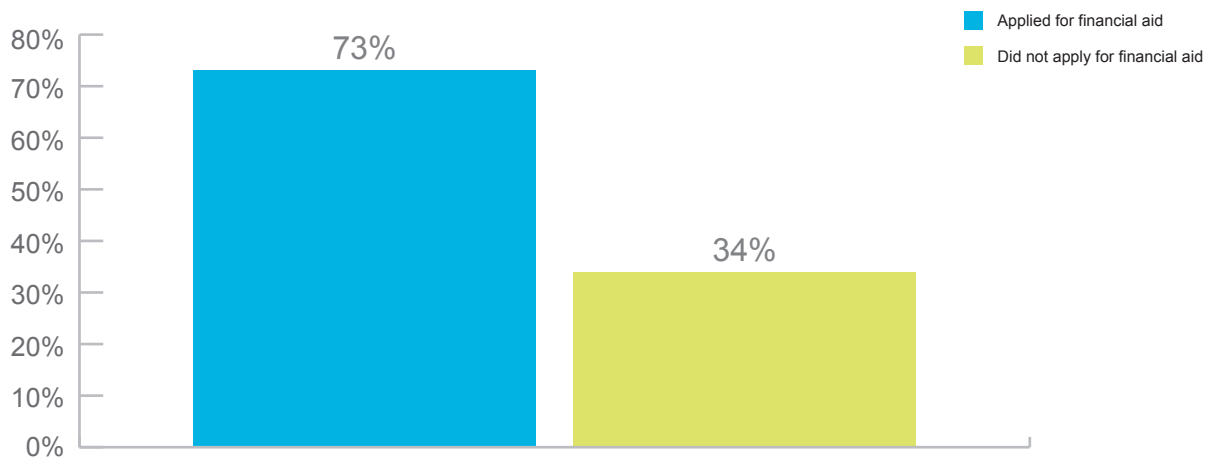
**6. Many students who did not apply for financial aid were not confident that they could rely on their schools for support.** Students who did not apply for aid were more likely to feel that they did not have school resources to help them learn about financial aid. While 73 percent of those participants who applied for aid agreed with the statement, “There are plenty of people I can ask about financial aid at my school,” only 34 percent of those who did not apply agreed with this statement.

This insight is particularly important, as research has shown that secondary school-aged adolescents look toward adults other than their parents for support (Gelbach, Brinkworth, and Harris, 2011). Eccles, et al. states, “As students at this developmental stage increasingly strive for autonomy from their parents, they often look to other adults for important relationships,” (Eccles et al., 1993, quoted from Gelbach, Brinkworth, and Harris, 2011, p. 3). These adults are typically teachers and other school staff. So when secondary school students do not feel as though they have support from their school, their financial aid application process can become all the more difficult.

**Table 5**

**Students don’t feel supported at school.**

NCAN/Huge Survey 2016



There are plenty of people I can ask about financial aid at my school.

**7. Students who did not apply for financial aid were more likely to believe that their parents did not want to share their information.** While only 16 percent of those participants who did apply for aid agreed with the statement, “I don’t want or my parents don’t want to share my parents’ tax information in order to apply for financial aid,” 34 percent of students who did not apply agreed.

**8. Students whose parents did not attend college were as likely to apply for financial aid as those whose parents did attend college.** More students who had neither parent go to college applied for financial aid than those who had one or both parents attend college. In our sample, 41 percent of those students who applied for aid said that neither of their parents attended postsecondary schooling versus 29 percent of those who did not apply.

**9. Hispanic students were more likely to believe that there were opportunities to receive financial aid.** Hispanic students, regardless of race, were 10 times more likely to agree with the statement, “Most people can get grants.” Additionally, these students were .27 times less likely to agree with the statement, “Students can get scholarships only if they have really good grades.” \*

\*Results are significant at the .05 level.

## CONCLUSION

Previous research has suggested that most students who do not apply for financial aid do not think they are eligible. However, our research told a different story. In general, participants who did not apply for financial aid lacked information about their eligibility. Students selected “I did not think I was eligible” to signify that they did not actually know one way or the other, rather than because they truly believed that they were ineligible for aid from an informed perspective.

Students who did not apply were either misinformed or uninformed about how they could acquire aid and, more importantly, about what aid was in general. While this may be obvious, the reasons why they lacked information are not, particularly when the information is readily available. It appears that there are a number of reasons why students in our sample are misinformed or uninformed. First, students are overwhelmed by the process—the information is not accessible to them, and they find the information or the presentation of information difficult to understand. When they feel overwhelmed, they may give up. Second, students who did not apply did not feel that they had the support of their schools to give them the information they needed to be successful. There are a number of additional reasons that students do not apply, which all appear to be related to the above two findings.

Initially NCAN and Huge entered this research looking to understand why students thought they were ineligible for aid. This perspective limits our opportunities to get students the information they need by attempting a top-down approach, where all of the focus goes toward getting students to know that they are eligible right from the start. What we learned is that students do not think they are ineligible, but rather they do not know if they are. This perspective is critical, as it opens the opportunities to intervene and to provide students with the information they need. A student who thinks he or she is ineligible may not seek any further information regarding aid, whereas a student who does not know will attempt to “look it up.” Students’ attempts to understand financial aid might be thwarted by the overwhelming amount of material they find or by others who are misinformed providing wrong information. However, in this case, students are seeking information in various places so there are several opportunities for us to find these students and provide them with the support they need. NCAN and Huge are confident that we can now identify and pursue those opportunities for intervention.

Importantly, the previous research did not clearly define what “I did not think I was eligible” actually meant, and while subtle, “I did not think I was eligible” and “I did not know if I was eligible” lead to different interventions.

## LIMITATIONS

Because of our small sample size, our results may not be generalizable to the entire U.S. population. Our sample was also extracted using online panels, which limits participants to those enrolled in these panels. However, our goal was to reach participants nationwide who met the recruitment criteria and with the online panels, we were able to do so. Our participant breakdown in terms of region very closely matched that of the 2014 Census. Despite our limitations, we are confident that our research reasonably represents the knowledge, attitudes and behaviors of enrolled and college-bound students nationwide in regard to financial aid.

## TABLES

1. Table 1. “When you think of financial aid, what are the different types of financial aid that come to mind? Please enter a response in the box provided.”
2. Table 2. More than half of students who did not apply for aid said they “don’t know anything about financial aid.”
3. Table 3. Students who didn’t apply for financial aid had misconceptions about federal loans.
4. Table 4: Students who did not apply are more likely to prefer to pay for their schooling out of pocket.
5. Table 5. Students don’t feel supported at school.

## APPENDIX

1. Appendix A. Top Two Box Summary

# APPENDIX A.

## Top Two Box Summary –NCAN/Huge Survey

Top Two Box Summary - Strongly Agree/Agree							
		APPLIED			DID NOT APPLY		
Total	Total	Total	Male	Female	Total	Male	Female
Total Respondents	(167)	(91)	(35)	(56)	(76)	(26)	(50)
	%	%	%	%	%	%	%
People who live at home with both parents can't get financial aid	19	13	14	13	26	35	22
If I apply for financial aid and I get it, I will have to accept all of the financial aid that I am given, including any loans	35	32	26	36	38	42	36
Most students apply for financial aid	71	84	83	84	55	50	58
I must pay for most or all of my schooling out of my own pocket	34	26	29	25	43	42	44
I've heard that I should never take out loans for school	49	42	49	38	57	42	64
My parents or guardians don't want me to apply for financial aid	10	5	11	2	16	8	20
The school loans that I can get through the government are the same as the school loans that I can get from other places	22	13	20	9	32	50	22
I don't know anything about financial aid	35	18	17	18	55	46	60
I can only get financial aid if I attend school full-time	34	29	34	25	41	35	44
Financial aid won't help me that much	19	18	23	14	21	38	12
Students can get scholarships only if they have really good grades	53	44	51	39	64	77	58
Most people have to pay back their financial aid	48	42	46	39	55	65	50
I don't want financial aid	13	8	17	2	20	23	18



Once I apply for financial aid, I can't change my mind	33	25	37	18	42	46	40
You cannot get financial aid if you attend a community college or trade school	14	9	14	5	20	31	14
If I have savings to pay for school, I should not apply for financial aid	26	16	20	14	37	46	32
Financial aid applications are difficult to complete	50	46	46	46	54	46	58
I would prefer to pay for school with my own money rather than use financial aid	26	18	29	11	36	42	32
Financial aid will give me bad credit	19	13	9	16	26	23	28
Only very poor people can get financial aid	25	24	26	23	26	27	26
There are plenty of people I can ask about financial aid at my school	55	73	80	68	34	27	38
If I get a grant, I must pay it back	32	12	17	9	55	54	56
I am afraid to take out loans for school	72	63	69	59	83	81	84
My family has too much money for me to be eligible for financial aid	20	19	14	21	21	19	22
I'm worried about what would happen if I accept financial aid, and don't complete my schooling	50	38	34	41	64	69	62
I've heard that if I apply for financial aid, I will only get loans	33	23	34	16	45	46	44
Most people can get grants	41	46	43	48	36	31	38
I don't mind taking out loans for school	20	26	26	27	13	15	12
I mostly learned about financial aid on the internet	46	45	37	50	46	65	36
Only students with good grades can get financial aid	32	24	23	25	41	54	34
No one helped me to learn about financial aid	41	32	26	36	53	54	52
My parents think that if I apply for financial aid, they will have to pay for my schooling	18	13	14	13	24	31	20

If my parents are not U.S. citizens or permanent residents, I cannot apply for financial aid	19	18	34	7	21	31	16
I don't want or my parents don't want to share my parents' tax information in order to apply for financial aid	25	16	23	13	34	31	36
Only people with good credit can get financial aid	28	13	17	11	46	38	50

***Editors & Contributors:***

*Kim Cook, Executive Director, NCAN*

*Elizabeth Morgan, Director of External Relations, NCAN*

*Allie Ciaramella, Communications Manager, NCAN*

*MorraLee Keller, Director of Technical Assistance, NCAN*

*Mark Kantrowitz, Publisher and Vice President, Cappex.com*

*Kamaya Jones, Research Lead, Huge*

*Erica Schlaikjer, Strategy Lead, Huge*

*Megan Ahearn, Project Lead, Huge*