



# BOOSTING MICHIGAN FAFSA COMPLETION WITH A STATE-WIDE MANDATE

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The Institute for College Access & Success (TICAS) is a non-profit policy and research organization with a focus on creating access to equitable, quality postsecondary experiences while minimizing student loan debt, at the state and federal levels. To produce the best possible student-centered policy recommendations, the TICAS Michigan team draws on the lived experiences of students and community members, best practices, and current research. For TICAS, developing effective policies starts with listening to concerns raised by stakeholders and creating or adapting policies to address them.

## POLICY GOAL: INCREASE FAFSA COMPLETION FOR HIGH SCHOOL GRADUATES

To reach this goal, we support passing a new state law that requires prospective high school graduates to complete the Free Application for Federal Student Aid (FAFSA) unless a student and their family sign a waiver acknowledging what the FAFSA is and affirming their decision to not complete it. This law should also provide financial assistance for school districts to hire and develop talent to aid increase FAFSA completion and provide additional educational resources to help students and families successfully complete the FAFSA, respond to verification requests, and better understand college costs and available financial aid, including new and expanded state programs.

### Most Highly Impacted

- ▶ Students
- ▶ Counselors

### Also Impacted

- ▶ Parents/Families
- ▶ Teachers & Administrators
- ▶ Colleges

## MICHIGAN FAFSA COMPLETION IS LOW COMPARED TO NEIGHBORING STATES, AND DECLINING

Michigan's FAFSA completion rate continues to fall, coinciding with pandemic driven declines in enrollment across the state's institutions and among the state's most vulnerable populations. Only 47.3 percent of the Class of 2022 completed a FAFSA by July of last year<sup>1</sup> leaving over \$93 million in available Pell Grant funds on the table.<sup>2</sup> At the same time, undergraduate enrollment continued to decline by .8 percent between 2021 and 2022.

## WHY IS FAFSA SO IMPORTANT? MICHIGAN STUDENTS ARE LEAVING MILLIONS OF DOLLARS ON THE TABLE EACH YEAR

The Free Application for Federal Student Aid (FAFSA) is the primary application that determines access to federal, state, and institutional financial aid. This aid may be used towards degrees and certificates at community colleges, public and private four-year institutions, and for approved skilled trade programs. Financial aid helps reduce the out-of-pocket cost of earning a credential, which can in turn, boost job eligibility, increase lifetime earnings, and accelerate the economic health and sustainability of communities. When students fail to complete the FAFSA they are less likely to enroll or complete a credential, and they leave tens of millions of dollars of federal resources for Michiganders on the table.

Undergraduate enrollment in Michigan has fallen every year for the last 5 years with an especially sharp (9 percent) decline between 2019 and 2020. While the loss of new students was smaller in 2022 than in previous years, it continues a downward trajectory for Michigan’s postsecondary attainment. Furthermore, these declines have not been even among students. Over 41,000 fewer students were Pell Grant recipients in 2020–21 compared to 2016-17. This indicates that Michigan’s enrollment declines are most acutely affecting its low-income students.

**Michigan high school students had a FAFSA completion rate of...**

**32.7%** compared to... **34.4%** at the same time last year.<sup>3</sup>



**As of January 2023, Michigan ranks 31<sup>st</sup> in FAFSA completions, trailing Illinois, Ohio, Iowa, and Missouri in the Midwest.**<sup>4</sup> Indiana, who ranks 35<sup>th</sup>, is considering adopting a FAFSA completion requirement to boost access to its generous state financial aid programs.<sup>5</sup>

Michigan’s students are not only missing out on federal financial aid opportunities but also access to state and institutional aid. They are also not enrolling in higher education as they used to. Incentivizing FAFSA completion and providing intentional resources to support this goal will provide students with the additional information, resources, and help they clearly need to pursue postsecondary education.

## BENEFITS OF FAFSA COMPLETION ARE STRONG AND VARIED

Completing a FAFSA is strongly associated with increased postsecondary enrollment and persistence towards a degree or credential post-high school graduation<sup>6</sup>, but far too many students and their families are not completing one. Schools are often unable to provide adequate supports to help families complete what is a notoriously confusing and daunting application process. Making FAFSA a graduation requirement would reset the default and norm as something all students should complete, expanding the opportunities for students and families to learn more about college costs and available aid to cover postsecondary programs. Providing additional resources to schools to support increased FAFSA completion efforts is critical to ensuring successful implementation.

For Students	For Schools	For Businesses	For Michigan
<ul style="list-style-type: none"> <li>▶ Automatic consideration for federal, state &amp; institutional financial aid</li> <li>▶ Raises awareness of expected family contribution and available resources for completing a degree or certificate</li> <li>▶ Allows for direct conversations about college affordability to be had</li> <li>▶ Increases likelihood of enrolling in postsecondary education and persistence</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increases the priority and attention given to FAFSA, a key measure of counselor/advisor success</li> <li>▶ Sets aside intentional time to discuss college affordability and postsecondary options</li> <li>▶ Allows teachers and counselors to make key connections to financial literacy curriculum and real-life applications</li> <li>▶ Increases postsecondary preparedness</li> </ul>	<ul style="list-style-type: none"> <li>▶ Employees with children will not have to worry about working several jobs to help cover the cost of tuition, allowing them to focus on their current position</li> <li>▶ College graduates form the talent pool which will fuel future work</li> <li>▶ College graduates have higher incomes and, thus, greater means to expend that income on Michigan goods and services</li> </ul>	<p>Increased college enrollments and persistence rates mean the state will have more individuals with college degrees. This in turn will help the state:</p> <ul style="list-style-type: none"> <li>▶ Meet its 60 by 30 college attainment goal</li> <li>▶ Produce sufficient talent to fuel a sustainable economy</li> <li>▶ Provide ample opportunities for upward mobility</li> <li>▶ Have a happier and healthier populace</li> </ul>

## NATIONAL SUPPORT FOR FAFSA COMPLETION

Eight states have implemented FAFSA completion policies so far, with six making it a graduation requirement. This policy has gained traction due to the strong correlation between FAFSA completion and college enrollment as well as the annual amount of federal financial aid going unused each year. The estimated amount of potential Pell Grant dollars going unused increased by 60 percent between 2017 and 2021.<sup>7</sup> In 2022, high school graduates nationally left \$3.58 billion in available Pell grant dollars unused.<sup>8</sup> Furthermore, reports on these requirements have found that they have the potential to reduce disparities in FAFSA completion between historically underserved communities and those already likely to go to college.<sup>9</sup>

### STATES WITH FAFSA COMPLETION POLICIES<sup>10</sup>

State	Effective Date	Graduation Requirement	Impact and Notes
Louisiana	2017-18 school year	Yes	The state saw over 20% increase in FAFSA completion in the first year of implementation. The completion gap between high-income and low-income districts also shrunk from 8.5% to 1.1% after one year. <sup>11</sup>
Texas	2021-22 school year	Yes	Went from 23 <sup>rd</sup> in the nation for FAFSA completions to 5 <sup>th</sup> . <sup>12</sup>
Illinois	2020-21 school year	Yes	Improved their already high completion rate of 62.2% to 65.7% after implementation. <sup>13</sup>
California	2022-23 school year	Yes	Ensures high school graduation will not be impeded as a result of not completing FAFSA. Impact not yet known.
Alabama	2021-22 school year	Yes	Increased their FAFSA completion rate from 46.7 percent to 58.7% in the first year. <sup>14</sup>
Colorado	2021-22 fiscal year	No	Offers grants to schools that adopt a FAFSA completion requirement. FAFSA completion increased for the first time since the pandemic, by 2%. <sup>15</sup>
New Hampshire	2023-24 school year	Yes	Will be implemented with the Class of 2024 with the hopes to align with the new simplified FAFSA application. <sup>16</sup> Impacts not yet known.
Maryland	2022-23 school year	No	Obligates local education agencies to encourage and assist students in completing the FAFSA. Impact not yet known.

## THE TENNESSEE MODEL: THE IMPORTANCE OF STATE, K-12, AND HIGHER EDUCATION PARTNERSHIP

Tennessee consistently has one of the highest FAFSA completion rates in the nation despite not having it as a graduation requirement.<sup>17</sup> This is because the state government, department of education, and the higher education commission have all made concerted efforts to prioritize FAFSA completion as a part of accessing some of their most lucrative programs such as the Tennessee HOPE and Promise programs.<sup>18</sup> Tennessee also encourages students to complete FAFSA early and connects with students and families through Tennessee Achieves consistently throughout the senior year with the support needed to drive completion.<sup>19</sup> While Tennessee is often upheld as an example of why a high school graduation requirement may not be necessary to improving FAFSA completion, their state-wide collaborative effort towards FAFSA completion and alignment of FAFSA completion to access state aid continues to demonstrate the importance of a state led effort supported by consistent engagement between K-12 and higher education partners.

## BARRIERS & CONSIDERATIONS FOR MAKING FAFSA A GRADUATION REQUIREMENT



The benefits of making FAFSA a graduation requirement is clear and convincing in the states that have made the effort. However, it is important to seriously consider concerns about the unintended consequences that could result from adding a new graduation requirement. We detail the most common concerns below uplifted by MI stakeholders and underscore the importance of considering them carefully and addressing them through policy design and implementation.

For Students	For Schools	For Businesses	For Michigan
<ul style="list-style-type: none"> <li>▶ Some students may want or need to work following high school graduation</li> <li>▶ Some families do not trust the federal government &amp; the FAFSA process</li> <li>▶ Some families fear repercussions for not filing taxes or regarding their documentation status</li> <li>▶ Some students are not connected to their parents and may need extra support filing an application</li> </ul>	<ul style="list-style-type: none"> <li>▶ Michigan's student to counselor ratio (671 : 1) is second to last in the nation<sup>20</sup></li> <li>▶ There may be a lack of adequate time, personnel, or materials to adequately implement another requirement</li> <li>▶ Low FAFSA completion may hurt high school graduation rates and/or reflect badly on school performance</li> </ul>	<ul style="list-style-type: none"> <li>▶ More students entering postsecondary education may reduce low skill participants in the labor force</li> <li>▶ Prioritizing FAFSA and postsecondary education may deter some students from considering other options like business specific training programs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Implementing an effective FAFSA graduation requirement will take effort, resources, and flexibility</li> <li>▶ The state will need to dedicate increased resources to K-12 schools, community-based organizations, and other stakeholders to boost completion</li> <li>▶ The state will also need to ensure students and districts are not unduly penalized for a lack of completion</li> </ul>


## RECOMENDATIONS FOR IMPLEMENTATION & BEST PRACTICES

FAFSA completion policies have been successfully boosting completion rates across the nation and are likely to help boost college enrollment, the affordability of a postsecondary education, and student success in Michigan.


To avoid unintended consequences and achieve the desired outcome of increased FAFSA completion and enrollment, we recommend that policymakers:

-  Ensure that FAFSA completion efforts are led by the state and supported by K-12 and higher education. Having a strong, collaborative effort between these groups has helped Tennessee be a leader in FAFSA completion.
-  Allow students and families to opt out of completing the FAFSA without providing a reason to ensure that the requirement does not harm any student truly uninterested in pursuing postsecondary education or undocumented families. This opt-out process will provide a key opportunity for students and families to discuss their concerns with a counselor or other financial aid professional.


**TICAS highly recommends** providing every student who opts out of completing a FAFSA with a packet of information on the steps to complete a FAFSA and detailed information on the available federal and state financial aid opportunities, eligibility requirements, and length of access to these aid programs (e.g., eligible students can access the Tuition Incentive Program up to 4 years post high school graduation) to better inform students and families of the resources available, when they are ready to explore their postsecondary options.


-  Provide schools and community-based organizations with adequate resources to help support significantly more students and families in completing the FAFSA.

**TICAS highly recommends** allowing school districts the autonomy to determine how these funds will be used to best support their staff and student needs to complete a FAFSA.

-  Provide sufficient time after the adoption of this requirement before implementation to allow for adequate and effective plan development and marketing.

**TICAS highly recommends** providing at least one full FAFSA completion cycle before the requirement becomes active to provide the state, school districts, higher education institutions, and community partners with sufficient time to develop strategies, create plans, initiate partnerships, and obtain and train new talent to meet the requirement.

-  Fund, build, and deliver robust training on FAFSA completion to ensure counselors, staff, students, and families have access to up-to-date information on the financial aid process, FAFSA requirements, and state aid programs etc.

-  Provide regular data-sharing on completion with high schools and community partners to inform and guide high-quality, targeted efforts.

## WHAT'S NEXT?

Many stakeholders have reasonable concerns about the potential impacts of making FAFSA a graduation requirement. They do not want students to lose the right to a high school diploma because they did not complete a FAFSA; they do not want to overburden staff, students, and families with filling out a long, federal form; and they do not want to adversely affect students who are already historically underrepresented in postsecondary education. All of these concerns are valid and provide critical insights into how to craft a better FAFSA completion policy that will provide students, families, and educators with the flexibility, information, and resources they need to be successful.

While there has been increased focus and investment in student attainment and support in Michigan, what we are doing, unfortunately, is not enough. With continued declines in enrollment and FAFSA completion rates, the current efforts are not sufficient to helping students navigate the complexities of higher education, financial aid and affordability, and successful completion of the credentials necessary to lead to better jobs, higher incomes, and greater sustainability. The state's current positioning will limit the ability to get to the 60 by 30 attainment goal. Therefore, the state and its education stakeholders must explore other best practices to better support our students to reach the intended goal.

Nationwide, state FAFSA completion policies have boosted FAFSA completion rates – a measure closely tied to postsecondary enrollment and persistence. States with high completion rates and no FAFSA requirement still have a state driven, collaborative education system with intensive FAFSA completion drive tied to state financial aid. The best way Michigan can boost its FAFSA completion is to make it a key-priority in a student's educational journey by adopting and implementing a well-funded, flexible, state-led effort.

## ENDNOTES

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