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Moving the Needle on FAFSA Completion

How changes to federal
financial-aid policy can
broaden access to higher
education

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INTRODUCTION

Despite the changing demographics of high-school graduates with an ever increasing number of low-income and first-generation students in the pipeline to higher education, the college admissions process has, for the most part, remained stuck in a previous era—when far fewer Americans went to college and the price of a degree was much less expensive. The cadence of the admissions calendar is similar to that of a generation ago, where a series of dates initiate a flurry of activity in a compressed time span during the fall and spring as students try to match their academic aspirations and financial realities with the right institution.

The result is a college search and financial-aid process that is often out of sync, overly complicated, and needlessly angst-ridden for students and parents. Unlike other major purchases in life, many families know little about what they will actually pay for college and, more important, exactly how they will finance it until a few weeks before a final decision needs to be made. Emotions have long steered students' college choices, and under time pressure, families sometimes make bad financial decisions.

First-generation and low-income students, in particular, are often the most uneasy with the admissions process and typically lack the high-school counselors or the family know-how to navigate the myriad of paperwork and deadlines. Subsequently, they miss out on eligibility for financial aid, or worse, college altogether.

CHANGES TO FEDERAL POLICY

But two key changes to federal policies that went into effect for the 2016-17 admissions cycle and streamlined financial-aid rules have already paid off and show the potential of further simplification. The first change is that families can now submit their Free Application for Federal Student Aid (FAFSA) in October of their child's senior year of high school, three months earlier than in the past. Second, families can use tax data from the previous calendar year, rather than estimating their earnings in January for the year that just finished.

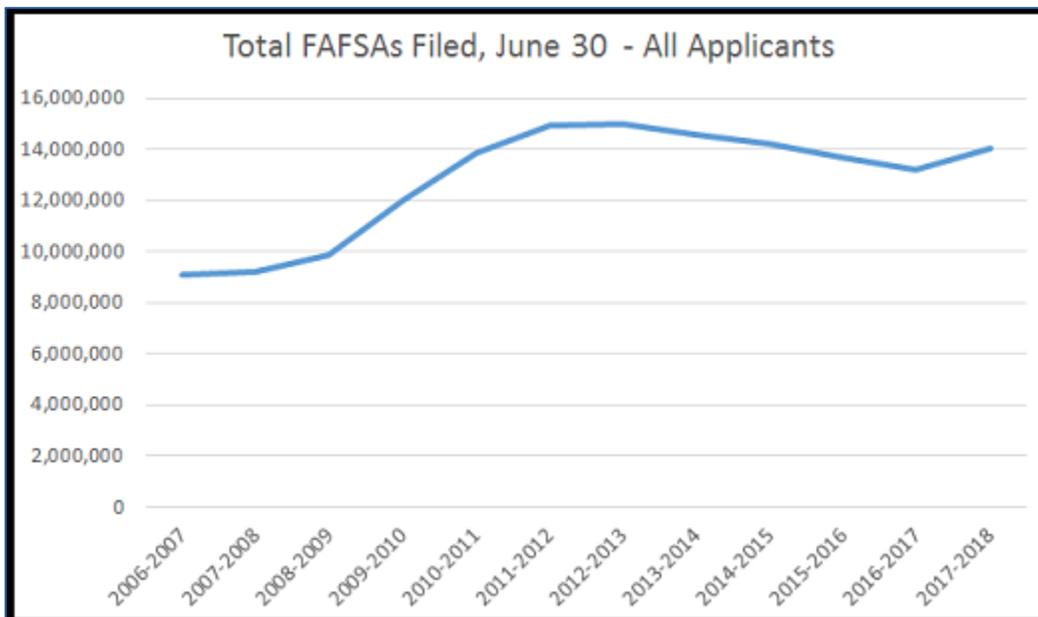
The revised timeline required the cooperation of various stakeholders in the college search process, including high schools, college-access programs, admissions offices, and financial-aid officials. Despite initial worries about the impact on their workload, officials said the new policies were put into place without any major issues. In a survey by the National Association of Student Financial Aid Administrators, 61 percent of respondents said the new FAFSA rules were implemented successfully, with many indicating that the changes were beneficial to students or that they could see the long-term benefits. College admissions and financial aid officials, as well as high-school counselors, reported that the policy changes helped to spread their busiest work periods

over the academic year.

“There was angst going into the fall, but I think it went very smoothly,” said a high-school college counselor. “It didn’t snowball like we thought it would initially.”

This seemingly small tweak in the calendar produced somewhat dramatic results in the first year—most of all, reversing a decline in FAFSA filings nationwide. Extending the window to file the FAFSA by three months seems to have encouraged more high-school seniors to submit the form. The number of FAFSAs filed by seniors increased 9 percent as of June 30, the traditional end of the high school academic calendar. The FAFSA is a crucial indicator of post-high school plans: students who complete the form are 63 percent more likely to attend college than those who don’t. Among all applicants, FAFSA filings were up 6 percent compared to last June, the first time the overall number has increased in four years (see Figure 1).

Figure 1



In all, more than one million high-school students finished the FAFSA between October and December—a three-month time period when the form wasn’t even available in years prior. Getting a jump start on the federal aid form is significant because at some institutions and in some states limited pools of financial aid are distributed on a first-come, first-served basis.

REMOVING BARRIERS

While breakdowns by socioeconomic level are not available, data from the College Advising Corps, which places recent college graduates in largely low-income high schools to work as college advisers, reports that the earlier deadline helped their students file more FAFSA forms out of the gate. Students in the program completed 6,600 more federal aid forms within the first six weeks of the start of the process in October than they did last year with the January schedule. That's significant because research has shown that FAFSA completion rates tend to be lower in school districts with higher poverty levels, even within the same state.

Even so, interviews with school counselors and leaders of college-access programs that serve low-income students found that the policy changes, while extremely helpful, didn't simplify the torturous financial-aid process enough—it simply gave them additional time to explain the mechanics of applying for aid. For students who are first in their family to go to college, the FAFSA remains a complicated form: it has 108 questions and four pages of instructions. It is a huge deterrent to families that need financial aid, counselors said, and further changes are necessary to remove barriers so that eligible students can access needed dollars for college tuition. Students enrolled in higher education who do not complete the FAFSA could access \$24 billion in financial aid by completing the form.

As the director of admissions at a public institution where 40 percent of the applicants are Pell Grant-eligible put it:

“I’m still worried about the low-income family that is really struggling to figure out how to do the FAFSA in the spring. They aren’t going to have relief just because we are having the same conversation in the fall.”

Further changes to the FAFSA have been suggested, and several groups such as the National College Access Network, the Bill & Melinda Gates Foundation, and the National Association of Student Financial Aid Administrators have released specific proposals, including personalizing the form to the complexity of students' financial situation and streamlining it using tax data already provided to the IRS.

The early results of the FAFSA changes portend how the anxiety over college admissions and costs could be eased even more, if further simplification of federal financial-aid policy comes to pass.

KEY DEVELOPMENTS

A surge in FAFSA filings was not the only benefit of the policy change. Interviews with nearly a dozen admissions deans, high-school counselors, and access and success coaches, along with findings from a survey of financial-aid officers, revealed **three key developments** that emerged in the first year of the new schedule.

Earlier Filing Date

The earlier filing date allowed high-school counselors and access advisors to initiate conversations about the financial fit of a college at the same time they were developing an initial list of schools with students. The cost of higher education is a critical component in the college search process for families. The majority of incoming first-year students in 2016 expressed some level of concern about their ability to finance their college education, according to an annual survey of college freshmen by the Higher Education Research Institute at the University of California at Los Angeles. What's more, a record 15 percent of freshmen felt they could not afford their first-choice institution, a 60 percent increase from 2004 when the question was first asked by UCLA researchers.

Yet the exact parameters of college costs are often absent when students first compile their list of colleges because financial aid is largely decoupled from the application process and usually follows admission to an institution. In an attempt to build more financial awareness into the college search, Congress mandated in 2008 that colleges include net-price calculators on their web sites, so that students could estimate early on what a college would cost after grant aid. But the calculators only provided estimates and thus never caught on as expected.

Now thanks to the FAFSA changes, discussions about the financial fit of a college can happen in tandem with conversations about the academic and social fit of a campus.

“So many times we’re talking to families about what college are you looking at when it should really be what can you afford,” a high-school counselor said. “I appreciated that [the FAFSA change] ignited that much needed conversation at the forefront.”

The previous FAFSA timetable was also challenging for first-generation students and those without access to good high-school counselors. Such students often didn't apply for financial aid until a few months after the FAFSA became available in January, if they applied at all. As a result, the students didn't receive their financial-aid packages until late April, right before they had to place a deposit on May 1 to secure a spot in the fall class. While moving up the start of the FAFSA might still not encourage these students to apply early, this past year it gave community and higher-education groups that work

with low-income students more time to reach out to them and work with groups of students or individuals on completing the form (see Figure 2). In interviews, access and success coaches said the extended time period allowed them to have multiple touch points with students who often struggle to get their families to meet the aid deadlines. Further simplification of the FAFSA will only make this process easier, officials said.

Figure 2

Organization	Early FAFSA Outreach	Outcomes
10,000 Degrees (California)	Hosted financial-aid completion week in the fall, instead of activities in January. Opened its scholarship in October to align with earlier FAFSA deadline.	At one high school, majority of students completed the FAFSA (84%), and students reported getting earlier award letters from colleges.
Denver Scholarship Foundation (Colorado)	Outreach varied from text messaging to phone calls, letters home, signs and posters in schools, and workshops.	67% of seniors in schools the foundation works with completed a FAFSA by the middle of June 2017. That's up from 62% the previous year.
Access College Foundation (Virginia)	Held staff training in August, and early financial-aid nights in September, where officials emphasized applying early because some money is available on a first-come, first-served basis.	More than half of FAFSAs for the year were filed by the end of December.
EducationQuest Foundation (Nebraska)	News release ran in 26 newspapers and generated television coverage; also raised awareness on social media.	Nebraska experienced the greatest increase in FAFSA submissions for high-school seniors nationwide during the first four weeks of the new timeline.

Admissions Calendar Changes

Second, some higher-education institutions reconsidered long-standing approaches to the traditional admissions calendar. While the vast majority of schools maintained their admissions or financial aid application timetables, according to the survey by the National Association of Student Financial Aid Administrators, a few campuses tweaked their deadlines to give applicants more time to make their college choices.

Ten percent of four-year public colleges moved admissions deadlines up a month to correspond with the earlier availability of the FAFSA, allowing students to receive their admissions decisions and financial aid packages at the same time and months earlier

than they did in previous years. Some 21 percent of private four-year colleges adjusted deadlines for their own institutional financial aid, mostly to get aid offers into the hands of prospective students sooner. This shift in deadlines may help some students receive packages sooner, but until disaggregated data from the U.S. Department of Education is available, it is unknown if these earlier deadlines will create a new barrier for low-income students, who may need more assistance filling out the FAFSA.

Overall, the FAFSA change seems to have achieved one of its goals to better align the financial aid and admissions cycle: one-third of schools surveyed said they sent their non-need-based (merit) scholarship decisions with their offer of admission. The University of Denver, for instance, encouraged high-school juniors to visit during the summer and apply as early as August. By the end of March 2017, the university had sent out a third more aid packages compared to the previous year.

What's clear is that the adjustments to federal financial-aid policies encouraged colleges to experiment with their admissions procedures. Given the competitive nature of higher education, it's likely other institutions will follow in the years to come.

Cost of Attendance Determined Sooner

Third, the changes to the financial-aid timetable encouraged colleges to set their cost of attendance earlier than in past years. Typically, many colleges set their tuition prices in the winter for the following fall. But in order for colleges to develop financial-aid packages aligned with the start of FAFSA filing, officials need to know the cost of attendance. So some colleges are now setting their tuition rates in the fall, almost a full year in advance of when students start classes.

This is a welcome byproduct of the changes to the federal aid form because it brings much needed transparency to the consideration of cost in choosing a college. Not only were students applying to colleges in the dark about how much aid they would receive, they often didn't even know the correct sticker price because tuition rates were established after applications were due.

“There’s definitely a need for all of us to talk affordability and college costs more than anything,” said a high-school college counselor.

CONCLUSION

While college officials were pleased with how the FAFSA timetable unfolded in the first year, they are hopeful that the changes to federal policy will yield additional benefits to both institutions and students in the future.

For one, the earlier availability of the federal financial-aid form didn't mean students made their decisions about where to go any faster. In fact, students did not necessarily decide earlier, giving those who need more time to figure out how to finance college the opportunity to do so. Because most high-school seniors apply to three or more colleges—and not all institutions shifted their aid deadlines in response to the FAFSA changes—it's likely that students received aid letters at vastly different times during the year, forcing them to wait until all offers were in to decide where to enroll.

But one issue that has arisen with earlier aid letters is that deadlines for state-based programs aren't aligned with the expedited calendar of the new FAFSA timetable. Many institutional award letters this year in Texas, for example, included "tentative" state grants for its primary need-based financial aid program. The disconnect between federal and state aid deadlines had a "huge impact on our kids," said a Texas school counselor, "because [the state grant] is almost as much as the Pell grant and that makes a big difference as to whether or not they can afford a college." For the new federal policies to have their intended impact, states will also need to adjust their timetables for aid.

The full impact of the federal policy changes probably won't become clear for another year or two. Some officials expect students to apply to fewer colleges once they know their potential costs. Others expect more colleges to package their financial-aid offers earlier in the year to get a jump-start on the competition. And still others expect wholesale changes to the admissions calendar, with perhaps the traditional May 1 deposit day going by the wayside. "This is sort of a once-in-a-generation change in an existing system," said an admissions dean at a private college. "We had a greater opportunity to strengthen relationships over a longer period of time with all the information a family needed to make a decision."