



FAFSA Completion

Executive Summary

Higher education costs (e.g., tuition & fees, housing) can create barriers to college enrollment and graduation, especially among low-income and first-generation college students. Completion of the Free Application for Federal Student Aid (FAFSA) is required for federal financial aid, as well as most state and institutional scholarships/grants. However, many eligible students do not complete the FAFSA. States have implemented several strategies to increase FAFSA completion – requiring students to complete the FAFSA prior to high school graduation, incentivizing FAFSA completion with prizes, and/or providing free resources to help families complete the FAFSA. [Senate Bill 265](#) and [House Bill 101](#) would require students to complete and submit the FAFSA before receiving their high school diploma, beginning in the 2022. Students may be exempted from this requirement if they plan to enlist in the armed forces or receive parental consent.

Highlights

- When adjusted for inflation, the cost of tuition and fees for public two-year institutions in the United States has doubled over the past thirty years; tuition and fees at public four-year institutions have almost tripled since 1990.
- Need-based financial aid can increase college enrollment and retention by reducing the financial burden on low-income students.
- Between 2018-2020, the FAFSA completion rate in Missouri was between 43-45% among high school seniors (compared to 45-47% nationally).
- Several real and perceived barriers can impact whether or not a student completes the FAFSA, such as form complexity and administrative barriers, access to information about parental income and tax filing, and understanding of eligibility.
- States that require high school students to complete the FAFSA as a condition of graduation (e.g., LA) have reported improved FAFSA completion rates, especially in low-income school districts.

Limitations

- Obtaining and renewing financial aid requires additional steps after FAFSA completion. Several months after submitting the FAFSA, for example, students receive information about their federal aid eligibility, which will impact overall/remaining college costs.
- Because mandatory statewide FAFSA policies have only been implemented over the past five years, the long-term effects (e.g., maintaining/improving completion rates within schools, effects on borrowing behavior) of such programs are unclear.
- In addition to the availability of financial aid, other student characteristics (e.g., academic performance, family/personal responsibilities) influence college enrollment and completion.

This science note was prepared by MOST Policy Initiative, Inc. a nonprofit organization aimed to improve the health, sustainability, and economic growth of Missouri communities by providing objective, non-partisan information to Missouri's decisionmakers. For more information, contact Dr. Brittany Whitley, Education & Workforce Development Fellow – brittany@mostpolicyinitiative.org. This was prepared on 3/26/21.

Research Background

College costs can create enrollment & graduation barriers and contribute to student debt.

Since 1990, college costs in the United States have increased between 2-3x (depending on school type) (Figure 1).¹ Missouri law ([RSMo 173.003](#), 2008) currently limits the tuition-setting authority of public higher education institutions by capping the extent to which they can raise tuition and required fees each year. In the 2020 school year, the average published cost of

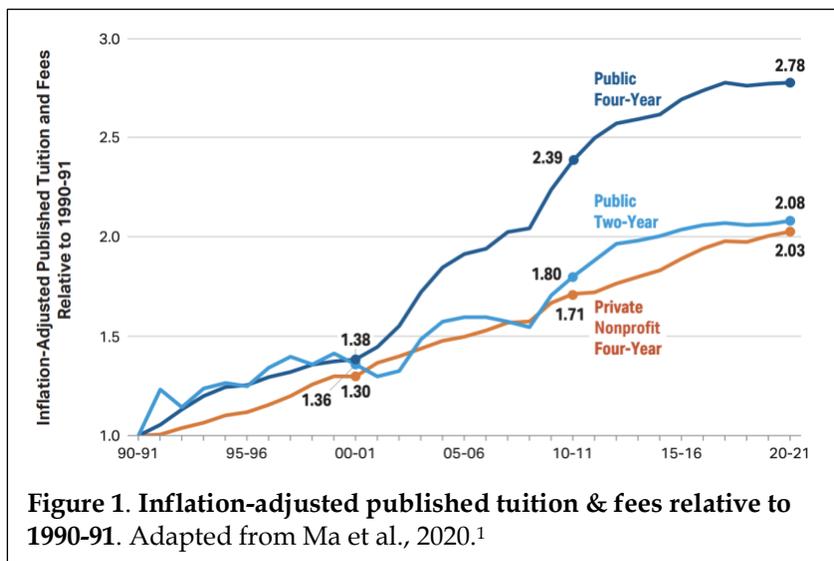


Figure 1. Inflation-adjusted published tuition & fees relative to 1990-91. Adapted from Ma et al., 2020.¹

tuition and fees in Missouri was \$3,910 for in-district students at public two-year colleges and \$9,420 for in-state students at public four-year institutions.¹ Prices for out-of-state or out-of-district students are typically 2-3x higher than in-state/district students.² Other costs, such as cost of living in student or local housing, also increase the financial burden on students, particularly at institutions in regions with a high cost of living. Along with college costs, outstanding student debt in the United States has also tripled over the past thirteen years, from \$545 billion in 2007 to \$1.7 trillion in 2020.³ As of March 2020, US borrowers with student loans over \$80,000 (10%) held 45% of the total student debt.¹

FAFSA completion is required to access a majority of financial aid, but completion rates vary widely across schools and districts.

Students must complete the FAFSA in order to receive federal student aid (grants/scholarships, work-study, loans). States and institutions also use the FAFSA to determine financial aid eligibility. Need-based grants from states can increase college enrollment and persistence over time; the magnitude of the impact varies based on student eligibility and other program characteristics (2.5-4 percentage point increase in enrollment per \$1000 of aid).^{4,5}

Between 2018-2020, the FAFSA completion rate in Missouri was between 43-45% of high school seniors (compared to 45-47% nationally).⁶ FAFSA completion rates also vary significantly by school and district (Figure 2).^{7,8}

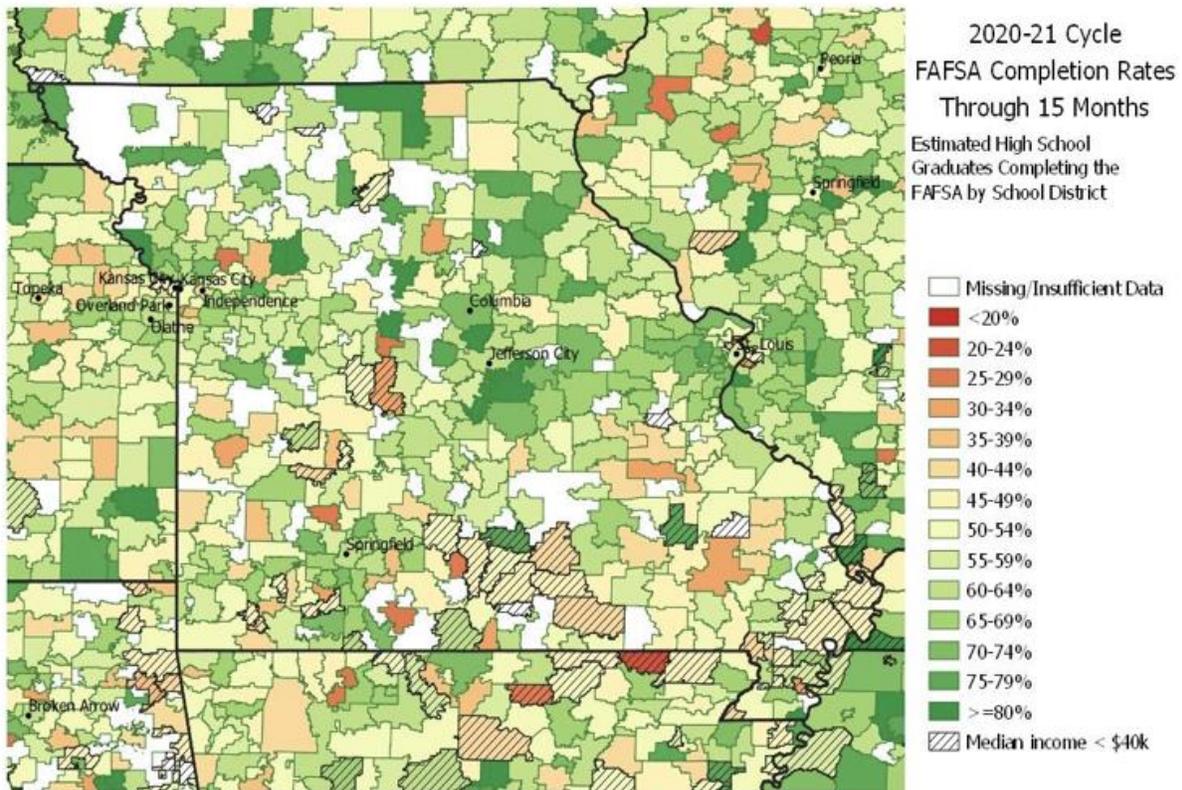


Figure 2. FAFSA completion rates in Missouri public school districts. Red/orange districts have the lowest completion rates, while darker green districts have the highest FAFSA completion rates.⁷

COVID-19: In the past year, the most significant reduction in FAFSA completions in Missouri has been among students in urban high schools, Title I high schools and schools with over 40% Black and Hispanic students.⁶ This is consistent with FAFSA completion trends in other states during COVID-19, as well as drops in college enrollment during COVID-19, especially at community colleges.⁹

Several factors influence FAFSA completion rates.^{10,11}

There are several reasons why eligible students may not fill out the FAFSA, including:

- No interest in going to college
- Ability (or perceived ability) to pay for college without financial aid
- Misunderstandings about eligibility and/or deadlines
- Unwillingness to take on debt
- Administrative/procedural hurdles, especially during summer without counselor access
- Not eligible (e.g., students without social security numbers)

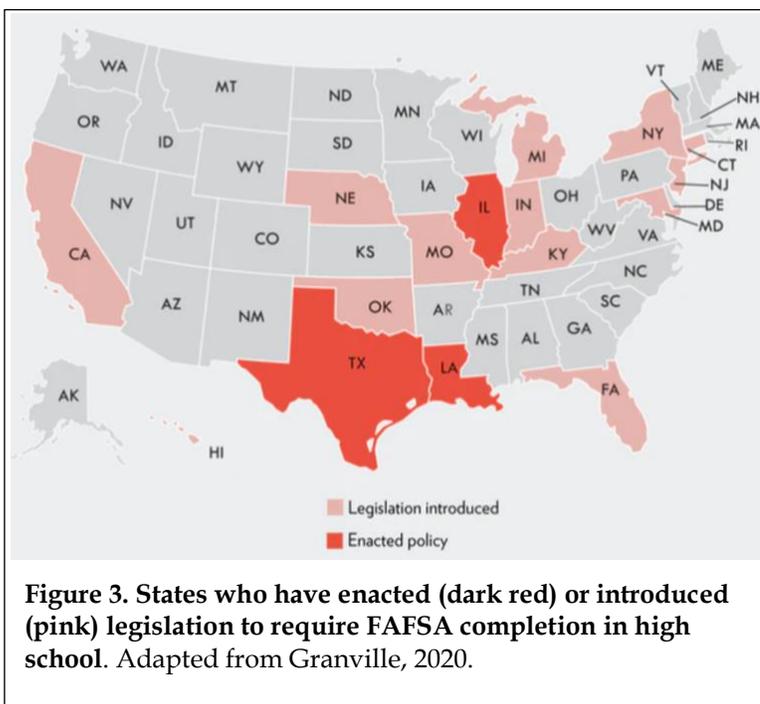
Many of these barriers are particularly relevant to students who are the first in their family to go through the college application and enrollment process; these families typically rely heavily on outside assistance (e.g., school counselor, nonprofits, community members) when completing the

FAFSA.¹² Additionally, low-income students are less likely to complete the FAFSA than their higher-income peers.¹³ While there are federal exemptions for students who can't acquire their parental information, students who struggle to fill out the FAFSA due to lack of parental support (e.g., independent students, absentee parents/guardians) may have difficulty obtaining parental consent for the exemption available under HB 101 and SB 265.

States can improve FAFSA completion through several strategies.^{14,15}

Tying FAFSA completion to graduation requirements:

Three states – [Illinois](#), [Louisiana](#) and [Texas](#) – currently require high school students to complete the FAFSA as a condition of graduation. (Figure 3).¹⁶ In Louisiana, the first state to implement a mandatory FAFSA policy, FAFSA completion rates have increased and Louisiana has one of the highest FAFSA completion rates in the country. Improved completion rates in low-income districts significantly reduced the FAFSA completion gap between low- and high-income districts from 8.5 to 1.1 percentage points in one year.¹⁶ Importantly, no student has been prevented from graduating high school for FAFSA noncompletion under current law, suggesting that improved resources/time that schools devote to FAFSA completion for all students is responsible for these changes (rather than individual fear/consequences of not graduating high school).



Incentivizing FAFSA completion: Some states (e.g., [Louisiana](#)) utilize friendly competitions between schools or districts, where students at schools with the highest or most improved completion rates can earn prizes like small scholarships, vouchers for graduation costs (e.g., cap and gown), gift cards or pizza parties. Missouri has recently launched the [Show-Me FAFSA Challenge](#), which will award scholarships to students who attend either the school with the highest FAFSA completion rate or the most improved completion rate.

Providing resources for FAFSA completion: Text messages, e-mails and postal mailers can be used to remind students about filing deadlines and/or provide information about the benefits of FAFSA completion. Providing students with concrete planning prompts (e.g., steps for completion, deadlines), in addition to information about the benefits of completion, can increase

college enrollment, particularly among first-generation students.^{17,18} However, in some cases, national and statewide nudge campaigns have been less effective than locally implemented models.¹⁸ One mechanism by which these campaigns may improve enrollment is reducing some of the procedural hurdles that have been consistently identified as barriers to FAFSA completion.¹⁷ Many states (e.g., [Missouri](#), [Tennessee](#)) also organize “FAFSA Frenzy” events where financial aid professionals, school counselors and other volunteers provide assistance (in-person or virtually) for families filling out the FAFSA.

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