Promoting FAFSA to Get More Students into Higher Education

BY ANDREW SMALLEY

Although the COVID-19 pandemic led to the smallest increase in college costs in the past several decades, tuition and fees at postsecondary institutions have still increased by 16% since 2010 after adjusting for inflation. The pandemic has exacerbated affordability challenges as young adults and students were more likely than other workers to become unemployed and face challenges such as disruptions in housing or child care. Given these financial barriers, all available forms of financial aid can be crucial tools to support credential attainment for students and their families.

The Free Application for Federal Student Aid (FAFSA) is the most important step in obtaining a variety of federal and state financial aid. FAFSA completion is required to determine eligibility for more than $150 billion in federal student aid, including Pell Grants, federal student loans and federal work-study programs. According to the National College Access Network, high school seniors who complete the FAFSA are 84% more likely to immediately enroll in postsecondary education.

Despite its importance, just 61.2% of the national high school class of 2020 completed the FAFSA, a decline from the 62% completion rate among the class of 2019. In five states, fewer than 50% of graduating high school seniors in the class of 2020 submitted the application. Trends for FAFSA completion rates among current high school students have decreased even more. As of mid-November, completions among the class of 2021 were down more than 15% compared to last year.

While some families choose not to submit the FAFSA due to high incomes that make them ineligible for financial aid, many families struggle to complete the form or choose not to file. A Department of Education survey found that 15% of non-completers did not know about the FAFSA and 9% of families thought the form was too time-consuming.

Low FAFSA completion rates have substantial impacts. A study by NerdWallet found that the high school graduating class of 2018 missed out on $2.6 billion in available federal aid because eligible students did not complete the FAFSA.

Did You Know?

• The Free Application for Federal Student Aid (FAFSA) is required to determine eligibility for more than $150 billion in federal aid for higher education.

• In 2018, graduating high school seniors missed out on $2.6 billion in available federal student aid because students did not complete the FAFSA.

• Three states currently require high school students to complete a FAFSA or file a waiver in order to graduate.
students did not submit an application. The same study found that students who did not fill out a FAFSA could have received an average of nearly $4,000 each in federal grant aid for college.

**State Action**

To promote more widespread FAFSA use, several states are adding FAFSA completion to high school graduation requirements or requirements for state-run financial aid programs. In 2016, Louisiana became the first state to require graduating seniors to complete the FAFSA before graduation, as part of a requirement from the Louisiana Board of Elementary and Secondary Education. The provision allows parents and guardians to opt a student out without explanation. Students and districts can also apply for a waiver for extenuating circumstances, such as military service upon graduation.

Since the requirement went into effect in the 2017-2018 academic year, the total number of FAFSA completions in the state have increased by nearly 25%. Louisiana led the nation in FAFSA completion rates in 2019, with 82.6% of high school students completing the application.

In 2019, Texas became the first state to pass legislation to require FAFSA completion with HB 3, which implements a FAFSA graduation requirement beginning in the 2021-2022 school year. Illinois passed HB 2719 in 2019, requiring FAFSA completion for high school seniors beginning in the 2020-2021 school year. Both bills contain opt-out waivers similar to Louisiana’s, and Illinois’ legislation allows school districts to award diplomas to students with extenuating circumstances, even if they do not complete the FAFSA but have met all other graduation requirements.

In 2020, 13 states introduced similar legislation but none were enacted into law. Nebraska lawmakers did pass a FAFSA requirement, but it was vetoed by the governor, who cited concerns about creating an “unfunded and burdensome mandate for districts.”

Other states have focused on making FAFSA completion mandatory for state financial aid programs. Tennessee has required a completed FAFSA as part of its Tennessee Promise Scholarship, which is a “last-dollar” scholarship that covers tuition and fees for associate degree programs. Tennessee has ranked either first or second in FAFSA completion rates for three straight years. In 2020, Utah passed HB 256, requiring the completion of the FAFSA to be eligible for certain state financial aid programs.

**Federal Action**

The FY 2021 Omnibus Appropriations Bill made significant reforms to federal student financial aid programs and eligibility. The law reduces the number of questions on the FAFSA form from 108 to 36, a long-time priority for outgoing Senator Lamar Alexander (R-Tenn.). Additionally, a change in eligibility criteria for Pell Grants will allow more students to receive financial aid. Estimates suggest 555,000 new students will qualify for Pell Grants and 1.7 million additional students will qualify to receive the maximum Pell award each year.

The legislation repeals the ban on providing federal financial aid to incarcerated individuals, building on the success of the Second Chance Pell pilot program, which began in 2015. An additional provision removes the prohibition for students convicted of drug offenses from receiving federal financial aid. The package also restores Pell Grant lifetime eligibility for students who have had student loans discharged because they had been defrauded by their institution.

These reforms build on recent efforts to make the FAFSA form easier for students and families. The passage of the Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act) in late 2019 allows the IRS to provide taxpayer data directly to the Department of Education. This lets applicants directly import their income information into the form and reduces the need for additional income verification, which can delay the disbursement of aid. In 2018, the Federal Student Aid Office created a mobile-friendly version of the FAFSA that can be filled out via a mobile phone or tablet.