
QUO VADIS, BAFÖG?

The number of Bafög recipients is at its lowest level in 25 years. Yet, many young people are eligible for this financial aid. Economist Sebastian Riedmiller is studying what deters students from applying. One insight: targeted information could help to ensure greater educational equity.

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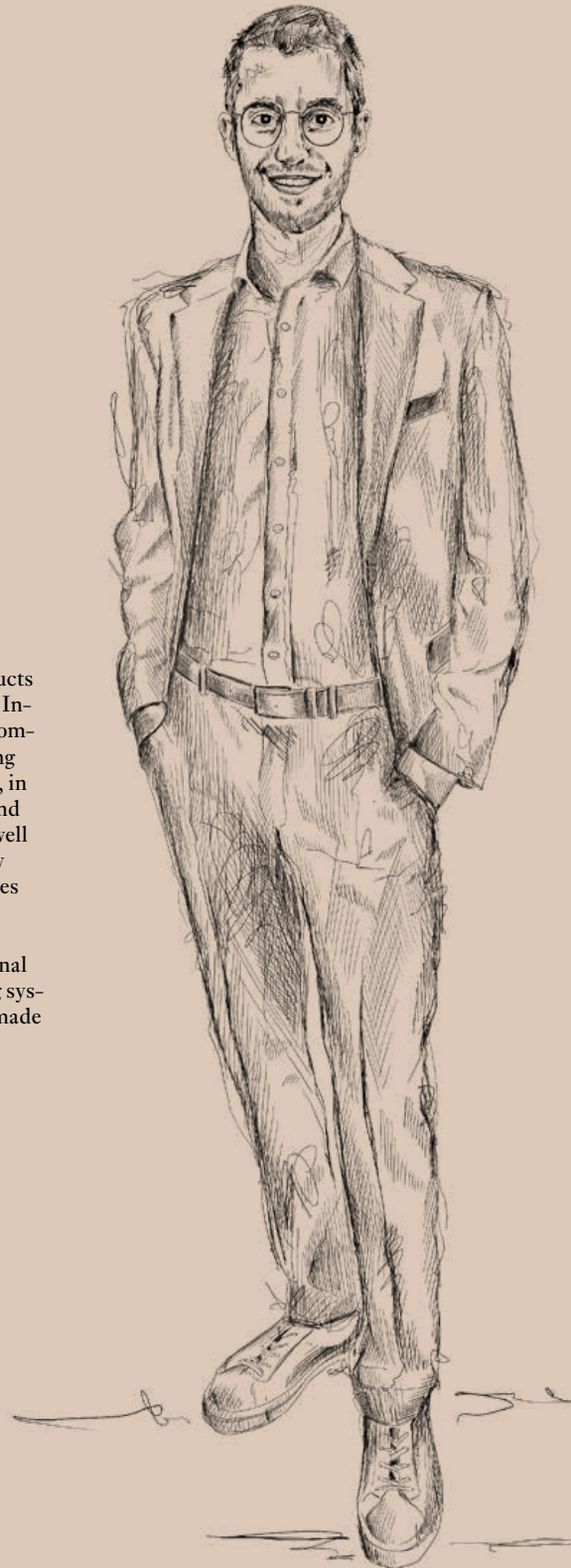
In Germany, education is regarded as a key driver of social mobility and equal opportunity. It should be possible to complete vocational training or obtain a university degree regardless of family background – at least in theory. That is precisely why the Federal Training Assistance Act – known as Bafög for short – was created. Hardly any other educational legislation in Germany is discussed as regularly and controversially as Bafög. Every two years, the German government publishes a report documenting the latest developments of this financial aid for students.

The 24th report, published in December 2025, made the situation abundantly clear: increasingly fewer young people are receiving student aid. The number of Bafög recipients is at its lowest level since 2000. Reforms enacted in recent years have in fact raised the upper income and asset caps, as well as other allowances on several occasions, thereby expanding the pool of eligible applicants. Unfortunately, these measures have failed to result in higher numbers of aid recipients. This raises the question: why do so many eligible students fail to apply for Bafög?

Until recently, there was no data on this in Germany. While previous studies and surveys have highlighted key reasons for the lack of applications, they have not distinguished between students eligible for Bafög and →

VIEW POINT

SEBASTIAN RIEDMILLER



Sebastian Riedmiller conducts research at the Max Planck Institute for Behavioral Economics in Bonn on issues relating to applied microeconomics, in particular on educational and labor market decisions, as well as on evidence-based policy design. His research includes investigating how a lack of information and financial barriers influence educational decisions, and how funding systems such as Bafög can be made more effective.

ILLUSTRATION: SOPHIE KETTERER FOR MFG

those who are not. Together with Sascha Strobl from the Fraunhofer Institute for Applied Information Technology (FIT), I examined this question in a study involving around 22,000 students from across Germany.

We asked the participants questions about their current financial situation and family background. Using this information, we were able to identify which students were eligible for Bafög but do not apply for it. We also recorded the reasons why students do not apply for Bafög, whether they believe they are eligible, and how they view the Bafög eligibility criteria – the income caps for parents, level of financial aid, and repayment terms.

Our findings are clear: up to 70 percent of students eligible for Bafög do not apply. The biggest hurdle is that students are completely unaware of their eligibility to receive financial aid. More than 80 percent of the students we identified as eligible mistakenly assumed, based on their personal and family circumstances, that they would not receive financial aid if they were to apply. If they were to apply, they could in fact receive around EUR 500 a month on average.

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One of the main reasons students do not apply is the assumption that their parents' income is too high for them to be eligible for support. This is because most people massively underestimate the income caps for parents when it comes to receiving Bafög.

These misjudgments are not a marginal phenomenon: our survey revealed that almost all students have at least one misconception about Bafög – and often several. It is a particularly common misconception that Bafög is intended solely for families with very low incomes. This perception is based on past practice, but no longer reflects the current legal situation. In fact, many students from middle-class backgrounds are also eligible for financial aid. For students with a sibling, the parental income cap for Bafög eligibility is around EUR 120,000 gross per year; EUR 500 in support is available where the parents' combined income is around EUR 85,000.

The general lack of knowledge regarding this topic points to a structural information problem: many students simply do not realize at what level of parental income they are no longer eligible for Bafög.

On the other hand, around one in eight eligible students do not apply for Bafög, even though they are aware that they are entitled to it. The main reason for this is that they do not want to take on debt. However, many of

these students are unaware that only half of the funds, up to a maximum of EUR 10,010, needs to be repaid. So, they are overestimating the potential debt burden they would face.

The application process itself is also off-putting. Although the digitalization – and simplification – of the Bafög application process is ongoing, many students still find it too time-consuming and complex.

Ideally, young people and their parents would be informed in their final year of school that they are eligible for Bafög based on their income – simply via their tax assessment or pay slip. Admittedly, this would not be easy to implement, as the Bafög calculation would have to be carried out directly by the relevant tax authority, taking the family situation into account.

One way to simplify the application process would be to allow tax and income information held by the tax authorities to be shared with the Bafög offices, with the applicants' consent, so that students would only need to provide a small amount of supporting documentation themselves. However, this alternative would not solve the problem of applications not being submitted due to a lack of awareness regarding personal eligibility.

Another finding from our study illustrates just how significant this problem is. We asked students who do not receive financial aid how much it would need to be, at the very least, for them to apply. For two-thirds of the about 6200 respondents, this amount was less than what they were actually entitled to. It is likely, therefore, that some of these students would go to the trouble of submitting an application if they were better informed about their entitlement.

THERE ARE WAYS TO SIMPLIFY THE APPLICATION

This is precisely what we tested in the study with an intervention: at the end of the survey, half of the students not currently receiving financial aid were provided with information on the general Bafög eligibility criteria – namely the income thresholds for parents, the amount of aid available, and repayment conditions – as well as a personalized estimate of their expected Bafög entitlement. Compared with the other half, who did not receive any additional information, this intervention resulted in significantly more students receiving Bafög a year later. The increase in uptake can be directly attributed to a reduction in misconceptions regarding Bafög in general and regarding personal eligibility. One finding is particularly encouraging from a social policy perspective: it was mainly students from disadvantaged back-

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grounds who responded to the intervention and submitted an application.

The findings of our study show that the political debate must not focus solely on higher allowances, supplements, and the amount of aid available – but must also address another issue: how can we bridge the information gap that prevents many eligible students from applying for Bafög?

One step in the right direction has already been taken. The 2026 federal budget allocates EUR 500,000 for a Bafög chatbot. It is precisely this AI-based chatbot that is currently being developed at Fraunhofer FIT and scientifically evaluated in collaboration with the Max Planck Institute for Behavioral Economics in Bonn. The aim of such a chatbot is clear: young people should be given the opportunity to find out about Bafög in an accessible and user-friendly way, without having to piece together bits of information from various sources themselves. In addition, the chatbot would allow people to calculate their own Bafög entitlement directly. Checking the applications for completeness could be the next step: as a result, the chatbot would not only help to reduce misconceptions regarding the Bafög eligibility criteria and personal entitlement, but would also make the application and processing procedures more efficient.

Many students have to wait a long time for their Bafög decision after submitting their application. According to the participants in our study, only one in two Bafög applications was processed within three months. If additional documents then need to be submitted, the final decision is further delayed – a period of time that young people will have to find ways to bridge. The Bafög chatbot can offer assistance here: it can help ease the burden on the system by ensuring that more complete applications are submitted, thereby reducing the workload for overburdened Bafög offices.

THERE ARE HIGH HOPES FOR THE BAFÖG CHATBOT

Despite all the talk about its problems, we mustn't forget the good news: Bafög works. Our study shows that students' income changes following a positive Bafög decision. Overall, they have more money to spend each month than before, even though the financial support they receive from their parents decreases. This, in particular, highlights a little-discussed, yet immensely important aspect of Bafög. Ultimately, it is not only the students themselves who pay for their living expenses, but also their parents. If, as our study shows, receiving Bafög also takes the financial strain off parents, the state benefits twice over. More people can afford to go to university

ONE THIRD OF STUDENTS ARE AT RISK OF POVERTY

without significantly affecting their parents' purchasing power. So, Bafög serves its purpose and helps to promote greater social equity.

However, politicians must not become complacent. Data from recent years shows that around a third of students are at risk of poverty. In addition, the housing market remains tight, particularly in major cities. To ensure that students can continue to study independently of their parents, the Bafög system must also be further expanded and adapted to the current study environment, for example, by linking the basic allowance to the cost of living and the flat-rate rent allowance to local rent indices. However, the allocation for Bafög has been cut by almost 20 percent in this year's national budget. It is important that politicians do not view Bafög merely as an item of expenditure in the federal budget, but also recognize it as an investment in the future. Higher educational qualifications generally lead to higher incomes and, consequently, to higher tax revenues for the state. This makes it all the more important that as many eligible students as possible take advantage of Bafög.

If extrapolated to the whole of Germany, the increase in take-up that we have achieved would result in an additional EUR 180 million in Bafög payments each year – a sum that would be recouped in the long term through increased tax revenue. The Bafög chatbot could potentially offer even greater benefits.

At the end of the discussion, one simple but fundamental question remains: do we want Germany to continue to have a higher education system that is open to everyone who is capable of studying – or only to those who can afford to do so? There can be only one answer when it comes to educational equity in Germany. And this cannot be achieved without improving the Bafög system and ensuring information about it is easily accessible, so that it also reaches the many people who do not apply despite their eligibility.

