

IOWA COLLEGE AID



FAFSA Filing in Iowa

In order to qualify for most forms of college financial aid, students must file the Free Application for Federal Student Aid, or FAFSA.

This report examines which high schools in Iowa have students who are most and least likely to file the FAFSA, which is a key step in paying for higher education.

INTRODUCTION

College affordability is very much on everyone's mind these days, with the skyrocketing price of higher education and ballooning rates of student debt all over the news and at the top of political platforms. A crucial component of this discussion is financial aid, and the Free Application for Federal Student Aid (FAFSA) is the doorway to making college more affordable, especially for low-income students.

Currently, the average published tuition prices at Iowa's public and private four-year institutions are roughly \$9,000 and \$31,000, respectively. When including additional expenses, such as room and board, the total price of attendance at both institutional sectors increases by roughly \$9,000. While tuition prices at public two-year institutions in Iowa are significantly lower at \$5,500, the total price of attendance is approximately \$12,000.

Taking into account the median household income in Iowa of roughly \$57,000, paying these prices can be extremely difficult for some families.¹ Thus, financial aid's role is to make college more affordable by lowering students' tuition prices. Without financial aid assistance, many students would either forgo the possibility of going to college or, if they did attend college, find it difficult to complete their degree because of financial burdens.

In order to receive such financial assistance, students need to complete the FAFSA. After the form is completed, the information within the FAFSA determines a student's Expected Family Contribution, or EFC, which is a measure of the amount of money students and their parents are expected to pay toward the students' postsecondary education. This EFC

amount is also used to determine eligibility for various financial aid programs, such as the Pell Grant or state of Iowa aid programs. It has been estimated that students can lose an average of \$9,700 in total financial aid when they do not complete the FAFSA.²

For the 2019-20 FAFSA cycle, Iowa College Aid, in collaboration with the Iowa Department of Education and Iowa Area Education Agencies, started a new FAFSA Completion Initiative that allowed high school counselors to receive weekly updates on which students have completed the FAFSA, allowing for identification of students who may need additional assistance. The analysis for this report uses the data that are used to generate those weekly updates to counselors. As the state agency overseeing Iowa's grants and scholarships, we receive FAFSA records for all Iowans who complete the form. This information is merged with high school senior enrollment files that the Iowa Department of Education maintains.

Our intent for this report is not to evaluate the effectiveness of Iowa's FAFSA Completion Initiative. Rather, the focus of this report is to highlight trends in Iowa's FAFSA completion rates and identify where gaps might exist within the first 8 months the FAFSA is available (October 1 to May 31).

For the purposes of this analysis, filing rates are determined from the share of high school seniors who filed and completed a FAFSA. This means that seniors who filed a FAFSA, but did not complete it, are considered non-filers.

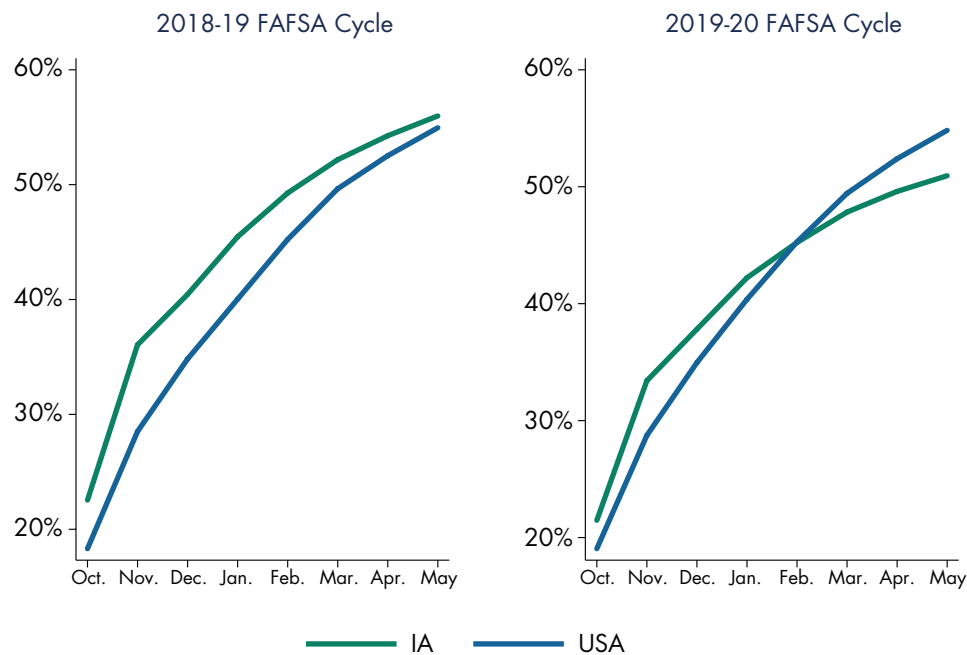
This report was adopted from and follows Hillman, Bruecker, and Crespin-Trujillo's analysis and inquiry on FAFSA Filing Rates at Wisconsin high schools.³

OVERALL FAFSA COMPLETION RATES IN IOWA

Figure 1 displays Iowa's cumulative completion rate relative to the nation's rate for the first 8 months the FAFSA was available.⁴ For the 2018-19 FAFSA cycle, Iowa's FAFSA completion rate was consistently higher than the national average. For the most recent FAFSA cycle (2019-20), Iowa's completion rate started higher than the national rate. However, by mid-January/early February, the national average began to outpace Iowa.

Within the first month the FAFSA was available, Iowa was ranked 14th in the nation in completion rates. By May 31, 2019, Iowa had slipped in rankings to 28th. In comparison to the 2018-19 cycle, Iowa's completion rate for the current 2019-20 cycle is roughly 5 percentage points lower. This slight decline is not limited to the state of Iowa—research has observed a similar trend for other states and the United States as a whole.⁵

Figure 1: FAFSA Completion Rates for Iowa and Nation

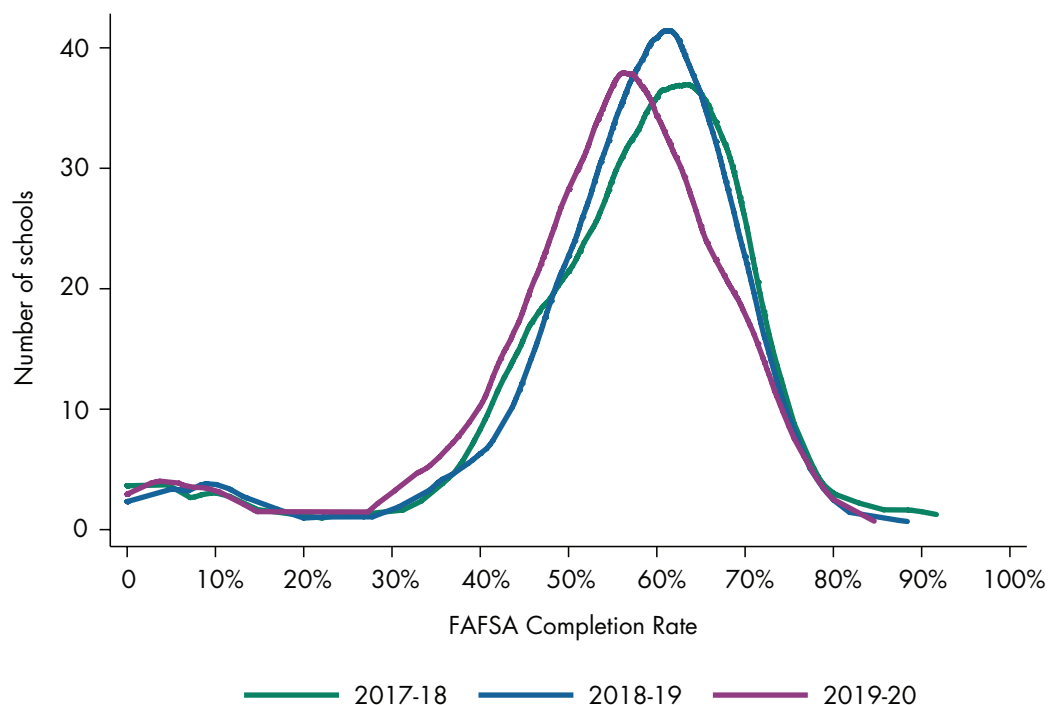


FAFSA COMPLETION RATES BY IOWA HIGH SCHOOLS

Figure 2 displays the distribution of FAFSA filing rates across Iowa high schools for the 2017-18, 2018-19, and 2019-20 FAFSA cycles. Consistent with Figure 1, Figure 2 demonstrates how the FAFSA completion rates at Iowa high schools have slightly shifted to the left, reflecting a decline in the number of FAFSAs completed over time. For the 2016-17 FAFSA cycle, the median FAFSA completion rate for high schools was 59 percent. For 2019-20, the median completion rate was 56 percent.

In the section below, we further examine FAFSA completion rates by high school characteristics. The majority of this analysis examines filing rates for the most recent FAFSA cycle (2019-20) for high school seniors who were on track to graduate in 2019. At times, we do include statistics for previous FAFSA cycles to demonstrate how there has been little to no difference in trends over time. We examine FAFSA completion rates by schools' location, the share of students receiving free and reduced-price lunch, the racial composition of the student body, and the student to counselor ratio.

Figure 2: Distribution of FAFSA Completion Rates for Iowa High Schools



School Location

Figure 3 displays the median filing rate among Iowa high schools located in urban and rural areas. Identification of urban and rural schools is based on the National Center for Education Statistics (NCES) locale classification. We found that schools located in urban areas had lower completion rates than rural schools. For example, for the 2019 graduating class, the median completion rate among rural schools was

58 percent compared to 52 percent at urban schools. Figure 4 displays average FAFSA completion rates across the state of Iowa by school district, which also demonstrates the high completion rates in rural school districts. However, the difference in completion rates between urban and rural schools is attributed to the number of enrolled high school seniors. For urban areas in Iowa, we observed the average number of seniors within a high school is close to 190, compared to 60 at Iowa rural schools.

Figure 3: Median FAFSA Completion Rates by Urban & Rural Schools

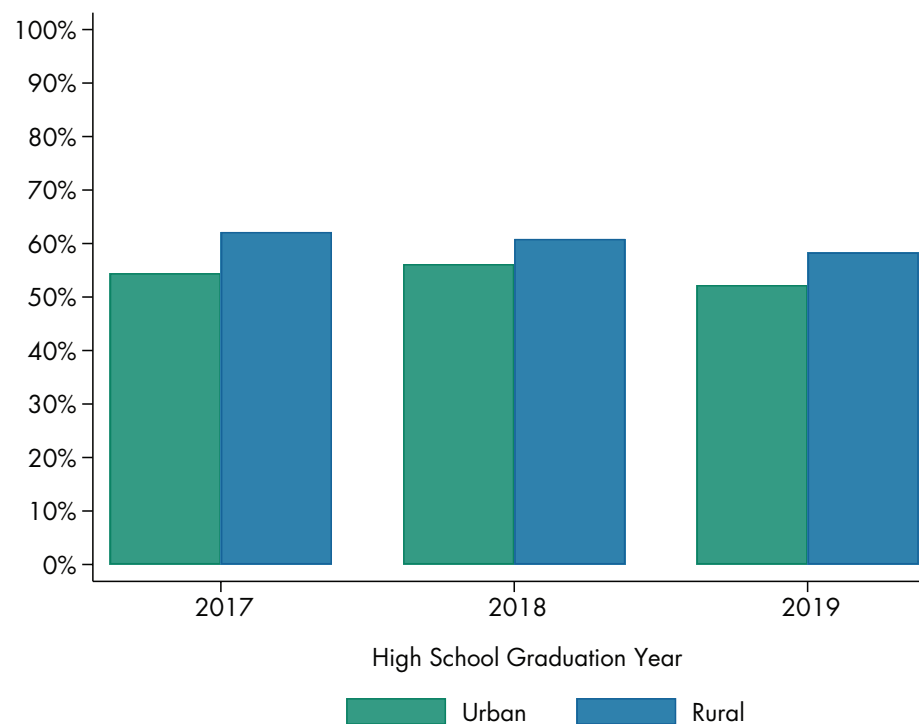
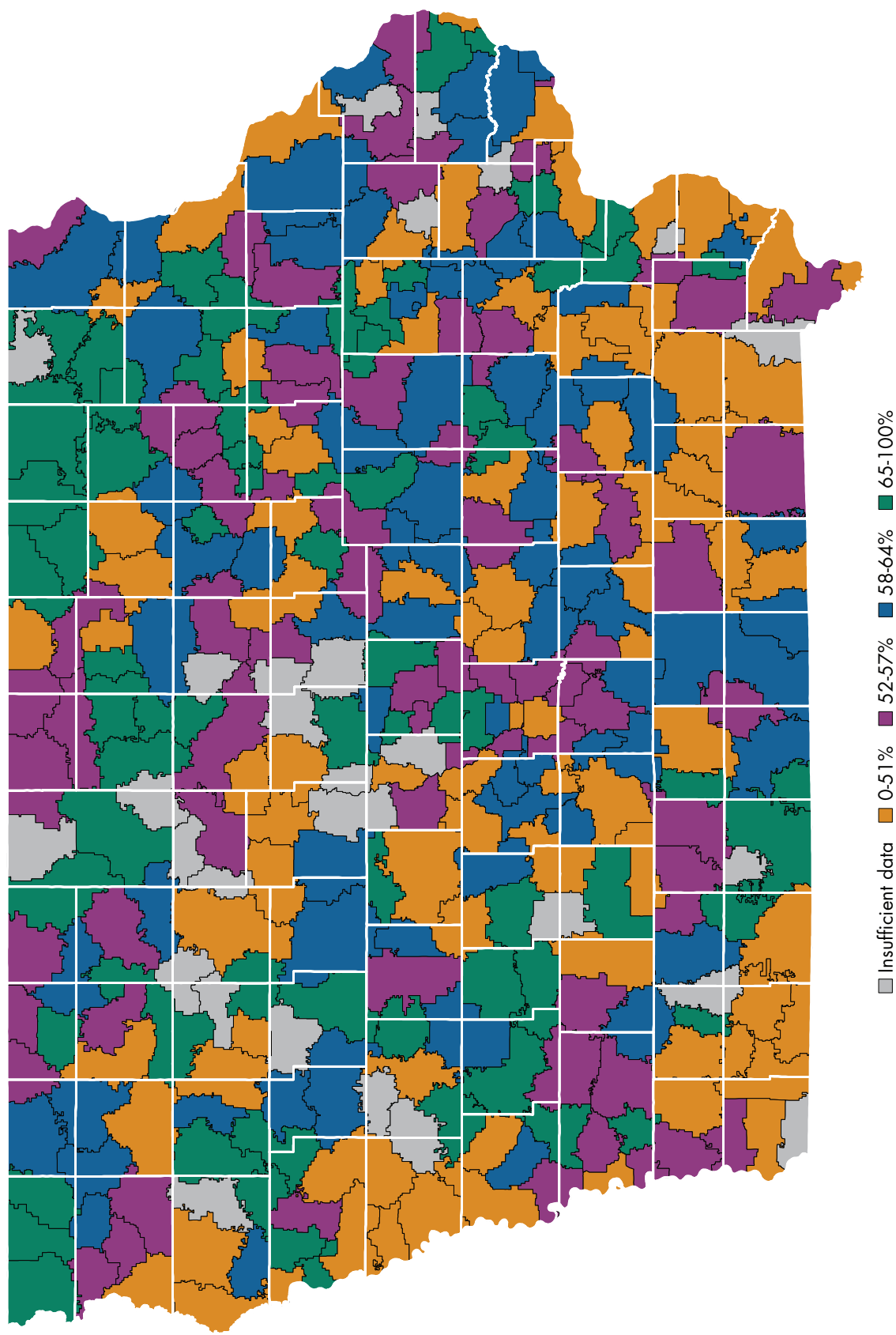


Figure 4: FAFSA Completion Rates by School District

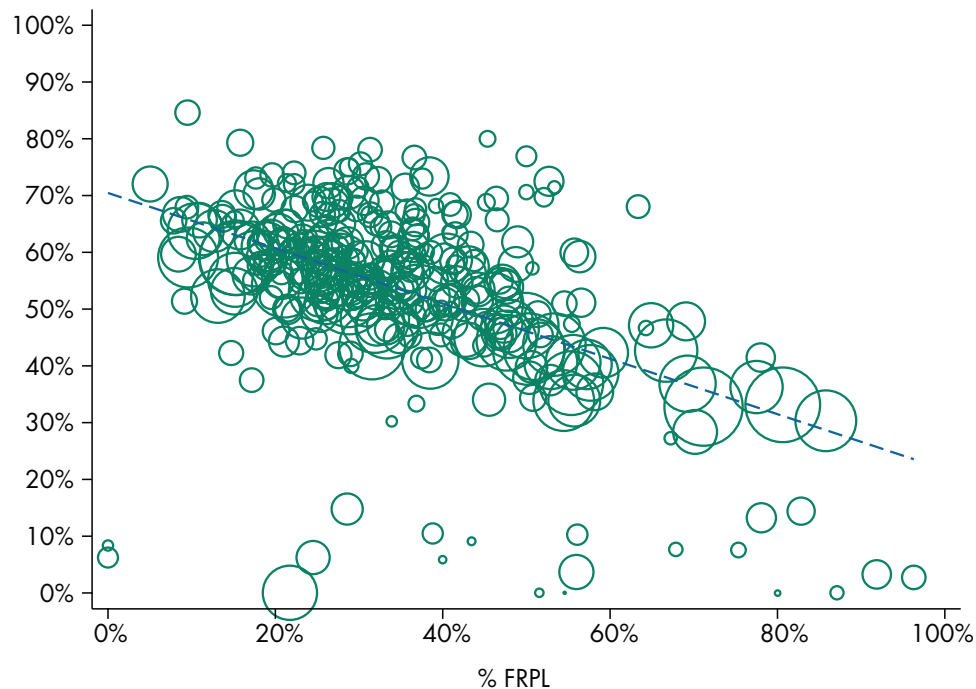


Free and Reduced-Price Lunch

Figure 5 displays the relationship between a school's FAFSA completion rate and the share of students receiving free and reduced-price lunch (FRPL). The figure demonstrates that schools with smaller portions of FRPL students have higher FAFSA completion rates

than schools with larger shares of FRPL students. For schools with less than 25 percent of students on FRPL, we found the median completion rate was roughly 60 percent. The median completion rate among schools with greater than 50 percent FRPL students was 45 percent.

Figure 5: FAFSA Completion Rates by Free & Reduced Priced Lunch



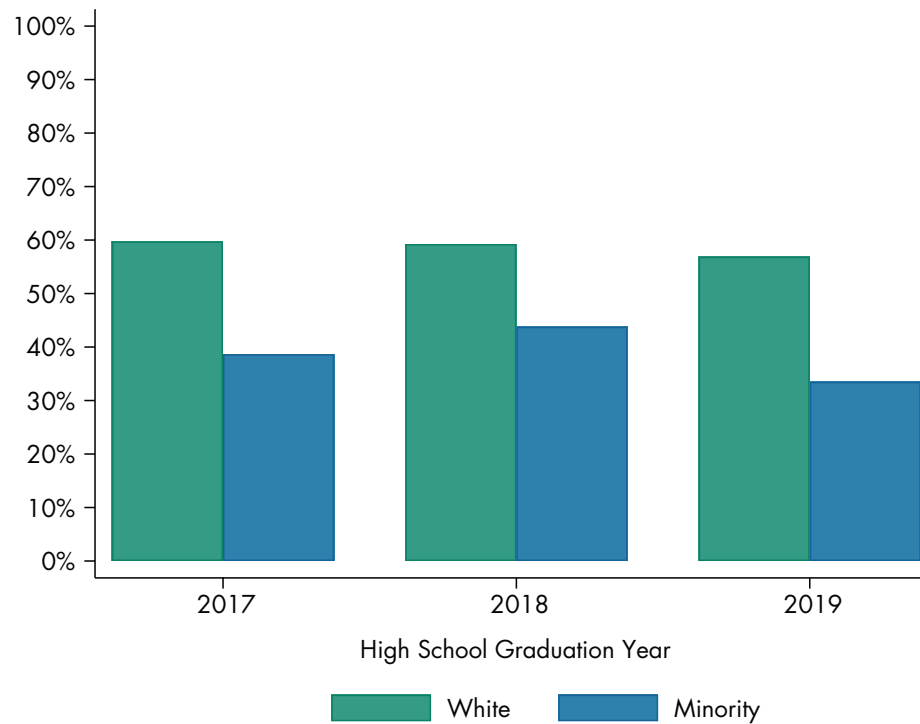
Circle size represents the student population size within the high school.

Racial Composition

Figure 6 demonstrates the differences in FAFSA completion rates between schools that have more than 50 percent white students and schools that have more than 50 percent minority students. Schools that are white majority have a median filing rate from 57 percent to 60 percent between the 2017 and 2019 graduation years. For schools that are majority nonwhite, the median filing rate is closer to 40 percent.

This finding, however, is somewhat misleading as the average Iowa high school is 83 percent white, and less than 25 high schools in Iowa are majority non-white. We performed additional analysis in comparing completion rates between majority white and non-white schools within districts and locales (rural and urban) and among schools that have similar enrollment sizes. The results demonstrated a pattern and gap in rates similar to what is displayed in Figure 6.

Figure 6: Median FAFSA Completion Rates by High School Racial Composition

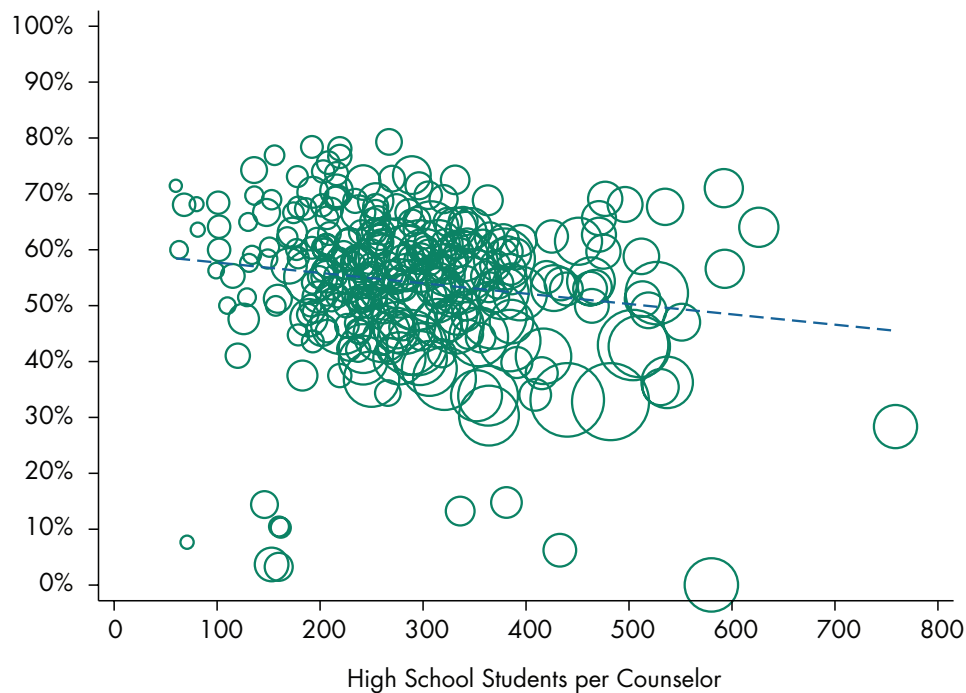


Student to Counselor Ratio

Figure 7 displays the relationship between FAFSA completion rates and the student to counselor ratio within a high school building. An alternative measure could examine the ratio of high school seniors to counselors, but we prefer to consider the full student body within a school building as it demonstrates a counselor's demand to help all students within a building, not just seniors. Figure 7 displays how a school's completion rate slightly declines as the

number of students per counselor increases. However, this figure only considers the number of full-time and part-time counselors who are based in a given school building. It does not account for high schools that do not have a counselor on site, nor does it account for counselors who work in multiple schools. We performed additional analysis to examine the impact of having a counselor based within a school building compared to high schools where no counselor is reported and found the median completion rate to be 56 percent versus 54 percent, respectively.

Figure 7: FAFSA Filing Rates by High School Students to Counselor Ratio



Circle size represents the student population size within the high school.

DESCRIPTIVE STATISTICS ON FAFSA FILERS

In this section, we provide information about high school students who completed the FAFSA during the 2019-20 cycle. Demographics on FAFSA filers are provided in the Appendix, as well as information about the full sample and non-filers.

Table 1 displays information that students reported on the FAFSA. The average household heads' income was close to \$95,000. The EFC, which is calculated from the elements reported in the FAFSA, was \$22,076. While these numbers appear higher than expected, it is important to remember that the findings do not reflect all Iowa FAFSA filers. Rather, they reflect “earlier filers”—student who completed the application early in the FAFSA cycle. Previous research has found that

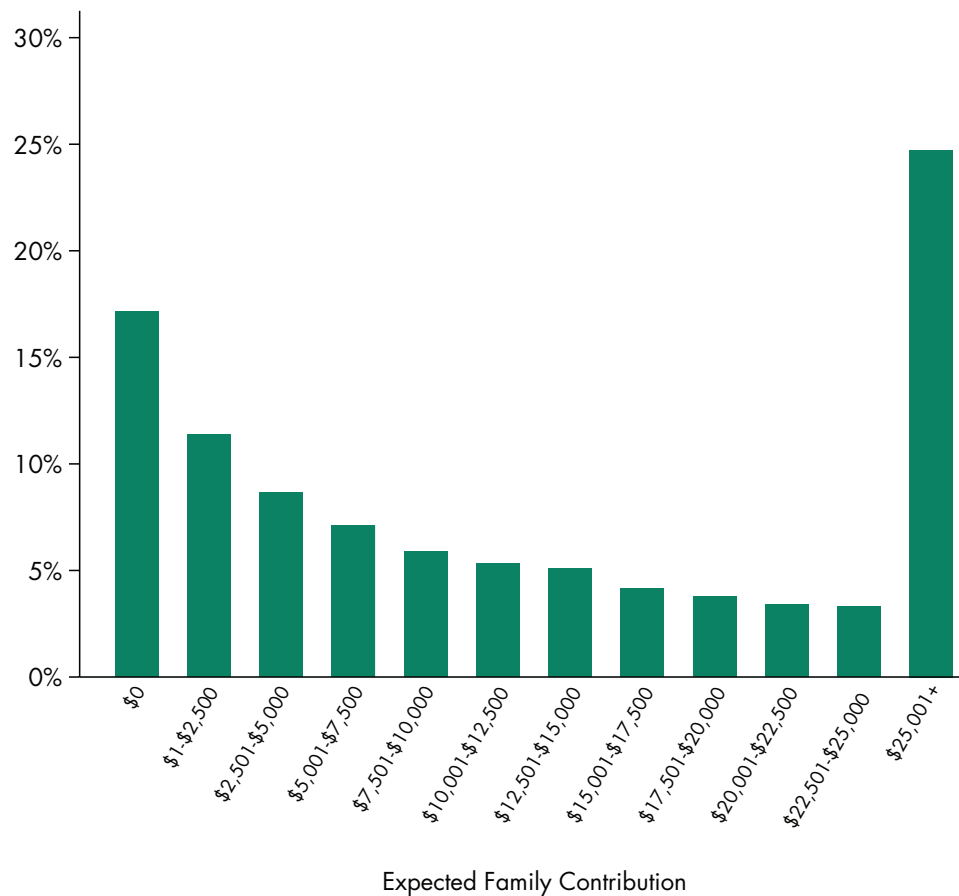
lower-income students complete the FAFSA later than their higher income counterparts.¹ Using complete data from the 2017-18 FAFSA cycle, we found the average filing date for high school seniors in the bottom income quartile was 9 weeks later than seniors in the highest income quartile.

Figure 8 further explores the EFC distribution for these FAFSA filers and demonstrates that almost 25 percent of FAFSA filers had an EFC above \$25,000. On the other end of the distribution, approximately 17 percent of filers had an EFC of 0. Students need to have an EFC less than \$5,576 to be eligible for a federal Pell Grant and, as demonstrated in Table 1, almost 40 percent were Pell-eligible.

Table 1: Descriptive Statistics on FAFSA Filers

Average household heads' income	\$94,974
Average Expected Family Contribution	\$22,076
Selected for verification	22%
Pell-eligible	39%
Number of colleges indicated on FAFSA	2.8
% selecting in-state colleges only	70%

Figure 8: EFC Distribution of FAFSA Filers



When filing the FAFSA, students can select up to 10 colleges to receive their financial information. For the 2019-20 cycle, the average number of colleges indicated on the FAFSA was almost 3, and 70 percent of filers requested that their financial information be sent to in-state colleges only.

Table 2 displays the distribution of college sectors listed on the FAFSA, separated by the number of colleges listed on the FAFSA. For example, the first row of the table demonstrates that, among students who listed only 1 college on the FAFSA, roughly 46 percent

indicated a public two-year college, 40 percent indicated a public four-year, 11 percent indicated a private not-for-profit, and 2 percent indicated a for-profit college.

Several trends in Table 2 are worth noting. First, as the number of colleges listed on the FAFSA increases, students are more likely to send their FAFSA across multiple college sectors. Second, across all combination of sector selections, students are more likely to have their FAFSA sent to either public two-year or public four-year institutions.

Table 2: Distribution of College Sectors Listed on the FAFSA by Number of Colleges Listed

Number of colleges listed on FAFSA	Public 2-year only	Public 4-year only	Private not-for-profit only	For-profit only	Mix public 2-year & 4-year	Mix public 2-year & not-for-profit	Mix public 2-year & for-profit	Mix public 4-year & private not-for-profit	Mix public 4-year & for-profit	Mix private not-for-profit & for-profit	3 or more sectors
1	46.3%	40.1%	11.3%	2.3%							
2	15.8%	24.0%	6.6%	0.5%	27.2%	9.9%	1.2%	14.0%	0.4%	0.3%	
3	5.9%	15.9%	6.0%		24.3%	9.1%	1.1%	23.8%		0.4%	13.1%
4	3.2%	6.7%	3.9%		19.3%	8.4%		33.4%			24.2%
5	1.7%	4.6%	3.6%		10.5%	7.8%		33.3%			37.5%
6		2.4%	3.7%		9.0%	4.6%		30.7%			47.3%
7			2.1%		4.2%	3.5%		38.2%			49.7%
8			2.6%		3.8%	2.9%		37.3%			51.7%
9						4.0%		43.4%			46.7%
10			3.6%			2.5%		46.0%			45.2%

Cells that have fewer than 10 people are not shown.

CONCLUSION

Improving FAFSA completion rates in Iowa will ensure that students are less likely to miss out on potential financial aid and will improve college success because students will not be financially deterred. However, several findings in this report suggest areas where Iowa's completion rates could be improved.

First, schools located in urban areas have lower FAFSA completion rates than rural schools. While the size of the senior class within a school explains these filing differences, the results do highlight how a large share of students in urban areas do not complete the application. Strategies that are targeted to urban students are likely to improve Iowa's overall FAFSA completion rate.

The location of a high school is correlated with the demographics of the student population. For example, schools with a large minority population are located in urban areas and have lower filing rates than majority white schools. Previous research in Iowa has also demonstrated that minority students have lower college-going rates than white students.² While more research is needed to further understand these racial gaps, more focus on FAFSA completion initiatives at these schools might prove beneficial over time.

Second, FAFSA completion rates are lower at schools with a higher proportion of lower-income students, as measured through free and reduced-price lunch. This is an important socioeconomic group to help complete the FAFSA as they are more likely to be Pell-eligible. Thus, increasing the FAFSA completion rates at high FRPL schools is a step toward improving college access and affordability for lower-income students.

Third, as mentioned above, high school counselors can play an important role in helping students complete the FAFSA. However, schools with a higher student to counselor ratio have lower completion rates. The rates are even lower at high schools where no counselor is based. Students need to take many steps when applying to college, and completing the FAFSA is just one. Any attempts to assist students with the FAFSA not only help make the application process easier, but could also be beneficial in assisting those who are deterred from going to college because they believe it is unaffordable. Based on our findings, more resources are needed for counselors at high schools with a large student population and for high schools with no counselor on site full-time.

While this report highlights the trends in FAFSA completion rates, more research is needed to understand why particular Iowans are not completing the FAFSA. Research has demonstrated how students' lack of financial aid knowledge can be a barrier to completing the form.⁶ Iowa College Aid has taken proactive steps to help inform high school counselors of who has completed the FAFSA and who has not. However, this intervention type is still in its infancy, and the effectiveness of the strategy will be reported in future studies.

This is our agency's first report examining FAFSA completion rates in Iowa. We hope to update the findings of this report as additional data become available. We also hope that the findings within this report help to identify where gaps in FAFSA completion rates exist, assist in discussions that formulate strategies to eliminate these gaps, and, most importantly, provide additional support for efforts that improve college access and affordability in Iowa.

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END NOTES

- 1 Bird, K. (2015). Early bird gets the worm? The impact of application deadlines on the distribution of state grant aid. Work paper.
- 2 Kofoed, M. (2016). To apply or not to apply: FAFSA completion and financial aid gaps. *Research in Higher Education*, 58(1), 1-39.
- 3 Hillman, N., Bruecker, E., and Crespin-Trujillo, V. (2016). *FAFSA filing rates at Wisconsin high schools*. Madison, WI: WISCAPE. Retrieved from <https://wiscapewisc.edu/docs/WebDispenser/wiscapedocuments/pb027.pdf?sfvrsn=2>.
- 4 National rate was calculated using data from the US Department of Education and WICHE's Knocking at the College Door.
- 5 DeBaun, B. (2019). *If we're lucky, this FAFSA cycle will keep pace with last year's*. NCAN Blog. Retrieved from <http://www.collegeaccess.org/BlogItem?dg=b86c69154f804caa96991e46a6f232f8>.
- 6 Scott-Clayton, J. (2013). Information constraints and financial aid policy. In D. Heller & C. Callender (Eds.), *Student financing of higher education: A comparative perspective* (pp. 75-97). London: Routledge.

APPENDIX

Appendix A: Demographics of FAFSA Filers & Non-Filers for 2019-20 FAFSA Cycle

	Full Sample	FAFSA Filers	FAFSA Non-Filers
Gender			
Male	51%	44%	59%
Female	49%	56%	41%
Race/ethnicity			
White	78%	84%	71%
Black	6%	3%	8%
Hispanic	10%	6%	14%
Asian	3%	3%	2%
Other	3%	4%	4%
HS Location			
Urban	66%	62%	70%
Rural	34%	38%	29%
Gender & HS location			
Male urban	34%	27%	41%
Female urban	32%	35%	29%
Male rural	17%	16%	18%
Female rural	17%	23%	11%