

How a Mandatory FAFSA Completion Policy in Texas Could Improve College Access

An Essay for the Learning Curve by Sie Won Kim

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For many high school students, the cost of attending college poses a major barrier to continuing their education. Federal student aid provided through Pell grants, work study, and loans can offer students with low incomes an avenue toward receiving a postsecondary education. But for students to be eligible for federal student aid, they need to submit the Free Application for Federal Student Aid (FAFSA) form. Many students who could benefit from federal aid often neglect to submit a FAFSA form because of various barriers, including a lack of awareness about different financial aid options, a lack of understanding about the eligibility requirements, and the FAFSA form's complexity. Several studies have shown that providing students with financial aid information, offering individualized assistance, or sending FAFSA renewal reminder messages increases FAFSA completion rates and increases college attendance and persistence, indicating that when students have access to the information and resources they need, they are more likely to persist and succeed in college.¹

Despite FAFSA's potential to promote access to postsecondary education, the national FAFSA completion rate was just 53.8 percent for the high school class of 2019. During the COVID-19 pandemic, the class of 2021's completion rate dropped to 49.9 percent before climbing back to 52.1 percent for the class of 2022.² To increase FAFSA completion rates, Louisiana (in 2017) and Illinois (in 2020) introduced mandatory FAFSA completion policies. In Louisiana, the policy has already led to an increase in college enrollment, especially among low-income students and schools.³

¹ Eric P. Bettinger, Bridget Terry Long, Philip Oreopoulos, and Lisa Sanbonmatsu, "The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment," *Quarterly Journal of Economics* 127, no. 3 (August 2012): 1205, <https://doi.org/10.1093/qje/qjs017>; and Benjamin L. Castleman and Lindsay C. Page, "Freshman Year Financial Aid Nudges: An Experiment to Increase FAFSA Renewal and College Persistence," *Journal of Human Resources* 51, no. 2 (Spring 2016): 389, <https://doi.org/10.3368/jhr.51.2.0614-6458R>.

² "National FAFSA Completion Rates: High School Seniors and Grads," National College Attainment Network, accessed April 13, 2023, <https://www.ncan.org/page/NationalFAFSACompletionRatesforHighSchoolSeniorsandGraduates>.

³ Christa Deneault, "College Enrollment and Mandatory FAFSA Applications: Evidence from Louisiana," *American Economic Journal: Economic Policy* (Forthcoming), <https://www.aeaweb.org/articles?id=10.1257/pol.20210360>.

Following their lead, Texas implemented a mandatory FAFSA completion policy as a graduation requirement beginning in the 2021–22 school year. Under the policy, high school seniors must complete and submit either a FAFSA form, a Texas Application for State Financial Aid (TASFA) form, or an opt-out form before they can graduate.⁴ The new rule also requires high schools to provide detailed information to students on how to submit financial aid applications, including key dates and deadlines, resources, and contact information for available supports.⁵

Early evidence from Texas indicates that the mandatory policy led to increases in FAFSA applications across the board, with students living in poverty and Black and Hispanic students seeing the largest increases. Although higher education enrollment data are not yet available for 2022–23, Texas hopes that the increase in the number of students who filled out FAFSA applications will in turn create more access to financial aid and to postsecondary education. With other states in the planning stages for implementing similar policies,⁶ the early results from Texas can offer key insights on best practices when introducing their own policies.

How the Mandatory FAFSA Completion Policy Affected Texas High Schoolers

To begin my analysis, I used a school-level dataset from the Office of Federal Student Aid: FAFSA Completion by High School and Public School District. I collected both FAFSA submission and completion data, with the difference being that a submitted application can be rejected (not completed) because of missing information. For each school year, I obtained the number of submissions and completions through the end of September in each FAFSA application cycle.⁷

Using the Urban Institute’s Education Data Portal, I obtained school characteristics using the Common Core of Data and the Model Estimates of Poverty in Schools. By merging these datasets with the FAFSA applications data, I created a panel of Texas high schools from 2018–19 to 2021–22. Using the number of FAFSA applications and the senior enrollment data, I computed the submission and completion rates for each school, excluding high schools with missing FAFSA application data.⁸

⁴ Non-US citizens or non-permanent residents who have lived in Texas for three years before graduating from a Texas high school are eligible to submit the TASFA form.

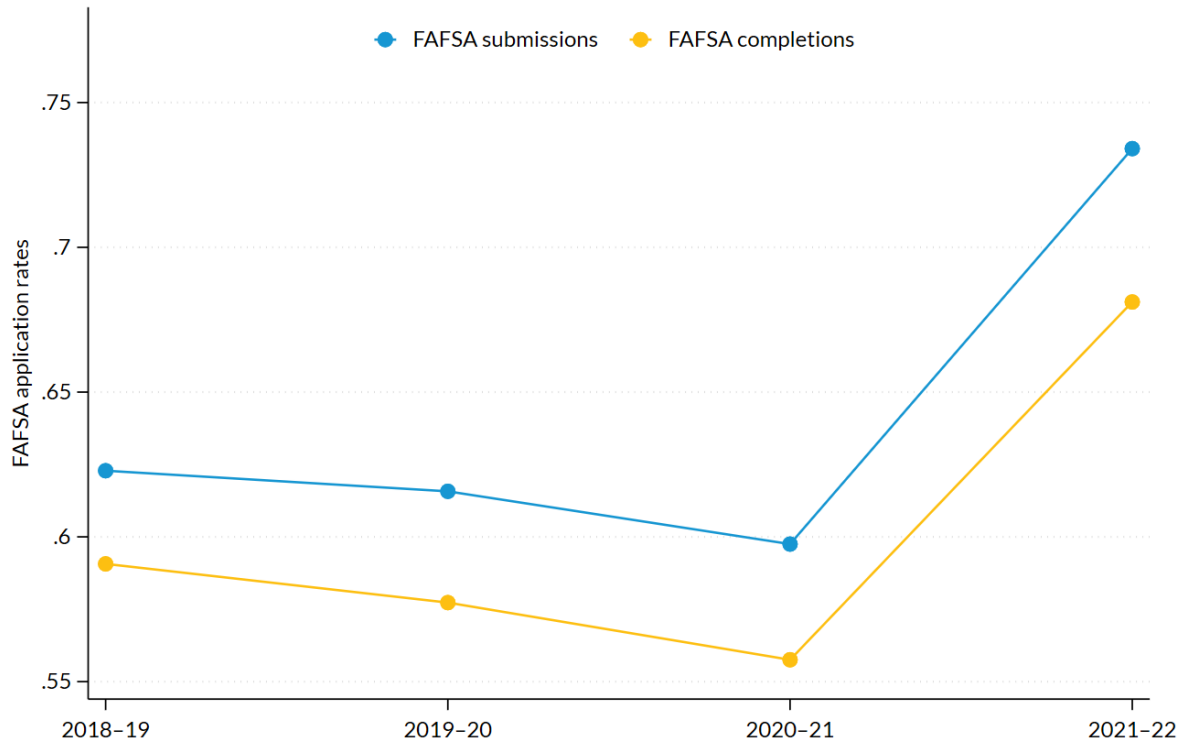
⁵ Texas Administrative Code Rule §74.1023.

⁶ Ann Carrns, “More States Require High School Seniors to Fill Out Financial Aid Form,” *New York Times*, October 14, 2022, <https://www.nytimes.com/2022/10/14/your-money/states-fafsa.html>.

⁷ The numbers represent “first-time filing applicants no older than 19 who will have received their high school diploma and who will be considered college freshmen by the start of the school year to which they are applying for aid.” See “FAFSA Completion by High School and Public School District,” US Department of Education, Office of Federal Student Aid, accessed April 13, 2023, <https://studentaid.gov/data-center/student/application-volume/fafsa-completion-high-school>.

⁸ I bottom-coded “less than 5” values to 5, as the exact number below five applications is not available.

FIGURE 1
FAFSA Application Rates in Texas



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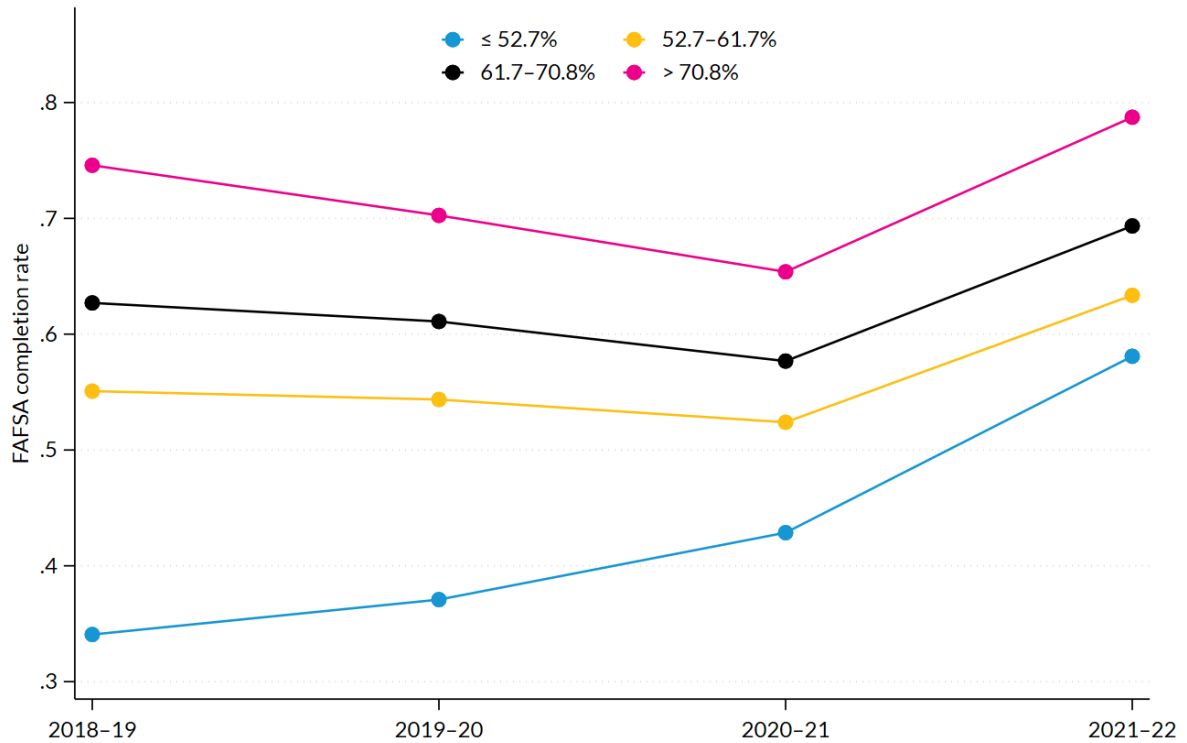
Source: Author’s analysis of data from the Office of Federal Student Aid and the Common Core of Data.

Notes: FAFSA = Free Application for Federal Student Aid. Each line illustrates the FAFSA application submission and completion rates. A submitted FAFSA application can be rejected because of missing information, and a completed FAFSA application refers to the submitted application that was accepted. The mandatory FAFSA completion policy was implemented in the 2021–2022 school year. The sample consists of 1,630 public high schools in Texas.

The submission and completion rates increased after the FAFSA completion policy was implemented in 2021–22 compared with prepandemic levels. In the three years prior, both submission and completion rates steadily declined, possibly because of disruptions related to the COVID-19 pandemic (figure 1). In 2021–22, 5.4 million students were enrolled in Texas public schools, and 2 percent of those students were immigrants who are ineligible to complete the FAFSA form.⁹ The FAFSA submission rate that year increased to 73 percent from an average of 62 percent over the previous three years. Assuming that high school seniors ineligible for FAFSA accounted for 2 percent, and they all completed the TASFA form instead, approximately a quarter of Texas high school seniors opted out of submitting a financial aid form.

⁹ Immigrants are defined as foreign-born students between 3 and 21 years old. See Division of Research and Analysis, *Enrollment in Texas Public Schools 2021–22* (Austin: Texas Education Agency, Office of Operations, Division of Research and Analysis, 2022).

FIGURE 2
FAFSA Completion Rates, by Baseline FAFSA Submission Rates



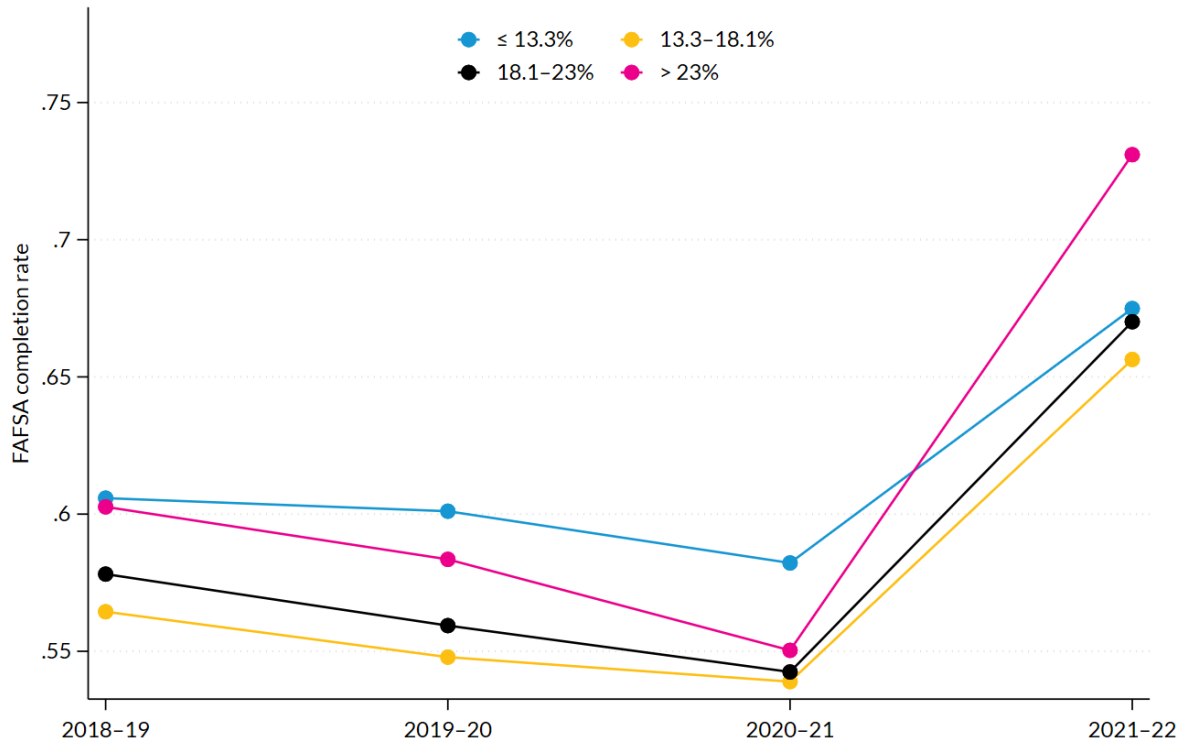
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Source: Author’s analysis of data from the Office of Federal Student Aid and the Common Core of Data.

Notes: FAFSA = Free Application for Federal Student Aid. Each line illustrates the FAFSA application completion rates by the FAFSA submission rate quartile in 2018-19. The sample consists of 1,630 public high schools in Texas.

The rate of both submissions and completions decreased from 2018-19 to 2020-21 because of the pandemic, before increasing from 2020-21 to 2021-22 (figure 2 and appendix figure A.1). These results also indicate that the increases in completion rates were not isolated to schools that had either low or high prepandemic completion rates, as increases were the same across baseline rates.

FIGURE 3
FAFSA Completion Rates, by School Poverty Measure



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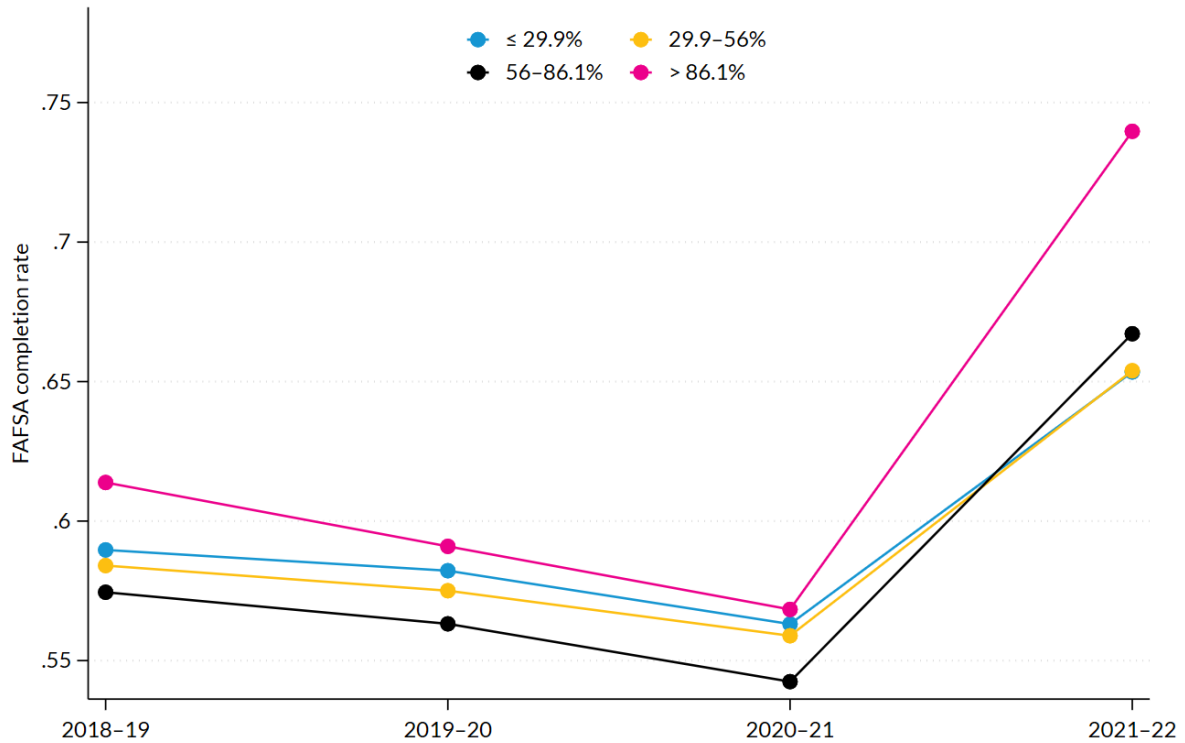
Source: Author’s analysis of data from the Office of Federal Student Aid, the Common Core of Data, and Model Estimates of Poverty in Schools.

Notes: FAFSA = Free Application for Federal Student Aid. Each line illustrates the FAFSA application completion rates by the estimated percentage of students living in poverty quartile. The school poverty level is obtained from the Urban Institute’s Model Estimates of Poverty in Schools in 2018. The sample consists of 1,630 public high schools in Texas.

When comparing the completion rates across income levels, we see that the quarter of schools with the highest shares of students living in poverty¹⁰ experienced the largest decreases in the FAFSA completion rate during the pandemic (figure 3 and appendix figure A.2). But after the policy implementation, these schools showed the largest completion rate increases. These schools had the highest FAFSA submission and completion rates, which could imply that schools with large shares of students living in poverty are better at supporting their students in submitting financial aid applications or that other schools have fewer students who need to submit financial aid forms. Schools where between 13.3 and 23.0 percent of students live in poverty see fewer students submit FAFSA applications than the lowest-poverty schools (poverty rates below 13.3 percent), indicating that these schools may not be benefiting from the mandatory FAFSA completion policy.

¹⁰ The share of students from households with incomes at or below the federal poverty level.

FIGURE 4
FAFSA Completion Rates, by Share of Black and Hispanic Students



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Source: Author’s analysis of data from the Office of Federal Student Aid and the Common Core of Data.

Notes: FAFSA = Free Application for Federal Student Aid. Each line illustrates the FAFSA application completion rates by the share of Black and Hispanic students quartile in 2018–19. The sample consists of 1,630 public high schools in Texas.

Breaking out the results by race and ethnicity shows that schools with the highest shares of Black and Hispanic students (where they make up more than 86.1 percent of students) have the highest submission and completion rates before and after the policy implementation, and these schools experienced the largest increases in application rates after implementation (figure 4 and appendix figure A.3). The schools with relatively high shares of Black and Hispanic students (where they make up between 56.0 and 86.1 percent of students) have FAFSA submission rates similar to those at schools with lower shares of Black and Hispanic students, which could mean these schools need more targeted support.

Implications for Policymakers

To support students in complying with the FAFSA completion requirement, the Texas Education Agency provides toolkits and other resources for educators, students, and parents to assist with financial aid completion. My results indicate that although completion rates have increased across the board, these

generalized resources may not be sufficient for certain schools. Some college advisers have argued that schools still face difficulties in encouraging non-FAFSA-completing students to submit applications.¹¹

Going beyond the generalized resources and information, the Texas Education Agency can target certain school districts (e.g., districts with low incomes or low application rates) and provide tailored support. These targeted strategies have already been piloted successfully in other states. The Louisiana Office of Student Financial Assistance, for example, conducts presentations and workshops at high schools that need more assistance. The state agency can also consider continued support for FAFSA completion after high school, which is important for college persistence, as college students who use FAFSA for their financial aid are required to resubmit the form every year. Additionally, understanding the common errors in FAFSA forms could reduce the difference between the submission and completion rates and potentially affect college enrollment outcomes.

In response to the FAFSA Simplification Act, which requires changes starting the 2024–25 award year, the US Department of Education has taken steps to simplify and streamline the FAFSA form. A draft version of the new form was recently released.¹² By simplifying the FAFSA form, students would have an easier time with initial submission and renewal, which would help with college persistence.¹³

Ultimately, increased FAFSA completion rates provide early evidence for bolstering college enrollment among students living in poverty and Black and Hispanic students. Although the college enrollment data from fall 2022 are not yet available, the positive correlation between the number of FAFSA applications and Texas high school graduates' enrollment in higher education indicates an expected increase in college enrollment for 2022–23.¹⁴ Moving forward, more research is needed to evaluate the effectiveness of the mandatory FAFSA policy on long-term effects such as college persistence, as staying in school is just as important as applying for students to obtain a postsecondary degree.

¹¹ Eric Hoover, “We’re Running a FAFSA Mill’: A College Adviser Weighs In on a New Requirement,” *Chronicle of Higher Education*, March 28, 2022, <https://www.chronicle.com/article/were-running-a-fafsa-mill-a-college-adviser-weighs-in-on-a-new-requirement>.

¹² Katherine Knott, “Draft FAFSA Released,” *Inside Higher Ed*, March 27, 2023, <https://www.insidehighered.com/news/2023/03/28/education-department-releases-draft-version-fafsa>.

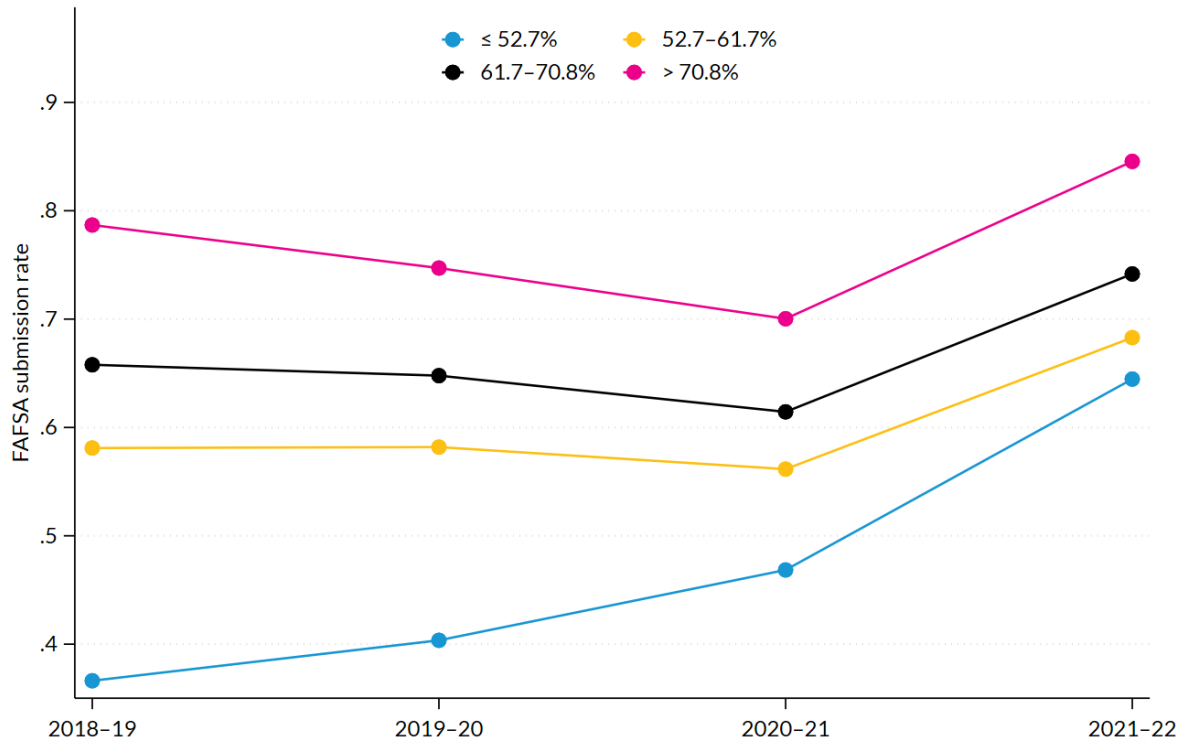
¹³ Susan M. Dynarski and Judith E. Scott-Clayton, “The Cost of Complexity in Federal Student Aid: Lessons from Optimal Tax Theory and Behavioral Economics,” *National Tax Journal* 59, no. 2 (June 2006), <https://doi.org/10.17310/ntj.2006.2.07>.

¹⁴ “High School Graduates Enrolled in Higher Education,” Texas Higher Education Coordinating Board, accessed April 13, 2023, <http://www.txhighereddata.org/HSGradsEnrolledHS>.

Appendix

FIGURE A.1

FAFSA Submission Rates, by Baseline FAFSA Submission Rates



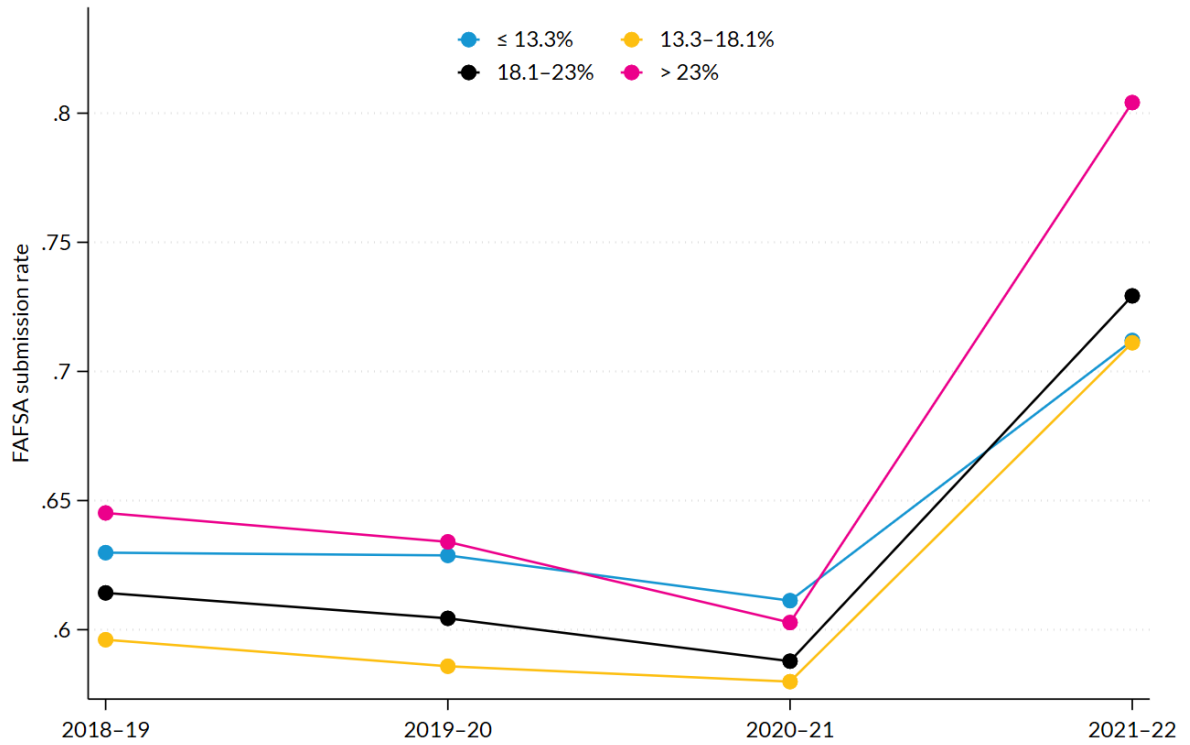
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Source: Author's analysis of data from the Office of Federal Student Aid and the Common Core of Data.

Notes: FAFSA = Free Application for Federal Student Aid. Each line illustrates the FAFSA application submission rates by the FAFSA submission rate quartile in 2018-19. The sample consists of 1,630 public high schools in Texas.

FIGURE A.2

FAFSA Submission Rates, by School Poverty Measure



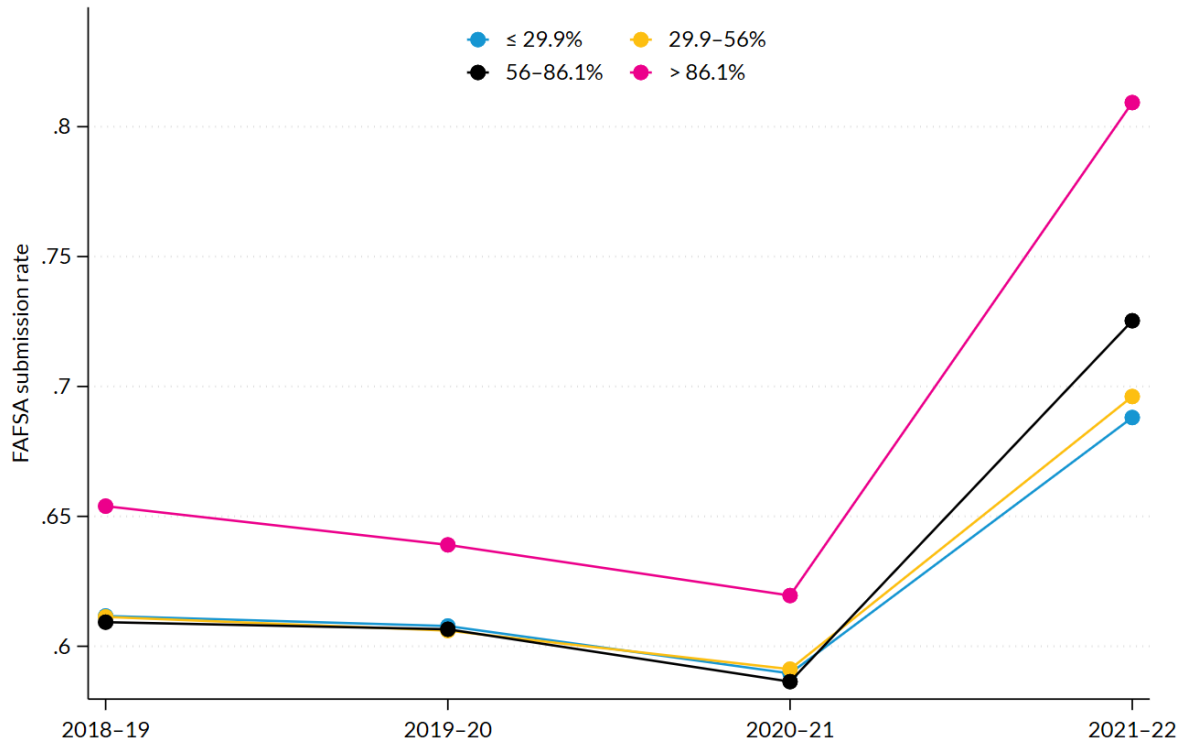
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Source: Author's analysis of data from the Office of Federal Student Aid, the Common Core of Data, and Model Estimates of Poverty in Schools.

Notes: FAFSA = Free Application for Federal Student Aid. Each line illustrates the FAFSA application submission rates by the estimated percentage of students living in poverty quartile. The school poverty level is obtained from the Urban Institute's Model Estimates of Poverty in Schools in 2018. The sample consists of 1,630 public high schools in Texas.

FIGURE A.3

FAFSA Submission Rates, by Share of Black and Hispanic Students



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Source: Author's analysis of data from the Office of Federal Student Aid and the Common Core of Data.

Notes: FAFSA = Free Application for Federal Student Aid. Each line illustrates the FAFSA application submission rates by the share of Black and Hispanic students quartile in 2018-19. The sample consists of 1,630 public high schools in Texas.

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